CINEPLEX INC.

ANNUAL INFORMATION FORM

March 28, 2013

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CINEPLEX INC.

ANNUAL INFORMATION FORM

EXPLANATORY NOTES

The information in this Annual Information Form is stated as of December 31, 2012, unless otherwise indicated.

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

Certain statements in this Annual Information Form may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Cineplex, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this Annual Information Form, such statements use words such as "may", "will", "expect", "believe", and other similar terms. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. Forward-looking statements involve significant risk and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including but not limited to, the factors discussed under "Risk Factors". Although the forward-looking statements contained in this Annual Information Form are based upon what management of Cineplex believes are reasonable assumptions, Cineplex cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of the Annual Information Form, and Cineplex assumes no obligation to update or revise them to reflect new events or circumstances.

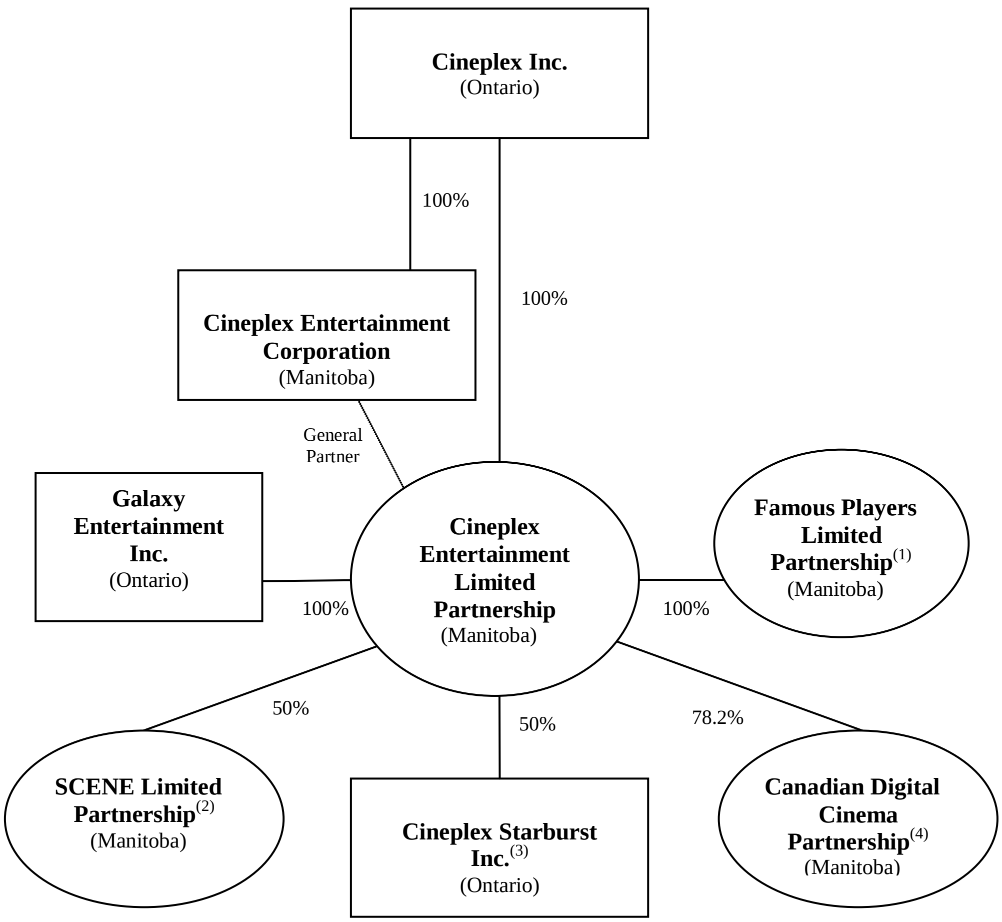
CORPORATE STRUCTURE

Cineplex Inc. (the "**Corporation**") is governed by the *Business Corporations Act* (Ontario) (the "**OBCA**") pursuant to articles of arrangement dated January 1, 2011 (the "**Articles**"). The Corporation is a reporting issuer and its common shares are traded on the TSX under the stock symbol "CGX". The principal and head office of the Corporation, Cineplex Entertainment LP and Cineplex Entertainment GP 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 owns, directly and indirectly, subsidiaries which own and operate the businesses which were owned and operated by the Fund and its subsidiaries prior to the completion of the Arrangement. Following completion of the Arrangement, on January 1, 2011, each of the Fund and the Trust were wound up and dissolved. See "General Development of the Business – The Conversion of the Fund to the Corporation".

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

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



(1) Famous Players Co. is the general partner of Famous Players Limited Partnership.
(2) 50% owned by The Bank of Nova Scotia; SCENE Corporation is the general partner of SCENE Limited Partnership
(3) 50% owned by Starburst Coin Machines Inc.
(4) 21.8% owned by Empire Theatres Limited; CDCP GP Inc. is the general partner of Canadian Digital Cinema Partnership.

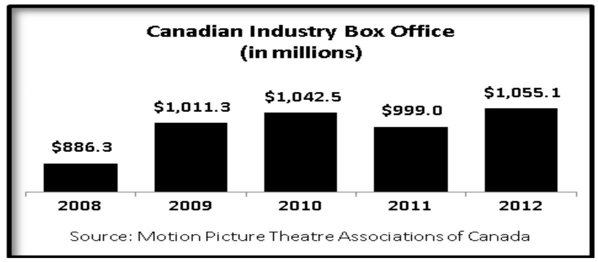
THEATRE EXHIBITION INDUSTRY OVERVIEW

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

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

Importance of Theatrical Success in Establishing Movie Brands and Subsequent Movies

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



Continued Supply of Successful Films

Studios are increasingly producing film franchises, such as *The Dark Knight*, *James Bond* and *Twilight*. Additionally, new franchises continue to be developed, such as *The Avengers*, *The Hunger Games* and *The Hobbit*. When the first film in a franchise is successful, subsequent films in the franchise benefit from existing public awareness and anticipation. The result is that such features typically attract large audiences and generate strong box office revenues. The success of a broader range of film genres also benefits film exhibitors. The expansion of 3D technology has created interest in the marketplace for the re-release of certain films that were originally presented in 2D in the 3D format, such as *Titanic* and *Monsters Inc. 3D* that were re-released in 2012 in 3D.

Looking forward to 2013, the studios are releasing a strong slate of franchise films to be released in 3D, such as *Iron Man 3, Star Trek: Into Darkness, Man of Steel, Despicable Me 2, Thor: The Dark World* and *The Hobbit: The Desolation of Smaug*. Other highly anticipated films to be released in 2013 include *The Hangover Part III, Fast and Furious 6, The Wolverine* and *The Hunger Games: Catching Fire*.

Convenient and Affordable Form of Out-of-Home Entertainment

The Corporation's average box office revenue per patron ("**BPP**") was $8.97 and $8.74 in 2012 and 2011 respectively. Excluding the impact of Cineplex's premium-priced product, BPP was $8.26 and $8.10 in 2012 and 2011 respectively. The movie-going experience continues to provide value and compares favourably to alternative forms of out-of-home entertainment in Canada such as professional sporting events or live theatre.

Providing a Variety of Premium Theatre Experiences

Premium priced theatre offerings include 3D, UltraAVX, VIP and IMAX. BPP for premium-priced product was $11.06 and $10.79 in 2012 and 2011 respectively. In response to the increased demand for premium entertainment experiences, Cineplex added 16 UltraAVX auditoriums, 10 VIP auditoriums and three IMAX auditoriums during 2012, bringing the circuit total to 39 UltraAVX, 25 VIP and 17 IMAX auditoriums at the end of the year. The increased prevalence of 3D films has contributed to increases in BPP as 3D films are priced at a premium over regular ticket prices. Cineplex increased its number of 3D screens from 396 at December 31, 2011 to 545 at December 31, 2012.

Reduced Seasonality of Revenues

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

GENERAL DEVELOPMENT OF THE BUSINESS

History of the Fund and the Partnership

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

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

The Conversion of the Fund to the Corporation

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

The Corporation's dividend policy is similar to the distribution policy of the Fund prior to the conversion (See "Capital Structure – Dividend Policy"). During May 2012, Cineplex increased its dividend rate from $0.1075 per Share per month to $0.1125 per Share per month effective for the May distribution paid in June 2012.

Other Recent Developments

During 2011, the Corporation received regulatory approval from the TSX to carry out a normal course issuer bid ("**NCIB**") allowing the Corporation to purchase up to 5,600,000 of its Common Shares through August 17, 2012. At the time of the filing, the Board had concluded that the market price of the Common Shares, from time to time, may not reflect the inherent value of Cineplex and purchases of Common Shares pursuant to the NCIB may represent an appropriate and desirable use of funds. The Corporation cancelled all Common Shares purchased through the NCIB. During the year ended December 31, 2012, 71,400 Common Shares were purchased and cancelled by the Corporation for $1.8 million, at an average price of $25.00 per Common Share. Throughout the term of the NCIB, which expired on August 17, 2012, 208,800 Common Shares were purchased and cancelled by the Corporation for $5.2 million, at an average price of $24.94 per Common Share.

