

**COMPLETED ACQUISITION BY TERRA FIRMA INVESTMENTS (GP) 2 LTD OF
UNITED CINEMAS INTERNATIONAL (UK) LIMITED AND CINEMA
INTERNATIONAL CORPORATION (UK) LIMITED**

**UNDERTAKINGS GIVEN BY TERRA FIRMA INVESTMENTS (GP) 2 LTD AND
CORLEONE CAPITAL LIMITED TO THE OFFICE OF FAIR TRADING PURSUANT
TO SECTION 73 OF THE ENTERPRISE ACT 2002**

WHEREAS:

- (a) On 28 October 2004 Terra Firma Investments acquired UCI;
- (b) It appears to the OFT that as a consequence of that transaction a relevant merger situation has been created in the UK;
- (c) The OFT has a duty to refer a completed merger to the CC for further investigation where it believes that it is or may be the case that the merger situation in question has resulted, or may be expected to result in a substantial lessening of competition within any market or markets in the UK for goods or services;
- (d) Under section 73 of the Act the OFT may, instead of making such a reference and for the purpose of remedying, mitigating or preventing the substantial lessening of competition concerned or any adverse effect which has or may have resulted from it, or may be expected to result from it, accept undertakings to take such action as it considers appropriate, from such of the parties concerned as it considers appropriate;
- (e) The OFT considers that, in the absence of appropriate undertakings, it would be under a duty to refer the acquisition of UCI by Terra Firma Investments to the CC;
- (f) The OFT further considers that the undertakings given below by the Purchasers are appropriate to remedy, mitigate or prevent the substantial lessening of competition, or any adverse effect which has or may have resulted from it, or may be expected to result from it, as specified in the Decision;
- (g) The Purchasers gave initial undertakings on 6 December 2004 in respect of the acquisition of UCI pursuant to section 71 of the Act for the purpose of preventing pre-emptive action. These initial undertakings cease to be in force on acceptance of the undertakings in lieu of reference given below by the Purchasers.

NOW THEREFORE the Purchasers hereby give to the OFT the following undertakings for the purpose of remedying, mitigating or preventing the substantial lessening of competition, or any adverse effect which has or may have resulted from it or may be expected to result from it.

Effective date of the undertakings

- 1.1 These undertakings shall take effect from the date that, having been signed by the Purchasers, they are accepted by the OFT.

Divestment of the Divestment Cinema Businesses

- 2.1 The Purchasers shall, using their best endeavours and acting in good faith, as soon as reasonably practicable, effect to the satisfaction of the OFT the divestment of each of the Divestment Cinema Businesses as a going concern by the end of the Divestment Period to a purchaser approved by the OFT in accordance with the provisions of these undertakings.
- 2.2 The Purchasers shall be deemed to have complied with the obligation at paragraph 2.1 if, as soon as reasonably practicable and in any event by the end of the Divestment Period, they have entered into a legally binding agreement with a purchaser or purchasers approved in advance by the OFT in writing pursuant to these undertakings provided that, if later than the end of the Divestment Period, the final closing in respect of the divestment of the Divestment Cinema Businesses takes place within a period not exceeding 2 months (subject to obtaining all the necessary approvals and consents from third parties) after the approval of the relevant purchaser or purchasers by the OFT.
- 2.3 Without prejudice to the generality of paragraph 2.1 above, the Purchasers shall take the following measures to the extent they may be necessary to effect the sale of any of the Divestment Cinema Businesses in accordance with those provisions:
 - (a) the transfer or vesting of property, assets, rights, personnel, liabilities or obligations (including without prejudice any contracts, licences, authorisations, permits or consents);
 - (b) the adjustment of contracts, whether by discharge or reduction or assignment of any liability or obligation or otherwise;
 - (c) the creation, allotment, transfer, surrender or cancellation of any shares, stock or securities; and/or
 - (d) the formation or winding up of a company.
- 2.4 In the event that the Purchasers fail to complete the divestment of one or more Divestment Cinema Businesses within the Divestment Period, the OFT may, whether or not initiating the Trustee Functions set out below, require the Purchasers to divest each of the Divestment Cinema Businesses as a going concern at no minimum price to a purchaser approved by the OFT.
- 2.5 The Purchasers shall notify the OFT of the identity of each proposed purchaser that makes an offer for any of the Divestment Cinema

Businesses together with the value and terms of such offers as soon as reasonably practicable following the receipt of such offers and in any event within at least 10 Working Days of receipt of such offers.

