Court File No.: CV-10-8959-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	) WEDNESDAY, THE 8TH
	)
JUSTICE CAMPBELL	) DAY OF DECEMBER, 2010

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING CINEPLEX GALAXY INCOME FUND, CINEPLEX GALAXY TRUST, CINEPLEX ODEON CORPORATION, CELP 2007 INC., CELP 2007 LIMITED PARTNERSHIP, CINEPLEX ENTERTAINMENT CORPORATION, CINEPLEX ENTERTAINMENT LIMITED PARTNERSHIP, CINEPLEX INC. and THE UNITHOLDERS OF CINEPLEX GALAXY INCOME FUND

CINEPLEX GALAXY INCOME FUND, CINEPLEX GALAXY TRUST, CINEPLEX ODEON CORPORATION, CELP 2007 INC., CELP 2007 LIMITED PARTNERSHIP, CINEPLEX ENTERTAINMENT CORPORATION, CINEPLEX ENTERTAINMENT LIMITED PARTNERSHIP and CINEPLEX INC.

Applicants

FINAL ORDER
(December 8, 2010)

THIS APPLICATION made by the Applicants pursuant to section 182 of the *Business Corporations Act,* R.S.O. 1990, c. B-16, as amended (the "OBCA"), for an order approving a proposed arrangement (the "Arrangement"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of Gord Nelson, sworn December 3, 2010 (the "Final Nelson Affidavit") together with the exhibits thereto, the Affidavit of Gord Nelson sworn October 28, 2010 (the "First Nelson Affidavit") with only Exhibit "B" attached, the Interim Order of the Honourable Mr. Justice Lederman dated November 1, 2010, as amended by the Order of the Honourable Mr. Justice Campbell dated November 18, 2010, all filed, and on hearing the submissions of counsel for the Applicants, no one else appearing for any other person, including any holder of units of Cineplex Galaxy Income Fund as of October 25, 2010,

1. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this Order, is an arrangement within the meaning of section 182 of the OBCA and is fair and reasonable.

2. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this Order, shall be and is hereby approved.

3. **THIS COURT ORDERS** that the Applicants shall be entitled to seek leave to vary this Order upon such terms and upon the giving of such notice as this Honourable Court may direct, to seek the advice and direction of this Honourable Court as to the implementation of this Order and/or to apply for such further order or orders as may be appropriate.

DaCampo J.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

DEC 0 8 2010

PER / PAR:

SCHEDULE "A"

EXHIBIT "A"

PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)

ARTICLE 1
INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules and exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

"**Arrangement**" means the proposed arrangement under the provisions of section 182 of the OBCA, on the terms and conditions set forth in the Plan of Arrangement as amended, modified or supplemented;

"**Arrangement Agreement**" means the arrangement agreement made as of October 28, 2010 among the Cineplex Entities with respect to the Arrangement and all amendments thereto;

"**Arrangement Resolution**" means the special resolution of Unitholders approving the Arrangement;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

"**CEC**" means Cineplex Entertainment Corporation, a corporation incorporated under the laws of Canada;

"**CELP**" means Cineplex Entertainment Limited Partnership, a limited partnership established under the laws of the Province of Manitoba;

"**CELP 2007 GP**" means CELP 2007 Inc., a corporation incorporated under the laws of the Province of Ontario;

"**CELP 2007 LP**" means CELP 2007 Limited Partnership, a limited partnership established under the laws of the Province of Manitoba;

"**CELP Partnership Agreement**" means the limited partnership agreement dated November 26, 2003 governing CELP, as the same has been and may be amended, supplemented or restated from time to time;

"**Certificate**" means the confirmation of filing to be issued by the Director pursuant to subsection 183(2) of the OBCA giving effect to the Arrangement;

"**COC**" means Cineplex Odeon Corporation, a corporation amalgamated under the laws of the Province of Ontario;

"**Cineplex Entities**" means, collectively, the Fund, the Trust, COC, CELP 2007 GP, CELP 2007 LP, CEC, CELP and Newco and their respective successors;

"**Common Shares**" means the common shares in the capital of Newco;