On July 12, 2012, the Corporation acquired 100% of the outstanding shares of AMC Ventures Inc., an indirect subsidiary of American Multi-Cinema Inc. ("**AMC**"). AMC Ventures Inc., which operated three leased theatres in Ontario and one leased theatre in Quebec, was immediately wound up into Cineplex. The total consideration payable is dependent on the amount of non-capital losses available for use at the time of closing.

On December 31, 2012, Cineplex's convertible Debentures matured. At maturity, convertible Debentures with a principal amount of $1.1 million were settled in cash.

The following describes certain key business initiatives and results undertaken and achieved during 2012 in each of Cineplex's core business areas:

THEATRE EXHIBITION

- Reported record annual box office revenues of $638.3 million and record annual BPP of $8.97 during 2012, up from the previous records of $597.8 million (set in 2010) and $8.74 (set in 2011). Attendance was also an annual record for Cineplex, with 71.2 million patrons exceeding the previous record of 70.0 million set in 2009.

- Opened two new theatres, Cineplex Odeon Windermere and VIP Cinemas in Edmonton Alberta, featuring 11 screens including one UltraAVX and three VIP auditoriums on April 17, and Galaxy Cinemas Pergola Commons in Guelph, Ontario featuring eight screens on December 14.

- Completed the renovation of Cineplex Odeon McGillivray and VIP Cinemas in Winnipeg, Manitoba on November 2, transforming the property into a cutting-edge, first run theatre complete with 11 screens including three VIP auditoriums. Also added four new VIP screens to Cineplex Odeon Brossard and VIP Cinemas in Brossard, Quebec, a suburb of Montreal, which opened on December 14.

- Continued the expansion of UltraAVX, the next evolution of the audio visual entertainment experience in Canada, with 16 new UltraAVX auditoriums added to the circuit in 2012. At December 31, 2012, Cineplex has 39 UltraAVX auditoriums.

- Completed the acquisition of AMC Ventures Inc., which owned four theatres located in Toronto, Mississauga and Oakville, Ontario and Montreal, Quebec.

- Cineplex completed the planned conversion of its theatre circuit to digital projection, including the theatres acquired from AMC, and added 149 3D screens during the year.

MERCHANDISING

- Recorded record annual concession revenues of $329.3 million and record annual concession revenue per patron ("**CPP**") of $4.63, exceeding the previous records of $294.7 million (set in 2010) and $4.41 (set in 2011).

- The Corporation's subsidiary New Way Sales ("**NWS**") acquired Starburst Coin Machines Inc. ("**SCM**") in exchange for cash and a 50% interest in NWS, creating a joint venture named Cineplex Starbust Inc. ("**CSI**"). CSI supplies and services all of the games in Cineplex's circuit, while also supplying equipment to third party arcades, amusement centres, bowling alleys, amusement parks and theatre circuits, in addition to owning and operating Playdium, a family entertainment centre located in Mississauga, Ontario.

- Completed the retrofit of 19 Outtakes locations to Outtakes Backstage Bistros, which include expanded menu items and a more upscale look and feel. At December 31, 2012, Cineplex owned and operated 68 Outtakes locations, of which 21 are Outtakes Backstage Bistros.

- Added four Poptopia locations across the circuit, Cineplex's premium flavoured popcorn brand. At December 31, 2012, Cineplex owns and operates six Poptopia locations.

- Continued the roll-out of digital menu boards at concession stands throughout the circuit, providing a flexible platform to communicate pricing, promotions and merchandising programs.

- Opened four new XSCAPE entertainment centres in 2012, bringing the total number of XSCAPE entertainment centres to eight.

MEDIA

- Media revenues in the second half of 2012 exceeded the same period in 2011 by 6.1%. For the full year, media revenues decreased 7.0% compared to the record year for media revenues in 2011. The uncertain economic environment prevalent in the first half of 2012 contributed to the decrease in media revenues.

- Cineplex Digital Media Inc. ("**CDM**") continued to grow, with revenues in 2012 exceeding the prior year by 27.7%.

- Expanded Cineplex's exclusive partnership with Timeplay, a leading developer of mobile-based interactive marketing and content solutions, across theatres located in the Greater Toronto Area and Vancouver.

- In a study conducted by the Print Measurement Bureau in the Fall of 2012, *Cineplex Magazine* and *Le magazine Cineplex* earned outstanding readership numbers, with *Cineplex Magazine* ranking as the 8th most read magazine in Canada. *Cineplex Magazine* has a circulation of over 725,000 copies per issue, and *Le magazine Cineplex* reaching circulation of over 200,000 copies per issue.

- *Cineplex Magazine* and *Le magazine Cineplex* were added to the Apple Newsstand at the App Store.

ALTERNATIVE PROGRAMMING

- The highly successful Metropolitan Opera series continued its strong performance in Cineplex's theatres.

- Other alternative programming during the year included ethnic films, live sporting events such as World Wrestling Entertainment, the Wimbledon tennis finals in 3D and the 100th Grey Cup, the Family Favourites film series, the Classic Film Series and performances from the National Theatre Live from London.

INTERACTIVE MEDIA

- Launched Apple streaming capability and UltraViolet redemption on the online Cineplex Store. Cineplex is the first retailer in Canada and the only motion picture exhibitor in the world offering UltraViolet redemption.

- Cineplex e-gift cards were added to the Cineplex Store.

- Added theatre ticketing, SCENE access and e-gift card access to the Apple Passbook.

- Integrated the Cineplex Store app on LG smart televisions and set-top boxes. In addition to LG products, the app is also available on select Samsung smart televisions and blu-ray players.

- Cineplex.com registered a 56% increase in page views and a 26% increase in unique visitors during 2012 compared to the prior year and registering 418.2 million page views during the year.

- The Cineplex mobile brand ranks 7th in Canada and first among retailers based on the most recent ComScore MobiLens rankings.

LOYALTY

- Membership in the SCENE loyalty program increased by approximately 0.9 million members during 2012 to 4.3 million.

- As part of the Cineplex Tuesdays program launched in 2012, SCENE members get 10% off all ticket prices on Tuesdays across the circuit, which are generally discounted.

- SCENE became the first Canadian loyalty program to win prestigious COLLOQUY Loyalty Awards, winning the award for "Innovation in Loyalty Marketing" with its SCENEtourage initiative, as well as the award for "Loyalty Innovation in Other Industries" for the mobile SCENE card.

- SCENE ran programs with various partners including Cara Foods, Telus, Sirius Satellite Radio, Virgin Mobile, Samsung, Winners, Rogers and Adidas.

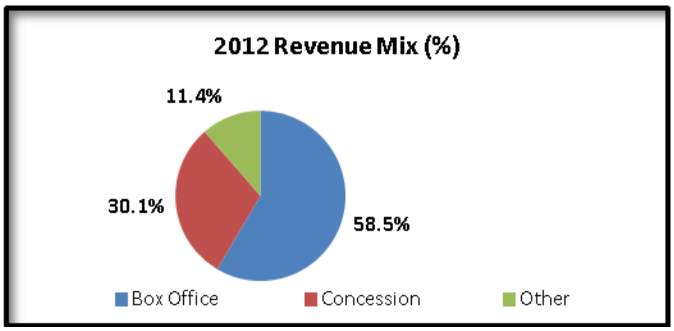
BUSINESS OF CINEPLEX

Cineplex Revenues

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

Box Office and Concessions

Box office revenues accounted for approximately 58.5% of the Corporation's revenues for the year ended December 31, 2012. Cineplex strives to provide its guests with a premium movie-going experience, including a high level of customer service. This level of service, combined with targeted film selection and the overall appeal of those films, drives attendance at the Cineplex's theatres. Tickets are sold at Cineplex's theatres through box offices and automated ticketing machines, as well as remotely via the Internet and mobile applications.



Also included in box office revenues are alternative programming events offered through Cineplex's *Front Row Centre* brand, including The Metropolitan Opera, ethnic film programming, WWE, sporting events and concerts. Digital projection technology allows Cineplex to expand alternative programming and to offer third parties the ability to rent theatres for product launches, educational programs, seminars and expanded meeting rental capabilities.

Concession revenues accounted for approximately 30.1% of the Corporation's revenues for the year ended December 31, 2012. Concession sales have a much higher margin than box office sales. Cineplex's theatres feature prominent and appealing core product concession stands designed for rapid and efficient service. In addition, retail branded outlets that offer a wide variety of hot food and other products are also located throughout many of Cineplex's larger theatres for additional sales. Management believes that Cineplex has favourable concession supply contracts and has developed an efficient concession purchasing and distribution supply chain. Cineplex negotiates directly with manufacturers for many of its concession items in order to obtain competitive prices and to ensure adequate supplies.

