

**COMPLETED ACQUISITION BY CINEWORLD GROUP PLC OF
CITY SCREEN LIMITED**

Adoption of Initial Undertakings

1. On 30 April 2013, the Office of Fair Trading (OFT) made a reference to the Competition Commission (CC) under section 22 of the Enterprise Act 2002 (the Act) concerning the completed acquisition by Cineworld Group Plc (Cineworld) of City Screen Limited (the Reference).
2. The Reference has not been finally determined.
3. On 24 December 2012, the OFT accepted the undertakings reproduced below (Initial Undertakings) from Cineworld in accordance with section 71(2) of the Act.
4. The Initial Undertakings are still in force.
5. The CC hereby adopts the Initial Undertakings in accordance with section 80(3) of the Act for the purpose of preventing pre-emptive action being taken pending the determination of the reference, which might prejudice the reference or impede the taking of any action which may be justified by the decisions of the CC under Part 3 of the Act.

Signed by authority of the CC

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Professor Alasdair Smith
Deputy Chairman
1 May 2013

INITIAL UNDERTAKINGS

COMPLETED ACQUISITION BY CINEWORLD GROUP PLC OF CITY SCREEN LIMITED

UNDERTAKINGS GIVEN BY CINEWORLD GROUP PLC AND CITY SCREEN LIMITED TO THE OFFICE OF FAIR TRADING PURSUANT TO SECTION 71 OF THE ENTERPRISE ACT 2002

Pursuant to section 71 of the Enterprise Act 2002, for the purpose of preventing pre-emptive action, Cineworld Group Plc ("**Cineworld**") hereby gives to the OFT on behalf of itself and City Screen Limited ("**City Screen Limited**") the following undertakings (the "**undertakings**") in respect of the acquisition by Cineworld of City Screen.

Management of the parties' respective businesses until determination of proceedings

1. Except with the prior written consent of the OFT, each of Cineworld undertakes that they will not during the specified period take any action which might:
 - (a) lead to the integration of the Cineworld business with all or any part of the City Screen business;
 - (b) transfer the ownership or control of the Cineworld business or the City Screen business;
 - (c) otherwise impair the ability of the Cineworld business or the City Screen business to compete independently in any markets affected by the acquisition; or
 - (d) otherwise prejudice any reference to the CC or impede the taking of any action under the Act which may be justified by the CC's decisions on any such reference.
2. Without prejudice to the generality of paragraph 1, except with the prior written consent of the OFT, Cineworld will at all times during the specified period, procure that:
 - (a) the City Screen business is carried on separately and under a separate brand identity from the Cineworld business and separate sales of the City Screen business are maintained;
 - (b) the City Screen business and the Cineworld business are each maintained as a going concern and sufficient resources are made available for the development of the City Screen business and the Cineworld business on the basis of their respective pre-merger plans;
 - (c) no substantive changes are made to key staff or to the organisational structure of, or the management responsibilities within the City Screen business or the Cineworld business;
 - (d) in relation to the assets of each of the City Screen business and the Cineworld business, and otherwise than in the ordinary course of business:
 - (i) the assets are maintained and preserved, including facilities and goodwill;

- (ii) none of the assets is disposed of; and
 - (iii) no interest in the assets is created or disposed of;
- (e) the nature, description, range and standard of goods and/or services supplied in the United Kingdom by the City Screen business and the Cineworld business at the date of these undertakings are in all material respects maintained and preserved;
- (f) there is no integration of the information technology of the City Screen business with the information technology of the Cineworld business and the respective software and hardware platforms of the City Screen business and the Cineworld business shall remain unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of each of the City Screen business and the Cineworld business shall be operated and updated separately and any negotiations with the customers and suppliers in relation to the City Screen business will be carried out by the City Screen business alone and for the avoidance of doubt Cineworld will not negotiate on behalf of City Screen or enter into any joint agreements with City Screen;
- (h) all existing contracts continue to be serviced by the business to which they were awarded;
- (i) all reasonable steps are taken to encourage all key staff of the City Screen business and the Cineworld business to remain with the business in relation to which they were employed prior to the merger;
- (j) no business secrets, know-how, commercially sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to the City Screen business or the Cineworld business ("**Confidential Information**") shall pass, directly or indirectly from the City Screen business (or any of its employees, directors, agents or affiliates) to the Cineworld business (or any of its employees, directors, agents or affiliates) or vice versa, except:
 - (i) where strictly necessary in the ordinary course of business and on the basis that, should the merger be prohibited, any records or copies (electronic or otherwise) of such information wherever they may be held will be returned to the relevant business and any copies destroyed other than as may be required for the purposes of regulatory compliance under applicable law; and
 - (ii) the flow of Confidential Information from the City Screen business (or any of its employees, directors, agents or affiliates) to the Cineworld business (or any of its employees, directors, agents or affiliates) is permitted to the extent that such disclosure of information is strictly necessary for compliance with external regulatory and/or accounting obligations.