Purchaser Approval

- 3.1 For the purposes of approving a proposed purchaser for any of the Divestment Cinema Businesses sold in accordance with these undertakings, the Purchasers and/or any proposed purchaser shall satisfy the OFT that:
- (a) the proposed purchaser is independent of and unconnected to the Purchasers and the Group of Interconnected Bodies Corporate to which the Purchasers belong and any Associated Person or Affiliate of the Purchasers or such Group of Interconnected Bodies Corporate;
 - (b) the proposed purchaser has the financial resources, expertise and incentive to maintain and operate the Divestment Cinema Businesses as viable and active businesses in competition with the Purchasers and other competitors; and
 - (c) the proposed purchaser is reasonably to be expected to obtain all necessary approvals and consents from any regulatory authority.
- 3.2 The OFT may require the Purchasers to provide it with such information and documentation as it may reasonably require to demonstrate to the OFT that the proposed purchaser will fulfil the requirements set out in paragraph 3.1 above.

Appointment of a Trustee

- 4.1 The provisions of paragraphs 4.2 to 4.7 below shall apply only as long as the Purchasers have not satisfied, or where the OFT has reasonable grounds for believing that the Purchasers will not satisfy, all or any part of the obligation to divest the Divestment Cinema Businesses in accordance with paragraphs 2.1 and 2.2.
- 4.2 Within 15 Working Days of the OFT notifying the Purchasers that they must do so, the Purchasers shall propose to the OFT:
- (a) the names of at least two individuals to exercise the Trustee Functions; and
 - (b) the full terms of a mandate in accordance with which the Trustee shall carry out the Trustee Functions.
- 4.3 The Purchasers and/or any individuals nominated pursuant to paragraph 4.2 shall satisfy the OFT that:

- (a) such nominated individuals are each EU nationals with the necessary qualifications to carry out their mandates, and employees or partners of an investment bank, bank, building society or law firm or accountancy firm with an established reputation either nationwide or in a substantial part of the UK or in another EU member state;
- (b) such nominated individuals are each independent of the Purchasers and of the Group of Interconnected Bodies Corporate to which the Purchasers belong and of any Associated Person or Affiliate of the Purchasers or of such Group of Interconnected Bodies Corporate and of any proposed purchasers of the Divestment Cinema Businesses to be sold pursuant to paragraph 2.1 above, and, in the opinion of the Purchasers, appropriate to be appointed as Trustee; and
- (c) such nominated individuals neither are nor shall become exposed, either directly or indirectly, to a conflict of interest that impairs or may be likely to impair their objectivity or independence in discharging the Trustee Functions.

4.4 Within 20 Working Days of the OFT approving, at its discretion, one or more of the persons nominated by the Purchasers pursuant to paragraph 4.2 above and their proposed mandates, and subject to any modifications the OFT deems necessary for the Trustee to carry out the Trustee Functions, the Purchasers shall use their best endeavours to appoint from the persons so approved one person to carry out the Trustee Functions in accordance with the mandate approved by the OFT pursuant to this paragraph.

4.5 In the event that:

- (a) the Purchasers fail to nominate any person or persons in accordance with the provisions of paragraph 4.2 above; or
- (b) none of the persons nominated by the Purchasers pursuant to paragraph 4.2 is approved by the OFT; or
- (c) the Purchasers are unable for any reason to conclude within the time limit stipulated in paragraph 4.4 the appointment of any such person following approval by the OFT;

the Purchasers shall use their best endeavours to appoint from persons nominated by the OFT one person to carry out the Trustee Functions on the terms of a mandate approved by the OFT. The Purchasers shall use their best endeavours to make such appointment within 7 Working Days of receiving the nominations from the OFT.

4.6 The appointment of the Trustee pursuant to paragraph 4.4 or 4.5 shall be irrevocable unless (a) a conflict of interest that impairs or may be likely to impair the objectivity or independence of the Trustee in discharging the Trustee Functions arises; (b) the Trustee ceases to perform its functions;

or (c) the OFT is otherwise satisfied that there is good cause for the appointment to be terminated in advance of the satisfactory fulfilment of the Trustee Functions.