Other Revenues

Cineplex has introduced initiatives to develop and expand its revenue streams from sources other than box office and concession revenues. Other revenues accounted for approximately 11.4% of the Corporation's revenues for the year ended December 31, 2012. Some of these other revenues include media, games revenue and other as described below ("**Other Revenue**").

- *Media Revenue*

During 2012, Media revenues represented approximately 68% of Cineplex's Other Revenue. Cineplex's advertising programs currently consist of the digital pre-show, full motion commercials, digital lobby network, display signage, product sampling, magazine sales and website sales, including the CDM business.

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

CDM's business includes broadcasting, advertising and custom content to premium office towers, shopping malls, sports stadiums and other networks across Canada, as well as designing, installing, maintaining and operating digital signage networks on numerous software platforms in retail, financial, hospitality and entertainment markets across North America. The development of CDM and its digital lobby network throughout Cineplex's theatres have positioned Cineplex to expand its media reach throughout its current infrastructure as well as in numerous out-of-home advertising locations across the country.

- *Games Revenue*

Games revenues include Cineplex's eight XSCAPE entertainment centres and game rooms in theatres. The game machines have historically been owned by third party suppliers, with Cineplex receiving a percentage of all sales. During 2011, Cineplex acquired one of its third party gaming suppliers. During the first quarter of 2012, Cineplex entered into a joint venture with Starburst Coin Machines Inc., one of the largest distributors and suppliers of arcade games to the amusement industry in Canada. The joint venture, named Cineplex Starburst Inc., is now the largest distributor and operator of arcade games to the amusement industry in Canada. Cineplex will continue to contract with Cineplex Starburst Inc. for the provision of its gaming needs in all Cineplex theatres.

- *Other*

Cineplex also generates Other Revenues from the Cineplex Store, promotional activities, screenings, private parties, corporate events, breakage on gift card sales and revenues from enhanced in-theatre initiatives. Management fees collected for supporting the operations of non-owned theatres provide an additional source of Other Revenues. Cineplex is continually exploring additional Other Revenue opportunities.

Business Strategy

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

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

- Capitalize on its core media strengths and infrastructure to provide continued growth of its media business both in and outside its theatres.

- Continue to expand its brand presence as an entertainment destination for Canadians, providing both in-the-home and on-the-go experiences.

- Pursue selective acquisitions that are strategic, accretive and capitalize on its core strengths.

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

Cineplex is committed to diversifying its revenue streams outside of the traditional theatre exhibition model through both in-theatre and out-of-home advertising as well through Cineplex's media business, including further expansion of digital signage installations, network support and advertising sales through CDM. The margins on these Other Revenue streams, particularly advertising, are much higher than on admission sales and have enhanced Cineplex's profitability. Additionally, at home and on-the-go entertainment options are available through the Cineplex Store which sells DVDs, Blu-ray discs, DTO and VoD movies online.

Over the past five years, Cineplex has shown significant growth in EBITDA and in 2012 Cineplex was pleased to report the highest annual EBITDA since its inception. Although Cineplex focuses on growth initiatives, management remains vigilant in controlling costs without compromising the guest experience. Cineplex will continue to invest in new revenue generating activities, as it did in 2012.

Theatre Exhibition

As at December 31, 2012, the Corporation owned, leased or had a joint venture interest in 134 theatres with 1,449 screens with an average of approximately 10.8 screens per theatre. The Corporation operates theatres under the following eight brands: Cineplex Odeon, Coliseum, Colossus, Famous Players, Galaxy, SilverCity, Cinema City and Scotiabank Theatre.

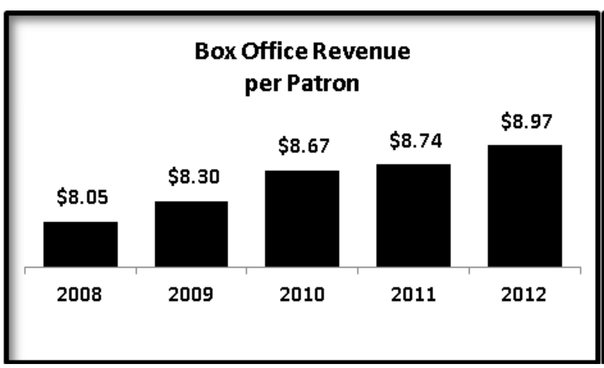
Cineplex Entertainment
Locations and Screens as at December 31, 2012

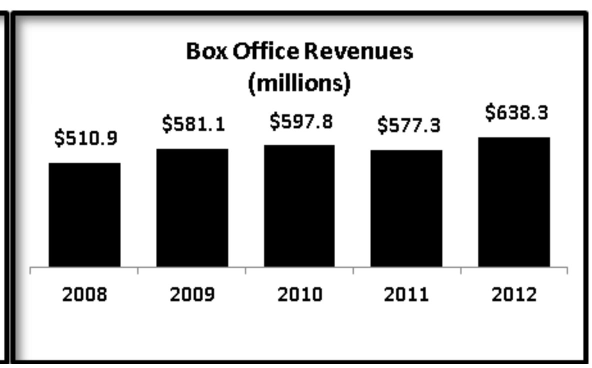
Province	Locations	Screens	Digital Screens	Digital 3D Screens	UltraAVX	IMAX Screens	VIP Screens
Ontario	65	708	698	270	16	9	10
Quebec	22	260	255	84	7	2	4
British Columbia	20	198	198	80	7	3	5
Alberta	16	183	183	71	7	2	3
Saskatchewan	6	51	51	19	1	-	-
Manitoba	5	49	49	21	1	1	3
TOTALS	**134**	**1,449**	**1,434**	**545**	**39**	**17**	**25**
Percentage of screens			99%	38%	3%	1%	2%

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

As at the date hereof, Cineplex owns three theatres, leases 130 theatres independently and leases one theatre with a joint venture partner. In general, Cineplex leases theatres under long-term leases, with original terms typically ranging from 15 to 20 years (with lease payment increases typically every five years) and containing various renewal options, usually in intervals of five to ten years and, in some cases, termination rights. Leases for 40 theatres expire within five years (33 of which have renewal or extension options). Cineplex's theatre leases generally provide for minimum rental payments**.**

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





Note: For all charts and tables included herein, the results for 2008 and 2009 are presented under Canadian GAAP that existed at the time, and as such include the results of Cineplex's joint ventures. The results for 2010, 2011 and 2012 are presented under Canadian GAAP following the conversion to IFRS, and exclude the joint venture results which are included in one line on the statements of operations (share of loss of joint ventures).

Digital and 3D projection is an enhancement to an established business and provides an additional element for growth. During 2012, Cineplex completed its conversion to digital projection through its investment in the Canadian Digital Cinema Partnership ("**CDCP**"), which was created in 2011. Digital technology enables Cineplex to present anything digital, including 3D movies and live or recorded events or programs. Cineplex has 1,434 digital projectors in 131 theatres installed across the circuit, with 545 of these screens being 3D capable. 3D film presentations are well received by audiences, add breadth to the overall film schedule and have a higher average ticket price.

Cineplex is also focused on providing guests with a variety of premium viewing options through which to enjoy the theatre experience. These premium-priced offerings generate higher revenues per patron and also expand the customer base. In 2010, Cineplex launched its UltraAVX auditorium concept, which has been well received by patrons. During 2012, Cineplex added 16 UltraAVX screens to the circuit, bringing the total UltraAVX screens to 39. VIP screens have been added to seven theatres across the circuit, and will be incorporated into select new build and retrofit projects. Cineplex added three IMAX screens to the circuit in 2012, bringing the circuit total to 17 screens, and expanded its offering of D-BOX MFX seats from 323 seats in 11 theatres at December 31, 2011 to 609 seats in 20 theatres at December 31, 2012.

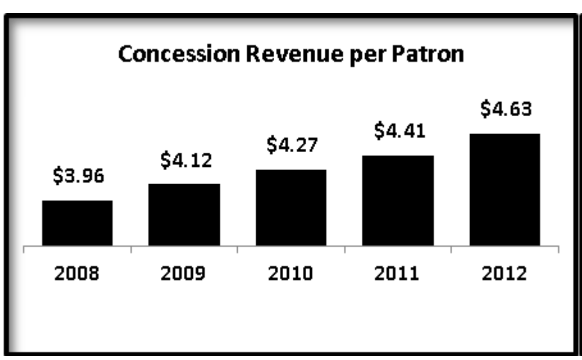
Cineplex plans to open an average of two to three new theatres per year, although in certain years opportunities may arise to exceed this number. During 2012, Cineplex opened two new theatres, *Cineplex Odeon Windermere and VIP Cinemas* in Edmonton, Alberta, and *Galaxy Cinemas Pergola Commons* in Guelph, Ontario. In addition, Cineplex converted the *Cineplex Odeon McGillivray and VIP Cinemas* from a second-run theatre to a first-run theatre with eight traditional auditoriums, three VIP Cinema auditoriums and a licensed lounge and added four VIP Cinema auditoriums to *Cineplex Odeon Brossard and VIP Cinemas* in Brossard, Quebec. Cineplex also acquired four theatres in 2012 from AMC, located in Toronto, Mississauga and Oakville, Ontario and Montreal, Quebec.