Compliance

3. Cineworld shall procure that each of their subsidiaries complies with these undertakings as if it had given them.

4. Cineworld shall forthwith provide to the OFT such information as the OFT may from time to time require for the purposes of monitoring compliance by Cineworld and their subsidiaries with these undertakings. In particular, on the 7 January 2013 and subsequently every 10 working days thereafter (save where the obligation does not fall on a working day, in which case the first working day thereafter), the Chief Financial Officer of Cineworld shall provide a statement to the OFT on behalf of Cineworld confirming compliance with these undertakings in the form set out in the Appendix to these undertakings.
5. At all times, Cineworld will actively keep the OFT informed of any material developments relating to the City Screen business, which includes, but is not limited to:
 - (a) details of key staff who leave or join the City Screen business or the Cineworld business;
 - (b) any City Screen business or Cineworld business plant breakdowns which have halted production for more than 24 hours or changes in the City Screen business' or Cineworld business' production arrangements which have affected the working pattern of more than five City Screen business or Cineworld business employees;
 - (c) all substantial customer volumes won or lost by the City Screen business or the Cineworld business including any substantial changes in customers' demand; and
 - (d) substantial changes in the City Screen business' or Cineworld business' contractual arrangements or relationships with key suppliers.
6. Cineworld shall comply with such written directions as the OFT may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with these undertakings.

Interpretation

7. The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.
8. For the purposes of these undertakings:

“the Act” means the Enterprise Act 2002;

“an affiliate” of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under the common control for the purposes of section 26 of the Act;

“business” has the meaning given by section 129(1) and (3) of the Act;

“the CC” means the Competition Commission;

“Cineworld” means Cineworld Group Plc;

“the Cineworld business” means the business of Cineworld and its subsidiaries carried on as from 6 December 2012;

“City Screen” means City Screen Limited;

“the City Screen business” means the business of City Screen and its subsidiaries carried on as from 6 December 2012.

“control” shall be construed in accordance with section 26 of the Act and in the case of a body corporate, a person shall be deemed to control it if he holds, or has an interest in, shares of that body corporate which amount to 10 per cent or more of its issued share capital or which carry an entitlement to vote at meetings of that body corporate of 10 per cent or more of the total number of votes which may be cast at such meetings;

“the decisions” means the decisions of the CC on the questions which it is required to answer by virtue of section 35 of the Act;

“key staff” means staff in positions of executive or managerial responsibility and/or whose performance could materially affect the viability of the business;

“the merger” means the creation of the relevant merger situation between the Cineworld business and the City Screen business;

“the OFT” means the Office of Fair Trading, provided that, should the CC adopt these undertakings pursuant to section 80(3) of the Act, references to “the OFT” in paragraphs 1 and 2 of these undertakings shall be taken as references to the CC, and references to “the OFT” in paragraphs 4, 5 and 6 of these undertakings shall be taken to include both the Office of Fair Trading and the CC;

“the ordinary course of business” means matters connected to the day to day supply of goods and/or services by City Screen or Cineworld and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of City Screen or Cineworld;

“the specified period” means the period beginning on the date of these undertakings and terminating either at the end of the period specified in section 71(5) or (6) of the Act or, should the CC adopt these undertakings pursuant to section 80(3) of the Act, the end of the period specified in section 80(7) or (8) of the Act;

“subsidiary”, unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

“working day” mean any day of the week other than a Saturday, Sunday or any other day that is a public holiday in England;

In these undertakings unless the context requires otherwise, the singular shall include the plural and vice versa.

FOR AND ON BEHALF OF CINEWORLD

| | |
|----------------|------------------------------|
|Signature |Signature |
|Name | Name |
|Title | Title |
|Date | Date |
| (Director) | (Director/Company Secretary) |