"**Court**" means the Ontario Superior Court of Justice;

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

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

"**Debentures**" means the 6% convertible extendible unsecured subordinated debentures of the Fund issued pursuant to the Debenture Indenture;

"**DEU Plan**" means the Deferred Equity Unit Plan of the Fund, and following the Conversion, the Amended and Restated Deferred Share Unit Plan (Executive DSU Plan – Three Year Vesting) of Newco;

"**DEU**" means a deferred equity unit of the Fund, and following the Conversion, a deferred share unit of Newco, granted pursuant to the DEU Plan;

"**Director**" means the Director appointed under s.278 of the OBCA;

"**Effective Date**" means the date the Arrangement is effective under the OBCA, which is expected to be on or around January 1, 2011;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date or such other time as may be determined by Newco;

"**Exchange Agreement**" means the amended and restated exchange agreement among the Fund, the Trust, and CELP, amongst others, dated May 11, 2006, as the same may be amended, supplemented or restated from time to time;

"**Existing Options**" means options to acquire Units outstanding under the Option Plan;

"**Final Order**" means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

"**Fund**" means Cineplex Galaxy Income Fund, a trust governed by the laws of the Province of Ontario pursuant to the Fund Declaration of Trust;

"**Fund Declaration of Trust**" means the amended and restated declaration of trust dated November 26, 2003, pursuant to which the Fund is established, as the same may be amended, supplemented or restated from time to time;

"**Information Circular**" means the management information circular of the Fund, together with all schedules and appendices thereto, to be distributed to Unitholders in respect of the Meeting;

"**Interim Order**" means the interim order of the Court under subsection 182(5) of the OBCA, containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant to the application of the Cineplex Entities, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;

"**Meeting**" means the special meeting of Unitholders to be held on a date in 2010 to be specified in the Interim Order, and any adjournment(s) or postponement(s) thereof, to consider and to vote on, among other things, the Arrangement Resolution;

"**Newco**" means Cineplex Inc., a corporation incorporated under the laws of the Province of Ontario;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;

"**Option Plan**" means the Fund's existing unit option plan dated February 12, 2008 to be adopted by Newco following completion of the Arrangement;

"**Person**" means and includes individuals, corporations, partnerships, general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities, and governments, agencies and political subdivisions thereof;

"**Plan of Arrangement**" means this plan of arrangement, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof;

"**Subsidiary**" has the meaning ascribed thereto in section 1.1 of National Instrument 45-106 — *Prospectus and Registration Exemptions*, as it exists on the date hereof;

"**Supplemental Indenture**" means a supplemental indenture between the Debenture Trustee and Newco to be executed prior to the Effective Date, governing the terms of the Debentures, as it may be amended, supplemented or restated from time to time;

"**Trust**" means Cineplex Galaxy Trust, a trust governed by the laws of the Province of Ontario pursuant to the Trust Declaration of Trust;

"**Trust Declaration of Trust**" means the declaration of trust dated November 12, 2003, pursuant to which the Trust was established, as the same may be amended, supplemented or restated from time to time;

"**Units**" means the units of the Fund designated as "Trust Units" under the Fund Declaration of Trust; and

"**Unitholders**" means the holders of Units.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities and other entities.

1.5 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.

2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on the Unitholders and the Cineplex Entities.

2.3 The Articles of Arrangement and the Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 4 hereof has become effective in the sequence and at the times set out therein.

2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time. Furthermore, each of the events listed in Article 4 hereof shall be, without affecting the timing set out in Article 4, mutually conditional, such that no event described in said Article 4 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3
PRE-ARRANGEMENT MATTERS

3.1 Unless otherwise consented to by the Fund in writing, each of the events set out below shall be completed prior to the Effective Date:

Amendment of the Fund Declaration of Trust, Trust Declaration of Trust, and CELP Partnership Agreement

(a) the Fund Declaration of Trust, the Trust Declaration of Trust, the CELP Partnership Agreement, and such other material documents will be amended to the extent necessary to facilitate the Arrangement and the implementation of the steps and transactions, described in the Plan of Arrangement, as provided herein; and

Supplemental Indenture

(b) Newco will enter into the Supplemental Indenture with the Debenture Trustee, in accordance with the applicable requirements of the Debenture Indenture and otherwise comply with any additional requirements of the Debenture Indenture, pursuant to which Newco will assume all of the covenants and obligations of the Fund under the Debentures on the dissolution of the Fund.