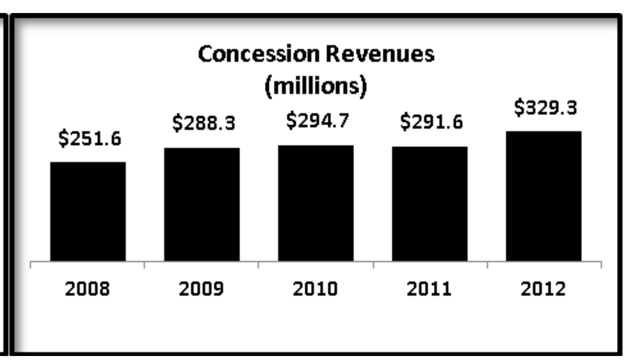
Cineplex's leading market position enables it to effectively manage film, concession and other theatre-level costs, thereby maximizing operating efficiencies. Cineplex seeks to continue to achieve incremental operating savings by, among other things, implementing best practices and negotiating improved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

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

Merchandising

Cineplex's merchandising business offers guests a range of food choices to enhance their theatre experience while generating strong profit margins for the company. Cineplex's theatres feature some of the most popular fast food retail branded outlets in Canada including Tim Hortons, Pizza Pizza and Yogen Fruz, among others; in addition, Cineplex is focused on expanding its internally developed brands: *Outtakes, Outtakes Backstage Bistro and Poptopia*. During 2012, Cineplex continued the optimization of such retail branded outlets available at Cineplex's theatres.





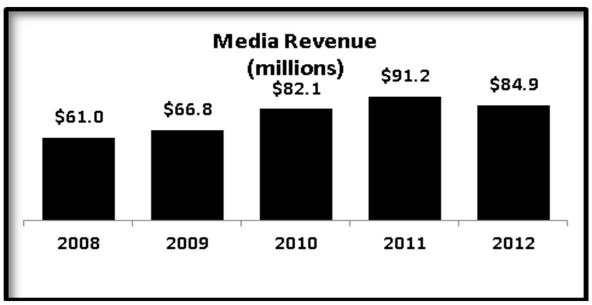
Further, during 2012, Cineplex continued the implementation of process improvements designed to increase the speed of service at the concession counter which contributes to an improved guest experience while also creating additional revenue opportunities. Cineplex also continued its installation of digital menu boards at select theatres across the circuit, offering flexibility in menu offerings to guests. These improvements contributed to a record CPP of $4.63 in 2012, an increase of $0.22 from the previous record of $4.41 achieved in 2011.

Merchandising also includes Cineplex's gaming business, which features arcade games in select Cineplex theatres, Cineplex's eight XSCAPE entertainment centres and the operations of CSI, the largest distributor and supplier of arcade games to the amusement industry in Canada. Prior to the formation of CSI, Cineplex owned 100% of NWS, which provided games and services to the Cineplex Odeon and Galaxy Cinemas locations. The acquisition of NWS in 2011 and the creation of CSI in 2012 has allowed Cineplex to vertically integrate its gaming operations as well as expanding Cineplex's gaming presence outside of Cineplex's theatres.

Media

Cineplex Media, with its national presence and 93% market share of the Canadian movie-going public, is well positioned for continued growth. Cineplex Media is the ideal channel for advertisers wanting to reach all demographics, especially the highly sought-after 17 to 25-year-old Canadian market. It is the only national coast-to-coast cinema sales representation that can offer advertisers fully integrated in-theatre media campaigns that include show time, digital pre-show, the digital lobby network, magazines, online and specialty media. With continued developments in digital projection, Cineplex can offer a more technologically advanced digital advertising pre-show to provide advertisers with the ability to present a national or local advertising campaign with a richer full screen, full motion experience. Cineplex Media also distributes Canada's leading entertainment magazine - *Cineplex Magazine*, in addition to its sister publication - *Le magazine Cineplex*, which are now available in all Cineplex locations, are distributed via various newspaper publications and are available on Apple Newsstand on the App Store. Combined, these magazines have a physical circulation of approximately 925,000 copies monthly.

CDM's business includes broadcasting, advertising and custom content to premium office towers, shopping malls, sports stadiums and other networks across Canada, as well as designing, installing, maintaining and operating digital signage networks on numerous software platforms in retail, financial, hospitality and entertainment markets across North America. The development of CDM and the implementation of its digital lobby network throughout Cineplex's theatres have positioned Cineplex to expand its media reach throughout its current infrastructure as well as in numerous out-of-home advertising locations across the country.



Alternative Programming

Through its *Front Row Centre* brand offering, Cineplex has been exhibiting alternative programming for several years, including The Metropolitan Opera, ethnic film programming, WWE, sporting events and concerts. Most of this programming is premium-priced and attracts a wider audience, expanding Cineplex's demographic reach and enhancing revenues. The success of these events has led to further expansion of offerings including its Classic Film Series, Family Favourites, the Bolshoi Ballet from Moscow and the National Theatre from London. Successful concert offerings included *Katy Perry; Part of Me* and *Led Zeppelin: Celebration Day*. Cineplex featured a live 3D broadcast of the 2012 Wimbledon tennis finals, as well as a live broadcast of the 100th Grey Cup. As more content becomes available, Cineplex anticipates capitalizing on its 3D infrastructure by screening additional alternative programming events in 3D in 2013 and beyond.

Interactive

Cineplex continues to develop www.cineplex.com as the destination of choice for Canadians seeking movie entertainment information on the internet. The website offers streaming video, movie information, showtimes and the ability to buy tickets online for both Cineplex and its competitors, entertainment news and box office reports as well as advertising and e-commerce opportunities. These features and others enable Cineplex to engage and interact with its guests. This will also allow Cineplex to offer engaging, targeted, sponsored content to visitors and advertisers, resulting in opportunities to generate additional revenues.

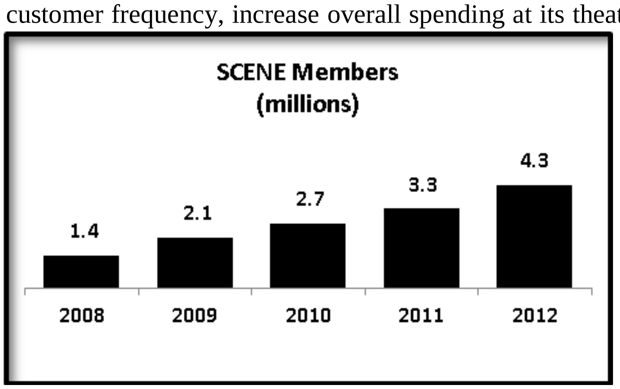
The popularity of the Cineplex mobile app, which is available as a free download for a wide variety of smartphones, continued to grow in 2012. The Cineplex app provides guests with information relating to the latest movie choices and showtimes, as well as the ability to buy tickets, catch up on the latest movie news, view trailers and receive information on promotions. During 2012, *Cineplex Magazine* and *Le magazine Cineplex* became available through Apple Newsstand at the App Store, making the full print version of the magazine available through the Cineplex app.

The Cineplex Store also launched Apple streaming capability and UltraViolet redemption. Cineplex is the first retailer in Canada and the only motion picture exhibitor in the world offering UltraViolet redemption. During 2012, Cineplex e-gift cards were added to the Cineplex Store. UltraViolet is a free, online cloud-based account that gives the consumers greater flexibility to collect, access and watch the movies they purchase. Also in 2012, Cineplex expanded the availability of the Cineplex movie download application on select smart televisions and Blu-Ray players.

SCENE Loyalty Program

In 2007, Cineplex entered into a joint venture agreement with the Bank of Nova Scotia ("**Scotiabank**") to launch the SCENE loyalty program, providing Cineplex with a more comprehensive understanding of the demographics and movie going habits of its audience as well as new ways to engage its customers. Cineplex and Scotiabank each have a 50% interest in the program. SCENE is a customer loyalty program designed to offer members discounts and the opportunity to earn points that can be redeemed for rewards, including free movies. The SCENE loyalty program also enables Cineplex to extend special offers to its guests, implement tailored marketing programs and deliver targeted messages.