- 4.7 In the event that the appointment of the Trustee is terminated under paragraph 4.6 above, the Purchasers shall use their best endeavours to appoint from persons nominated by the OFT one person to carry out the Trustee Functions in accordance with such mandate as is approved by the OFT. The Purchasers shall use their best endeavours to make such appointment within 7 Working Days of receiving the nominations from the OFT. Where required by the OFT, the outgoing Trustee shall continue as Trustee until a new Trustee is in place and a full handover of all relevant information has taken place.

The Mandate

5. The terms of the mandate proposed by the Purchasers pursuant to paragraph 4.2 above shall, as a minimum, contain all provisions necessary to enable the Trustee to carry out the Trustee Functions including, without limitation to the generality of this paragraph:
- (a) an exclusive, irrevocable mandate to sell any of the Divestment Cinema Businesses as required by paragraph 6.1 below to a purchaser or purchasers approved in advance in writing by the OFT at no minimum price and on such reasonable terms and conditions as the Trustee considers appropriate to effect an expedient sale;
 - (b) a mandate to take any other steps necessary for, or incidental to, its mandate under sub-paragraph (a) above;
 - (c) a comprehensive power of attorney to the Trustee (including the authority to grant sub-powers of attorney to the Trustee's officers, employees and agents) to enable it to take all steps reasonably necessary or appropriate to effect the sale of such Divestment Cinema Businesses;
 - (d) a mandate to comply with any orders and directions given by the OFT; and
 - (e) a mandate to appoint at the Purchasers' expense such advisers as the Trustee reasonably considers necessary or appropriate in connection with the performance of the Trustee Functions.

Functions of Trustee

- 6.1 The Trustee shall seek to procure within 3 months of the end of the Divestment Period, or within such other later period as may be specified by the OFT, the completion of the sale of the Divestment Cinema Businesses at no minimum price, to a purchaser or purchasers approved by the OFT in accordance with paragraph 6.3.

- 6.2 Without prejudice to the generality of paragraph 6.1, the Trustee shall take any of the measures set out in paragraph 2.3 in relation to the Divestment Cinema Businesses to the extent to which they may be necessary to effect the divestment of the Divestment Cinema Businesses in accordance with that provision.
- 6.3 The Trustee shall not sell or permit the divestment of any of the Divestment Cinema Businesses to a proposed purchaser unless it has obtained the OFT's prior approval in writing in respect of the identity of the purchaser. The Trustee shall notify the OFT of the identity of a proposed purchaser as soon as reasonably practicable and in any event at least 20 Working Days in advance of the proposed completion of the proposed sale and purchase agreement in question.
- 6.4 Pending the divestment of the Divestment Cinema Businesses pursuant to paragraph 6.1, the Trustee shall monitor the Purchasers' compliance with their obligations under paragraphs 7.1 and 7.2 of these undertakings and shall take such measures as it considers necessary to ensure such compliance.
- 6.5 The Trustee may give written directions to the Purchasers to take such steps within its competence as may be specified or described in the directions for the purpose of securing the Purchasers' compliance with their obligations under these undertakings or enabling the Trustee to carry out the Trustee Functions. The Trustee may not require the Purchasers to:-
- (a) offer any reverse premium or similar inducement to a purchaser; or
 - (b) accept any actual or contingent liability towards a purchaser or otherwise in connection with the divestment which would be unusual in scope, duration or financially having regard to the price and usual market practice in relation to similar disposals.
- 6.6 The Trustee shall, as soon as reasonably practicable, comply at all times with any reasonable instructions or written directions made by the OFT for the purposes of carrying out or securing compliance with the undertakings (or any matter incidental thereto) and shall provide to the OFT such information and reports in relation to the carrying out of the Trustee Functions as the OFT may require. The Trustee shall promptly report in writing to the OFT if the Trustee concludes on reasonable grounds that the Purchasers are failing to comply with any of their obligations under these undertakings.
- 6.7 For the purpose of fulfilling the Trustee Functions, the Trustee shall not be bound by instructions of the Purchasers nor shall the Trustee Functions be extended or varied in any way by the Purchasers save with the prior express written consent of the OFT.

Functions of the Purchasers following appointment of Trustee

- 7.1 The Purchasers shall not give any instruction or request to the Trustee which conflicts with the Trustee Functions.
- 7.2 The Purchasers shall take all such steps as are reasonably necessary to enable the Trustee to carry out the Trustee Functions, including but not limited to (a) complying with such written directions as the Trustee may from time to time give pursuant to paragraph 6.5, and (b) providing the Trustee with all such assistance and information, as it may reasonably require in carrying out the Trustee Functions.