ARTICLE 4
ARRANGEMENT

4.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order, each occurring five minutes apart (unless otherwise noted), without any further act or formality except as otherwise provided herein:

Exchange of Units for Common Shares

(a) All of the Units held by Unitholders will be transferred to Newco, free and clear of any claims, solely in consideration for Common Shares on the basis of one Common Share for each Unit so transferred. At the time the Common Shares are so issued, an amount determined by the directors of Newco shall be added to the stated capital account maintained for the Common Shares issued under the Arrangement. The stated capital maintained in respect of the Common Shares may be subsequently reduced by an amount determined by the directors, in respect of which no amount is to be distributed to the shareholders of Newco, as contemplated by Section 34(1)(b)(ii)(B) of the OBCA;

Exchange of Options

(b) each of the issued and outstanding Existing Options shall be exchanged under an agreement with Newco for options to acquire the same number of Common Shares as the number of Units subject to the Existing Options, at the same price and on the same terms as provided in the Existing Options;

Cancellation of the Initial Common Share of Newco

(c) the one common share of Newco issued to the Fund in connection with the organization of Newco will be purchased for cancellation by Newco for a consideration of ten dollars ($10.00), and shall be cancelled;

Cancellation of Rights to Acquire Units

(d) all other rights to acquire Units outstanding immediately prior to the Effective Time, if any, shall be cancelled and of no further force and effect, and shall be deemed to be exchanged for the same number of economically equivalent rights to acquire Common Shares;

Dissolution of the Trust

(e) the Trust will be dissolved (as a result of which the Trust will cease to exist) and all of its assets and liabilities shall be distributed to and assumed by the Fund; and

Dissolution of the Fund

(f) the Fund will be dissolved (as a result of which the Fund will cease to exist) and all of its assets and liabilities, including the Debentures, shall be distributed to and assumed by Newco.

4.2 With respect to each holder of Units at the Effective Time, upon the exchange of Units for Common Shares pursuant to Section 4.1 hereof:

(a) each former holder of Units shall cease to be the holder of the Units so exchanged and the name of each such former holder of Units shall be removed from the register of holders of Units;

(b) each such former holder of Units shall become the holder of the Common Shares exchanged for Units by such holder and shall be added to the register of holders of Common Shares in respect thereof; and

(c) Newco shall become the holder of the Units so exchanged and shall be added to the register of holders of Units as the sole owner of the Units.

ARTICLE 5
OUTSTANDING CERTIFICATES

5.1 From and after the Effective Time, any certificates formerly representing Units shall represent only the right to receive the number of Common Shares which the former holder of such Units is entitled to receive pursuant to Article 4.

ARTICLE 6
AMENDMENTS

6.1 The Cineplex Entities may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other parties to the Arrangement Agreement; (iii) filed with the Court; and (iv) communicated to Unitholders, if and as requested by the Court.

6.2 Notwithstanding Section 6.1 and Section 6.4 hereof, any amendment, modification or supplement to this Plan of Arrangement may be made prior to or after the Effective Time by the Cineplex Entities without the approval of the Court or the Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Cineplex Entities, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any Unitholder or former Unitholder.

6.3 Subject to Section 7.2 hereof, any amendment to this Plan of Arrangement may be proposed by the Cineplex Entities at any time prior to or at the Meeting (provided that the other parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to the Unitholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.4 Subject to Section 7.2 hereof, the Cineplex Entities may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to the Unitholders.

ARTICLE 7
GENERAL

7.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

7.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any of the parties to the Arrangement Agreement, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

7.3 This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.

IN THE MATTER OF AN APPLICATION UNDER SECTION 182, *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B-16, as amended

Court File No.: CV-10-8959-00CL

CINEPLEX GALAXY INCOME FUND, *et al.*
Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

FINAL ORDER
(December 8, 2010)

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