Cineplex's objectives in creating SCENE were to gain a more thorough understanding of its customers, drive customer frequency, increase overall spending at its theatres and provide it with the ability to communicate directly and regularly with customers. To date, Cineplex is achieving all of these objectives and the program has been well received as evidenced by the growing membership in the program and the high engagement level of the program's members. Management believes the benefits of the program are reflected in box office and concession revenue respectively. Membership in the SCENE loyalty program at December 31, 2012 was approximately 4.3 million, an increase of approximately 0.9 million members during 2012. SCENE members can earn and redeem SCENE points on box office and concession purchases at Cineplex's theatres, as well as have the ability to earn and redeem SCENE points while purchasing DVDs, Blu-ray discs, DTO and VoD movies, and Cineplex gift cards online at the Cineplex Store. As part of the *Cineplex Tuesdays* program, SCENE members get 10% off all ticket prices on Tuesdays across the circuit, which are generally discounted. SCENE provides promotions and offerings with numerous partners, and continues to investigate potential reward partners to expand both the opportunity to collect and redeem SCENE points. In addition to reward partnership opportunities, Cineplex is using the SCENE customer database to generate additional revenue opportunities.



Employees

As at December 31, 2012, the Corporation employed approximately 10,000 people of whom 9.7% are full-time employees and 90.3% are part-time employees; 5.8% of Cineplex's part-time employees are represented by unions which are predominantly located in Quebec.

Seasonality

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

Trademarks

Management believes the trademarks "Cineplex", "Cineplex Odeon", "Galaxy", "Famous Players", "Coliseum", "Colossus" and "SilverCity" enjoy significant brand awareness in the Canadian film exhibition market. Cineplex uses the "ScotiaBank Theatre" brand under a license agreement with Scotiabank.

Competition

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

Focusing on the competition from other exhibitors, Cineplex competes on a local market-by-market basis. Management believes that the principal competitive factors are:

- The seating capacity, location, quality and reputation of an exhibitor's theatre;
- The level of customer service and amenities such as stadium seating VIP alternatives, specialized auditoriums such as UltraAVX and variety of concession offerings;
- The quality of projection and sound equipment at an exhibitor's theatre, including specialized projection systems such as 3D and digital offerings;
- The ability to secure an appropriate variety of film product on favourable licensing terms;
- Box office pricing;
- The ability to secure sites for potential new theatre developments; and
- The ability to maintain and grow theatre attendance and movie-going frequency.

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

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

Regulatory Environment

Environmental

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

Human Rights

As Cineplex serves approximately seventy million customers per year, it continually works to ensure that its services are delivered with a focus on respecting the dignity of every individual so as to be in compliance with all human rights legislation and free from any form of discrimination. In that regard, Cineplex trains its employees on accessibility and human rights issues. The Corporation has also worked on the development of new technologies to make films accessible to the hearing and vision impaired communities and on encouraging the provision by studios of captioning and description for movies.

Québec Cinema Act

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

Other

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

Credit Facility

Effective September 28, 2011, the Corporation and the Partnership entered into a fourth amended and restated credit agreement (the "**Credit Agreement**") with a syndicate of lenders consisting of the following facilities (collectively, the "**Fourth Amended Credit Facilities**") in millions of Canadian dollars:

		Available	Drawn	Reserved [1]	Remaining
(i)	a five-year senior secured revolving credit facility ("**Revolving Facility**")	$ 200.0	$	$ 2.9	$ 197.1
(ii)	a five-year senior secured non-revolving term facility ("**Term Facility**")	$ 150.0	$ 150.0	$ -	$ -

(1) Letters of credit outstanding at December 31, 2012 of $2.9 million reserved against the Revolving Facility.

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

Summary of Facilities

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

The Revolving Facility is the continuation of the previous revolving credit facility and is available for general corporate purposes and to fund approved projects or investments. There are provisions to increase the Revolving Facility commitment amount by an additional $150 million with the consent of the lenders.

The Term Facility matures in September 2016 and is payable in full at maturity, with no scheduled repayment of principal required prior to maturity. The Term Facility is available to be drawn down by way of prime rate loans, bankers acceptances and letters of credit, and bears interest at a floating rate based on the Canadian dollar prime rate or on the bankers' acceptance rates plus, in each case, an applicable margin to those rates based on Cineplex's ratio of total debt to *pro forma* Adjusted EBITDA from time to time.

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

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

Security and Guarantees

The obligations under the Fourth Amended Credit Facilities are secured by a first ranking charge over all of the personal and real property owned by the Corporation, Cineplex Entertainment LP, Galaxy, Famous Players LP and their subsidiaries (collectively, the "**Credit Agreement Security**"). The obligations of the Corporation and the Partnership under the Fourth Amended Credit Facilities are guaranteed by most of the Corporation's subsidiaries.

Events of Default

The Fourth Amended Credit Facilities contain customary events of default, including an event of default upon a "change of control" (as defined in the Credit Agreement).

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

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

CAPITAL STRUCTURE

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares of which 62,844,158 are issued and outstanding as at the date hereof. Holders of Common Shares are entitled to one vote per share at meetings of shareholders of the Corporation, to receive dividends if and when declared by the Board and to receive the remaining property and assets of the Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares. Holders of Common Shares may make use of the various shareholder remedies available pursuant to the OBCA. Additional information relevant to the Common Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's articles and by-laws, which have been filed under the Corporation's profile on SEDAR.

Preferred Shares

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

Dividend Policy

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

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

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

Description of the Debentures

The Debentures were issued under an indenture dated July 22, 2005 (the "**Initial Indenture**") between the Fund and the Debenture Trustee. Prior to the Arrangement, the Corporation entered into a supplemental indenture dated December 20, 2010 with the Debenture Trustee (the "**Supplemental Indenture**" and together with the Initial Indenture, the "**Indenture**"). The Debentures bore interest at a rate of 6% per annum paid semi-annually, were convertible at the option of the holder into Shares at $18.75 per Share, and matured on December 31, 2012. On maturity, Cineplex repaid at face value approximately $1.1 million in debenture principal.

During the year ended December 31 2012, the Debentures issued by Cineplex with a principal amount of $76.6 million were converted into 4,087,811 Common Shares.

DIRECTORS AND OFFICERS

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

As of the date hereof, the Directors and executive officers of the Corporation identified below, collectively beneficially own, directly or indirectly, or exercise control and direction over 680,507 Common Shares, representing, in the aggregate approximately 1.1% of the issued and outstanding Common Shares. Calculation of this aggregate percentage ownership noted includes share equivalents of Performance Share Units or Deferred Share Units issued pursuant to long-term incentive plans, regardless of vesting**.**

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

Name and Residence	Position	Principal Occupation
Phyllis Yaffe .... Ontario, Canada(4)	Director (Chair)	Corporate Director
Joan Dea .... California, USA(4)	Director	Managing Director Beckwith Investments
Sarabjit Marwah .... Ontario, Canada(3)(4)	Director	Vice Chairman and Chief Operating Officer Bank of Nova Scotia
Robert Steacy... Ontario, Canada(1)(2)	Director	Corporate Director
Robert Bruce .... Ontario, Canada(2)	Director	President, Communications Rogers Communications Inc.
Ian Greenberg .... Quebec, Canada(4)	Director	President and Chief Executive Officer Astral Media Inc.
Anthony Munk .... Ontario, Canada(2)	Director	Senior Managing Director Onex Corporation
Edward Sonshine .... Ontario, Canada(2)	Director	Chief Executive Officer RioCan Real Estate Investment Trust

Name and Residence	Position	Principal Occupation
Ellis Jacob .... Ontario, Canada	Director/Officer	President and Chief Executive Officer Cineplex Inc.
Heather Briant .... Ontario, Canada	Officer	Senior Vice President, Human Resources Cineplex Inc.
Anne Fitzgerald .... Ontario, Canada	Officer	Chief Legal Officer and Corporate Secretary Cineplex Inc.
Michael Kennedy.. Ontario, Canada	Officer	Executive Vice President, Filmed Entertainment Cineplex Inc.
Jeff Kent .... Ontario, Canada	Officer	Chief Technology Officer Cineplex Inc.
Dan McGrath .... Ontario, Canada	Officer	Chief Operating Officer Cineplex Inc.
Gord Nelson .... Ontario, Canada	Officer	Chief Financial Officer Cineplex Inc.

Notes:

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

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

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

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

Biographies

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

- ***Robert Bruce***. Mr. Bruce currently serves as President, Communications for Rogers Communications Inc., having previously served as President, Rogers Wireless from May 2005 to September 2009. In his current role, he is responsible for marketing, sales, distribution, retail stores, customer care and operations for both cable and wireless. Mr. Bruce joined Rogers Wireless in September 2001 as Executive Vice President and Chief Marketing Officer of Rogers Wireless and President, Wireless Data Services. Prior to joining Rogers Wireless, Mr. Bruce was Senior Vice President, Marketing at BCE Mobile Communications. Previously, he held senior operating and marketing roles with Pepsi-Cola Canada, Oshawa Foods Limited and Warner Lambert. In addition to his role as a Director of the Corporation, Mr. Bruce sits on the board of the Canadian Wireless Telecommunications Association and the United Way Campaign Cabinet.