Remuneration of Trustee

8. The Purchasers shall pay the Trustee a reasonable remuneration for the services it provides in carrying out the Trustee Functions, and shall pay the Trustee in a way that does not impede the independent and effective fulfilment of the Trustee Functions, which shall be set out in the Trustee's mandate referred to in paragraph 5.

Interim Action

9. Pending the divestment of each of the Divestment Cinema Businesses to the satisfaction of the OFT in accordance with the provisions of these undertakings, the Purchasers shall ensure that:
 - (a) without accepting any duty to make any substantial capital investment additional to investment arrangements in place at the time of the acquisition, the Divestment Cinema Businesses shall be maintained as a going concern;
 - (b) except with the prior written consent of the OFT the Divestment Cinema Businesses are maintained and preserved, including facilities and goodwill;
 - (c) the nature, description, range and standard of goods and services currently supplied by the Divestment Cinema Businesses are maintained and preserved;
 - (d) except in accordance with paragraph 2.1, paragraph 2.2 or paragraph 6.1 above, no assets of the Divestment Cinema Businesses are disposed of, and no Interest in such assets is created or disposed of, other than in the ordinary course of business.

Continued Separation

10. Except with the prior written consent of the OFT, following the divestment of each of the Divestment Cinema Businesses pursuant to paragraph 2.1, paragraph 2.2 or paragraph 6.1, the Purchasers or any member of the Group of Interconnected Bodies Corporate to which the Purchasers belong:

- (a) shall not, directly or indirectly, hold, acquire, re-acquire or use:
 - (i) any Interest in that Divestment Cinema Business other than the reversionary interest of any Divestment Cinema Business that is divested by way of a leasehold interest;
 - (ii) any Interest in any company carrying on or having Control of that Divestment Cinema Business (other than any investments made in the ordinary course of the operation of any of the Purchasers' related employee benefit and pension fund of not more than 3 per cent in aggregate of the issued equity share capital in any such person having control of any Divestment Cinema Business, whose shares are listed or dealt with on any recognised investment exchange, which carries no more than 3 per cent of the voting rights exercisable at meetings of such person); or
 - (iii) other than in the ordinary course of business, any of the assets of that Divestment Cinema Business;
- (b) shall procure that no employee or director of the Purchasers or of any members of the Group of Interconnected Bodies Corporate to which the Purchasers belong holds or is nominated to any directorship or managerial position in that Divestment Cinema Business or any directorship or managerial position in any company or other undertaking carrying on or having Control of that Divestment Cinema Business without the OFT's written consent;
- (c) shall not participate in the formulation of, or (other than in the ordinary course of business) influence or attempt to influence, the policy of that Divestment Cinema Business or of any company or other undertaking carrying on or having Control of that Divestment Cinema Business; and
- (d) shall not enter into or carry out any agreement or arrangement with any person, if the carrying out of the agreement or arrangement is intended to result or will result in any Associated Person or Affiliate of the Purchasers or of any member of the Group of Interconnected Bodies Corporate to which the Purchasers belong directly or indirectly acquiring that Divestment Cinema Business or doing any of the things listed in sub-paragraphs (a) and (b) above.

Compliance

- 11.1 The Purchasers shall each comply with such written directions as the OFT may from time to time give:

- (a) 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; or
 - (b) to do or refrain from doing anything so specified or described which they might be required by these undertakings to do or to refrain from doing.
- 11.2 The Purchasers shall each procure that any member of the same Group of Interconnected Bodies Corporate as the Purchasers complies with these undertakings as if it had given them.
- 11.3 Where any Affiliate of the Purchasers is not a member of the same Group of Interconnected Bodies Corporate as the Purchasers, the Purchasers shall use their best endeavours to procure that any such Affiliate shall comply with these undertakings as if it had given them.

Provision of Information

12. The Purchasers shall furnish promptly to the OFT such information as the OFT considers necessary to monitor these undertakings.

Extension of time limits

13. The OFT may, where appropriate, in response to a written request from the Purchasers showing good cause, or otherwise at its own discretion, grant an extension of any period specified or referred to in these undertakings.

Interpretation

- 14.1 The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.
- 14.2 References in these undertakings to any English law term for any legal status, interest, concept or things shall in respect of any jurisdiction other than England and Wales be deemed to include what most nearly approximates in that jurisdiction to the English law term.
- 14.3 In these undertakings the word “including” shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word “include” and its derivatives shall be construed accordingly.
- 14.4 For the purposes of these undertakings:

“the Act” means the Enterprise Act 2002;

“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 and any enterprise that the second person carries on from time to time

would be regarded as being under common control for the purposes of section 26 of the Act;

"Associated Person" means a person or persons associated with the Purchasers within the meaning of section 127(4) of the Act and includes any Subsidiary of such a person or persons;

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

"Cinema Business" means each of the cinemas listed in Annex 1;

"CC" means the Competition Commission;

"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 amounting to 10 per cent or more of its issued share capital or carrying 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;

"Corleone Capital" means Corleone Capital Limited;

"the Decision" means the OFT's decision on reference under section 22 of the Act given on 7 January 2005;

"divestment" shall include, in addition to the sale of freehold property, the transfer of a leasehold interest or the grant of a long lease on normal commercial terms of not less than twenty five years in duration and the word "divest" and its derivatives shall be construed accordingly; and "purchase", "purchaser", "acquire" and "acquisition" shall be construed to include both freehold and leasehold transactions;

"the Divestment Cinema Businesses" means, in respect of each Cinema Business, the whole or substantially the whole of the rights, assets, interests and obligations of or associated with those cinemas as operated at the date of entry into a legally binding agreement, including without prejudice to the foregoing:

- (a) where specific solely to the individual Cinema Business, and capable of being transferred, all or substantially all tangible and intangible assets which contribute to the current operation or are necessary to ensure the viability or competitiveness of the Cinema Business;
- (b) where specific solely to the individual Cinema Business, and capable of being transferred, all or substantially all licences, permits, consents and authorisations issued by any governmental organisation for the benefit of the Cinema Business;
- (c) where specific solely to the individual Cinema Business, and capable of being transferred, all or substantially all contracts,

leases, commitments and customer orders of or associated with the Cinema Business; all customer, credit and other records of the Cinema Business; and

(d) the personnel of the Cinema Business;

"Divestment Period" means the period of time determined by the OFT and notified in writing to the Purchasers by the OFT;

"Interest" includes shares, an interest in shares and any other interest carrying an entitlement to vote at shareholders' meetings; and for this purpose "an interest in shares" includes an entitlement by a person other than the registered holder, to exercise any right conferred by the holding of these shares or an entitlement to Control the exercise of such right;

"Group of Interconnected Bodies Corporate" has the meaning given in section 129(2) of the Act; references to a Group of Interconnected Bodies Corporate shall be to the Group of Interconnected Bodies Corporate as constituted from time to time;

"OFT" means the Office of Fair Trading;

"the Purchasers" means Terra Firma Investments and/or Corleone Capital;

"Subsidiary" shall be construed in accordance with section 736 of the Companies Act 1985 (as amended), unless otherwise stated;

"Terra Firma Investments" means Terra Firma Investments (GP) 2 Ltd;

"Trustee" means the person appointed pursuant to paragraph 4.4, 4.5 or 4.7 to carry out the Trustee Functions;

"Trustee Functions" means the functions set out in paragraphs 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6;

"UCI" means United Cinemas International (UK) Limited and Cinema International Corporation (UK) Limited, UCI Multiplex B.V., UCI Developments Limited and UCI Exhibition (UK) Limited;

"UK" means the United Kingdom of Great Britain and Northern Ireland;

"Working Days" mean any days of the week other than a Saturday, Sunday or any other day that is a public holiday in England; and

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

FOR AND ON BEHALF OF TERRA FIRMA INVESTMENTS (GP) 2 LTD

..... Signature

..... Name

..... Title

..... Date

(Director)

(Director/Company Secretary)

FOR AND ON BEHALF OF CORLEONE CAPITAL LIMITED

..... Signature

..... Name

..... Title

..... Date

(Director)

(Director/Company Secretary)

ANNEX 1

Cinema Businesses

1. UCI Clydebank
2. Odeon Newcastle
3. Either UCI Poole or Odeon Bournemouth and Odeon Bournemouth ABC
4. UCI Sutton
5. Odeon Sutton Coldfield
6. UCI High Wycombe
7. Odeon Quinton
8. Either UCI Hatfield or Odeon Hemel Hempstead
9. Odeon Bromley
10. UCI Basildon
11. UCI Empire Leicester Square