- ***Joan Dea.*** Ms. Dea is currently the Managing Director of Beckwith Investments, a private investment firm. From 2003 to 2008, Ms. Dea worked with BMO Financial Group, most recently as Executive Vice President, Head of Strategic Management and Corporate Marketing. In that capacity, she was responsible for strategy development, performance management, branding, customer experience, culture and major change initiatives. From 1989 to 2003, Ms. Dea worked at the Boston Consulting Group and its predecessor firm, Canada Consulting Group, where she held several leadership positions and consulted to Fortune 500 firms on strategy, transformative change and global competitiveness. She became partner in 1994. She began her career in Corporate Finance with Chemical Bank. In addition to her role as a Director of the Corporation, Ms. Dea is a member of the boards of directors of Torstar Corporation (serving on its nominating and corporate governance committee as well as salary and organization committee) and Charles Schwab Bank (serving on the audit and risk committee). She is actively involved in several charitable organizations, currently serving as the incoming Chair of Woman's Initiative, Director of Marin Academy, Member of the Yale University Development Council, and Member of the Advisory Board for the Pecaut Centre for Social Impact. Ms. Dea was named one of the 100 most powerful women in Canada in 2007.

- ***Ian Greenberg***. Mr. Greenberg founded Astral Media with his four brothers over 50 years ago and has been the President and Chief Executive Officer of Astral Media Inc. since 1996. He is a member of the Canadian Council of Chief Executives and is actively involved as a member of the board of directors of Astral Media Inc. in addition to his role as a Director of the Corporation. He is actively involved in a number of industry and charitable associations, including the MS Society of Canada, the Canadian Cancer Society, United Way, Centraide and the Montreal Museum of Fine Arts. A graduate of Harvard Business School's Advanced Management Program, Mr. Greenberg was named one of Québec's most influential business personalities by Revue Commerce in February 2001. In 2007, Mr. Greenberg received the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contribution to the Canadian broadcasting system and in November 2008, he was inducted into the Canadian Association of Broadcasters' Hall of Fame. In 2013, he received a special award from the Academy of Canadian Cinema and Television for exceptional achievement in Canadian film and television.

- ***Ellis Jacob, C.M.*** Mr. Jacob has been working in the motion picture exhibition industry since 1987. Prior to assuming his current positions as President and Chief Executive Officer of the Corporation in 2003, Mr. Jacob was Chief Executive Officer and co-founder of Galaxy. Prior to founding Galaxy, Mr. Jacob represented Alliance Atlantis Communications Inc. as Head of Integration during 1998 and 1999. From 1987 to 1998, Mr. Jacob held various positions with COC as Vice President, Finance, Chief Financial Officer, Executive Vice President and, ultimately, Chief Operating Officer. Mr. Jacob is a director and member of the finance and audit committee of the Toronto International Film Festival Group. He is a member of the boards of directors of each of the Motion Picture Theatre Associations of Canada and the National Association of Theater Owners where he also sits as a member of its executive committee. In addition to his role as a Director of the Corporation, Mr. Jacob also is a member of the board of directors of Husky Injection Molding Systems Ltd. (where he serves as chair of the audit committee) and a member of the board of directors for Dundee Corporation (and serves on each of the audit committee and the corporate governance and nominating committee). 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 many of Scotiabank's corporate functions, and is actively involved in developing Scotiabank's strategic plans and priorities. He joined Scotiabank's Finance Division in 1979, and over the years held successively more senior positions, including Deputy Comptroller, Senior Vice-President and Comptroller, and Executive Vice-President Finance. He was appointed Chief Financial Officer in 1998, Senior Executive Vice-President & Chief Financial Officer in 2002 and his current role in 2008. In addition to his role as a Director of the Corporation, Mr. Marwah is a member of the boards of directors of several Scotiabank subsidiaries as well as The Hospital for Sick Children. He was past chair of the Humber River Regional Hospital, a past member of the board of directors of the C.D. Howe Institute, Torstar Corporation, and the 2008 and 2009 United Way Cabinets, and is active in several community organizations.

- ***Anthony Munk***. Mr. Munk is currently a Senior Managing Director of Onex Corporation, a leading North American private equity firm. Prior to joining Onex Corporation in 1988, Mr. Munk was a vice-president with First Boston Corporation in London, England. He currently serves on the board of directors of Barrick Gold Corporation (where he serves on the finance committee) as well as JELD-WEN Holding, Inc.

- ***Edward Sonshine, O.Ont., Q.C.*** Mr. Sonshine is the Chief Executive Officer, as well as a member of the board of trustees of RioCan Real Estate Investment Trust, having held those positions since the company's founding in 1993. In addition to his Director role with the Corporation, Mr. Sonshine is a member of the board of directors of the Royal Bank of Canada where he serves as a member of the risk committee as well as the nominating and governance committee. Mr. Sonshine is also active in the community and currently serves as vice-chair of Mount Sinai Hospital and as Chair of the Israel Bonds

Organization of Canada. 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 Postmedia Network Canada Corporation (where he serves as chair of the audit committee and a member of the compensation and pension committee) and Domtar Corporation (where he serves as a member of the finance committee, a member of the nominating and corporate governance committee and as chair of the audit committee). Mr. Steacy also serves as a director OCP Holdings Corporation, a private investment company.

- ***Phyllis Yaffe* (Chair)**. In 2007, Ms. Yaffe retired from the role of Chief Executive Officer of Alliance Atlantis Communications Inc., a position that she held from 2005. She has held a number of strategic positions in film and television in Canada since the 1980s including Chief Operating Officer of Alliance Atlantis Communications Inc. and Chief Executive Officer of Alliance Atlantis Broadcasting Inc. In addition to being Chair of the Board of the Corporation, she is the lead director on the board of directors of Torstar Corporation, serves on its salary and organization committee and is chair of its nominating and corporate governance committee. Ms. Yaffe is also member of the boards of directors of Astral Media Inc., Lions Gate Entertainment Corporation and Blue Ant Media, a privately held Canadian media company. She is also chair of the board of governors for Ryerson University and chair of Women Against Multiple Sclerosis. Ms. Yaffe was selected as the Canadian Women in Communications 1999 Woman of the Year and received the Lifetime Achievement Award from Women in Film and Television in 2000.

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

- ***Heather Briant, Senior Vice President, Human Resources***. Ms. Briant joined Cineplex Entertainment in March, 2006. She is responsible for all aspects of the Human Resources function, encompassing talent development, organization effectiveness, compensation, human resources governance and reporting. Immediately prior to joining the Partnership, Ms. Briant was employed as Vice President, Human Resources at Canadian Tire Corporation, Limited. She is the Chair of the Canadian board of the Starlight Children's Foundation. Ms. Briant holds the ICD.D designation from the Institute of Corporate Directors.

- ***Anne Fitzgerald, Chief Legal Officer and Corporate Secretary***. Ms. Fitzgerald joined Cineplex in January 2005, having previously worked as outside counsel to the Corporation. As chief counsel, she oversees all legal, insurance, government relations and corporate governance matters relating to Cineplex and its subsidiaries. Ms. Fitzgerald became licensed to practice law in 1990 and has since practiced in both Canada and the United States. Prior to joining Cineplex, she practiced primarily in litigation roles, including corporate-commercial, securities, criminal, tax and entertainment matters. Ms. Fitzgerald sits as a director on the boards of the National Association of Theater Owners, the Motion Picture Theatre Associations of Canada and the Academy of Canada Cinema and Television. Ms. Fitzgerald holds the ICD.D designation from the Institute of Corporate Directors.

- ***Michael Kennedy, Executive Vice President, Filmed Entertainment***. Mr. Kennedy returned to Cineplex as Executive Vice President in July 2005 after having held senior management positions at Famous Players, COC, Norstar Releasing and Astral Films. He oversees all aspects of film programming, alternative programming and corporate sales for the Corporation. He is an industry veteran and his career has included roles in film programming, film and video distribution, advertising and theatre operations. Mr. Kennedy currently sits on the boards of directors of the Canadian Film Centre, the Motion Picture Theatre Associations of Canada, the First Weekend Club and the Canadian Motion Picture Pioneers Association. He is also a member of the Advisory Committee of the Hot Docs Film Festival and serves on the Advisory Working Group of Telefilm Canada.

- ***Jeff Kent, Chief Technology Officer***. Mr. Kent is an information technology professional with many years of experience in the entertainment industry. Mr. Kent oversees all technology relating to the Corporation and its subsidiaries. Prior to returning to Cineplex in 2004, Mr. Kent spent the previous six years as Senior Vice President, Information Technology for Alliance Atlantis Communications Inc. From 1996 through 1998, Mr. Kent held senior positions in Finance and IT with COC. Mr. Kent sits on the boards of directors of the National Association of Theater Owners and SCENE Corporation.

- ***Dan McGrath, Chief Operating Officer***. Mr. McGrath joined COC in 1987. He held various financial and operational roles at Cineplex from 1987 to 2000. Upon joining Galaxy in 2000, he held the position of Executive Vice President. Mr. McGrath continued to hold this position at Cineplex Galaxy LP and later, following the Famous Players merger, at Cineplex Entertainment LP. In March, 2011, Mr. McGrath was promoted to Chief Operating Officer. Mr. McGrath is director and treasurer for both the Motion Picture Theatre Associations of Canada and the Motion Picture Theatre Association of Ontario. As well, Mr. McGrath sits on the boards of directors of SCENE Corporation, CDCP GP Inc. (the general partner of CDCP), the Covenant House Toronto and is the chair of the board of directors of Canada's Walk of Fame. Mr. McGrath is a Chartered Accountant (Institute of Chartered Accountants of Ontario).

- ***Gord Nelson, Chief Financial Officer***. Mr. Nelson joined COC in 1988 and has held various successive financial roles since that time. Prior to assuming the role of Chief Financial Officer of the Fund in August 2004, Mr. Nelson was Senior Vice-President, Finance and Management Information Systems. His previous positions at COC included Chief Financial Officer, Senior Vice President, Finance and Vice President, Controller. Mr. Nelson is a director of CDCP GP Inc. (the general partner of CDCP). Mr. Nelson is a Chartered Accountant (Institute of Chartered Accountants of Ontario).

Committees of the Board of Directors of the Corporation

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

Audit Committee

Terms of Reference of the Audit Committee of the Corporation

The Terms of Reference of the Audit Committee of the Board, as confirmed on March 13, 2013, are set out in Schedule A to this Annual Information Form.

Composition of the Audit Committee of the Corporation

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

Relevant Education and Experience of Audit Committee Members

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

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

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

- ***Anthony Munk*** – Mr. Munk is currently a Senior Managing Director of Onex, 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 currently serves on the board of directors of each of Barrick Gold Corporation (where he serves on the finance committee) and JELD-WEN Holding, Inc. (. Mr. Munk holds a B.A. (Honours) from Queen's University.

- ***Edward Sonshine*** **–** Mr. Sonshine is the Chief Executive Officer, as well as a member of the board of trustees of RioCan Real Estate Investment Trust, having held those positions for 19 years since the company's founding in 1993. In that capacity, Mr. Sonshine is responsible for overseeing all financial functions and reporting of the company. In addition to his Director role with the Corporation, Mr. Sonshine is a member of the board of directors as well as the risk committee of the Royal Bank of Canada.

Audit Fees

The aggregate amounts paid or accrued by the Corporation or Cineplex Entertainment LP with respect to fees, excluding expenses, payable to PricewaterhouseCoopers LLP, the auditors of the Corporation and Cineplex Entertainment LP, for audit, audit-related, tax and other services in the fiscal years ended December 31, 2012 and December 31, 2011 were as follows:

Type of Service	Year Ended December 31, 2012	Year Ended December 31, 2011
Audit	$ 615,000	$ 603,000
Audit-related	$ 37,000	$ 159,000
Tax	$ 269,000	$ 278,000
Other	$ 12,000	$ 12,000

The nature of each category of fees is described below.

Audit-related Fees. Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. The increased audit-related fees in 2011 as compared to 2012 relate to consulting services provided for the Corporation's 2011 conversion from Canadian GAAP to International Financial Reporting Standards. Additional audit-related fees were for technical accounting matters and the audit of pension funds.

Tax. Tax fees were paid for tax compliance services ($141,000) and tax consulting and planning ($128,000).

Pre-Approval Policies and Procedures

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

RISK FACTORS

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

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

Industry Risk

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

In 2012, eight major film distributors accounted for approximately 96.0% of Cineplex's box office revenues, which is consistent with industry standards. Deterioration in Cineplex's relationships with any of the major film distributors could affect its ability to negotiate film licenses on favourable terms or its ability to obtain commercially successful films. Cineplex actively works on maintaining good relations with these distributors, as this affects its ability to negotiate commercially favourable licensing terms for first-run films or to obtain licenses at all.

Cineplex competes with other film delivery methods, including cable, satellite television, DVDs and Blu-Rays, as well as DTO and VoD via the Internet. The release date of a film in other channels of distribution such as pay television or DVD is at the discretion of each distributor and earlier release windows for these or new alternative channels could have a negative impact on Cineplex's business. In the US market, certain studios have experimented with premium VoD offerings on select titles ahead of the traditional DVD release windows with limited success. No determination can be made on what the impact would be on Cineplex's revenue of this premium VoD window were it to be expanded into Canada.

Competition Risk

In the area of theatrical film exhibition, Cineplex competes in each of its local markets with other national and regional circuits and independent film exhibitors, particularly with respect to film licensing, attracting guests and acquiring and developing new theatre sites and acquiring existing theatres. Movie-goers are generally not brand conscious and usually choose a theatre based on its location, the films showing, show times available and the theatre's amenities. As a result, the building of new theatres or the addition of screens to existing theatres by competitors in areas in which Cineplex operates theatres may result in reduced attendance levels at Cineplex's theatres. In response to this risk, management fosters strong ties with the real estate and development community and monitors potential development sites closely. Most prime locations in larger markets have been developed such that further development would be generally uneconomical. In addition the exhibition industry is capital intensive with high operating costs and long-term contractual commitments.

In addition to competing with other movie exhibitors, Cineplex competes for the public's leisure time and disposable income with alternative forms of out-of-home entertainment such as sporting events, music concerts, live theatre and restaurants. Cineplex therefore focuses its in-theatre business on attracting customers to its facilities for their entertainment choice.

Cineplex also competes with a number of at-home entertainment alternatives and secondary movie distribution channels, such as cable and satellite television, gaming, DVDs and Blu-ray discs VoD, SVOD, as well as pay-per-view services and downloads via the Internet. To that end, Cineplex has developed the Cineplex Store in an effort to attract its customers to enjoy Cineplex movies for their at-home entertainment in lieu of the multitude of other at-home viewing options. Further, Cineplex's SCENE loyalty program allows the Corporation to communicate directly with movie-lovers to attract them to the Cineplex Store viewing options.

Technology Risk

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

3D televisions are available in the Canadian market, which could result in consumers choosing to consume 3D product in-the-home rather than in theatre, however the number of 3D televisions and 3D content available is extremely limited to date. To mitigate these risks, Cineplex continues to enhance the out-of-home experience through the addition of new technologies including 3D, VIP, UltraAVX and digital projection in order to further differentiate the theatrical product from the home product. Approximately 38% of Cineplex's screens are equipped to screen 3D content. During 2012, Cineplex completed the planned conversion of its theatre circuit to digital projection through CDCP. Cineplex has also diversified its offerings to customers by operating the Cineplex Store which sells DVDs, Blu-ray discs and digital downloads in order to participate in the in-the-home entertainment market.

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

Customer Risk

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

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

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

Cineplex continues to pursue Other Revenue opportunities such as advertising, games, promotions and alternative uses of its theatres during non-peak hours. Cineplex's ability to achieve its business objectives may depend in part on its ability to successfully increase these revenue streams. Media revenue has been shown to be particularly sensitive to economic conditions and any changes in the economy may either adversely influence this revenue stream in times of a downturn or positively influence this revenue stream should economic conditions improve. Cineplex monitors customer satisfaction with advertising through customer satisfaction surveys.

Human Resources Risk

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

Cineplex employs approximately 10,000 people, of whom approximately 90.3% are hourly workers whose compensation is based on the prevailing provincial minimum wages with incremental adjustments as required to match market conditions. Any increase in these minimum wages will increase employee related costs. Approximately 5.8% of Cineplex's hourly workers are represented by unions, located predominately in the province of Quebec. Because of the small percentage of employees represented by unions, the risk of labour disruption is low.

Real Estate Risk

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

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

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

Financial Markets Risk

Cineplex requires efficient access to capital in order to fuel growth, execute strategies, and generate future financial returns. For this reason Cineplex has established credit facilities at favourable rates. Cineplex has a $200.0 million revolving credit facility which matures in September 2016.

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

Sourcing Risk

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

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

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

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

Health and Safety Risk

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

Business Continuity Risk

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

Legal, Taxation, and Accounting Risk

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

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

Environment/Sustainability Risk

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

Information Management Risk

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

DIVIDENDS

The following table sets for the date of payment per Common Share and the total amount of the dividends paid by the Corporation on the Common Shares during 2012.

Period	Payment Date	Per Common Share Amount	Total
January 2012	February 29, 2012	$0.1050	$6,279,047.70
February 2012	March 30, 2012	$0.1050	$6,302,316.61
March 2012	April 30, 2012	$0.1050	$6,558,187.25
April 2012	May 31, 2012	$0.1050	$6,560,537.84
May 2012	June 29, 2012	$0.1125	$6,945,712.09
June 2012	July 30, 2012	$0.1125	$6,955,303.05
July 2012	August 31, 2012	$0.1125	$6,974,046.68
August 2012	September 28, 2012	$0.1125	$6,978,396.26
September 2012	October 31, 2012	$0.1125	$6,982,113.71
October 2012	November 30, 2012	$0.1125	$6,983,577.23
November 2012	December 31, 2012	$0.1125	$6,989,753.03
December 2012	January 31, 2012	$0.1125	$7,063,087.73

Corporation dividends were made on a monthly basis to Shareholders of record on the last business day of each month. For the year ended December 31, 2012, the Corporation declared dividends totalling $1.33. For the year ended December 31, 2011, the Corporation declared dividends totalling $1.28 per Share; for the year ended December 31, 2010, the Fund declared distributions totalling $1.26 per Unit.

MARKET FOR SECURITIES

The outstanding Common Shares of the Corporation are listed for trading on the TSX under the symbol CGX.

TRADING PRICE AND VOLUME

The following tables show the monthly range of high and low prices per Common Share and per Debenture and total monthly volumes traded on the TSX during the year ended December 31, 2012.

Common Shares

Month	Price per Common Share ($) Monthly High	Price per Common Share ($) Monthly Low	Total Monthly Volume
January 2012	26.00	24.69	4,096,467
February 2012	27.66	25.03	2,724,231
March 2012	29.88	26.58	3,566,108
April 2012	30.46	28.42	2,756,643
May 2012	31.38	29.05	2,363,693
June 2012	30.78	27.95	2,736,792
July 2012	31.18	29.56	1,895,398
August 2012	30.53	28.87	1,953,693
September 2012	30.00	27.81	3,466,009
October 2012	31.00	28.71	2,091,230
November 2012	31.49	29.62	2,676,500
December 2012	32.23	30.02	3,567,949

Debentures

Month	Price per Debenture ($) Monthly High	Price per Debenture ($) Monthly Low	Total Monthly Volume
January 2012	137.93	133.00	6,630
February 2012	146.61	134.00	9,800
March 2012	158.18	142.00	138,840
April 2012	161.20	152.42	10,310
May 2012	165.25	157.01	7,730
June 2012	163.00	152.60	6,890
July 2012	165.00	159.27	1,120
August 2012	161.50	153.49	3,950
September 2012	160.00	150.00	4,060
October 2012	164.68	154.14	3,280
November 2012	167.52	158.75	5,254
December 2012	170.00	160.30	29,900

ACCOUNTING ISSUES

Some measures included in this Annual Information Form do not have a standardized meaning under generally accepted accounting principles ("**GAAP**") and may not be comparable to similar measures provided by other issuers. In its 2012 reporting, the Corporation included these measures, including the following, because its management believes that they assist investors in assessing financial performance.

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

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

For a complete discussion and reconciliation of the Corporation's results in accordance with GAAP measures, reference is made to the Corporation's year-end Management's Discussion and Analysis dated February 6, 2013 which is incorporated herein by reference.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

None of the Corporation, Cineplex Entertainment LP, Cineplex Entertainment GP or Galaxy is involved in any legal proceeding or regulatory action which would have a material adverse effect on Cineplex Entertainment LP or the Corporation on a consolidated basis. The Partnership, or a subsidiary of the Partnership, is a defendant in various lawsuits arising in the ordinary course of business. From time to time, Cineplex is involved in disputes with landlords, contractors, past employees and other third parties. It is the opinion of management that any liability to Cineplex, which may arise as a result of these matters, will not have a material adverse effect on Cineplex's operating results, financial position or cash flows.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

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

INTERESTS OF EXPERTS

The Corporation's auditors are, and the Fund's auditors were, PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated February 6, 2013 in respect of the Corporation's consolidated balance sheets as at December 31, 2012 and December 31, 2011 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows and the notes therein for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR. Additional information, including remuneration and indebtedness of Directors and officers of the Corporation and the principal holders of Common Shares, is contained in the Corporation's information circular dated March 28, 2013 for its May 14**,** 2013 annual meeting of Shareholders, as filed by the Corporation on SEDAR. Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2012, as filed by the Corporation on SEDAR.

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

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

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

CINEPLEX ENTERTAINMENT

GLOSSARY OF TERMS

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

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

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

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

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

"**Cineplex Entertainment LP**" means Cineplex Entertainment Limited Partnership, formerly named Cineplex Galaxy Limited Partnership;

"**Cineplex Entertainment LP Partnership Agreement**" means the Cineplex Entertainment LP limited partnership agreement as it may be amended, supplemented or restated from time to time;

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

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

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

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

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

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

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

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

"**Debentures**" means the 6.0% convertible extendible unsecured subordinated debentures of Cineplex issued pursuant to the Indenture, which matured on December 31, 2012, and "**Debenture**" means one of them;

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

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

"**Famous Players LP**" means Famous Players Limited Partnership;

"**FP Acquisition**" means the indirect acquisition by the Fund of the FP Partnership pursuant to the Purchase Agreement;

"**Fund**" means Cineplex Galaxy Income Fund;

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

"**Galaxy**" means Galaxy Entertainment Inc.;

"**Indenture**" means the Initial Indenture and the Supplemental Indenture;

“**Initial Indenture**” means the trust indenture dated July 22, 2005 between the Fund, and the Debenture Trustee, governing the terms of the Debentures;

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

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

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

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

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

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

“**Supplemental Indenture**” means the supplemental trust indenture dated January 1, 2011 between Cineplex, and the Debenture Trustee, governing the terms of the Debentures;

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

“**Trustee**” or “**Trustees**” means the trustees of the Fund or any one of them;

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

“**Units**” means units of the Fund.

SCHEDULE A

CINEPLEX INC.

AUDIT COMMITTEE - TERMS OF REFERENCE

The following Audit Committee ("**Committee**") terms of reference (the "**Terms of Reference**") were adopted by the Board of Directors (the "**Board**") of Cineplex Inc. (collectively, with its subsidiaries and affiliates, the **"Corporation**") on March 13, 2013.

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

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

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

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

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

1. COMPOSITION

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

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

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

2. REPORTS

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

3. RESPONSIBILITIES

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

A. Financial Statements and Other Financial Information

The Committee shall:

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

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

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

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

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

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

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

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

B. Financial Reporting Control Systems

The Committee shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. <u>External Auditor</u>

The Committee shall:

(i) review the audit plan with the Auditors;

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

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

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

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

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

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

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

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

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

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

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

4. STRUCTURE

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

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

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

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

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

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

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

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

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

5. INDEPENDENT ADVICE

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

6. ANNUAL EVALUATION

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

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

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

7. DEFINITIONS

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

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

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

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

(ii) a person whose immediate family member is, or has been within the last three years, an executive officer of the Corporation, or any of its predecessor, subsidiary or affiliated entities;

(iii) a person who is: (x) a partner[2] of the Corporation's internal or external auditor; (y) is employed by the firm that is the Corporation's internal or external auditor; or (z) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit (or that of its predecessor entity) within that time;

(iv) a person whose spouse, minor child or stepchild, or child or stepchild who shares a home with the person: (i) is a partner of the firm that is the Corporation's internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit(or that of its predecessor entity) within that time;

(v) a person who is, or has been, or whose immediate family member is, or has been within the last three years, an executive officer of an entity of any of the Corporation or its predecessor or subsidiaries' current executives serve or served at that same time on the entity's compensation committee;

(vi) a person who has a relationship with the Corporation or its affiliated entities pursuant to which such person may accept, directly or indirectly[3], any consulting, advisory or other compensatory fee from the Corporation

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

[3] The indirect acceptance by a person of a consulting, advisory or other compensatory fee includes acceptance of a fee by: (a) a person's spouse, minor child or stepchild or a child or stepchild who shares the person's home; or (b) an

or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any other Board committee, or as part-time chair or vice chair of the Board or any Board committee;

(vii) a person who received, or whose immediate family member who is employed as a member of executive management of the Corporation or any of its subsidiary entities received, more than $75,000 in direct compensation from the Corporation or its subsidiary entities during any 12 month period within the last three years, other than: (i) as remuneration for acting in his or her capacity as member of the Board or any Board committee; or (ii) as fixed amounts of compensation under a retirement plan for prior service with the Corporation or any of its subsidiary entities if the compensation is not contingent in any way on continued service; and

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

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