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IN THE CHANCERY COURT FOR KNOX COUNTY, TENNESSEE  
SIXTH JUDICIAL DISTRICT, AT KNOXVILLE

2018 JAN 29 AM 11:01

HOWARD G. HOGAN

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RICHARD BALDASSANO, on behalf of X  
himself and all others similarly situated, :

608022

Plaintiffs, :

DOCKET NO. 195178-3

vs. :

CLASS ACTION COMPLAINT

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REGAL ENTERTAINMENT GROUP, X  
CINEWORLD GROUP PLC, CROWN :  
INTERMEDIATE HOLDCO, INC., CROWN :  
MERGER SUB, INC., THOMAS D. BELL, :  
JR., CHARLES E. BRYMER, MICHAEL L. :  
CAMPBELL, STEPHEN A. KAPLAN, :  
DAVID H. KEYTE, AMY E. MILES, LEE M. :  
THOMAS, JACK TYRRELL, and ALEX :  
YEMENIDJIAN, :

Defendants. :

JURY TRIAL DEMANDED

X

Plaintiff Richard Baldassano ("Plaintiff"), by his attorneys, alleges upon information and belief, except as to paragraph thirteen which is alleged upon personal knowledge, as follows:

NATURE OF THE ACTION

1. This is a shareholder class action which seeks to enjoin the proposed acquisition of Regal Entertainment Group ("Regal" or the "Company") by Cineworld Group PLC ("Parent") and its subsidiaries Crown Intermediate Holdco, Inc. ("US Holdco") and Crown Merger Sub, Inc. ("Merger Sub" and together with US Holdco and Parent, "Cineworld") in an all-cash transaction valued at approximately \$5.9 billion, or approximately \$23.00 per share (the "Proposed Transaction"), which substantially undervalues shares of Regal stock. In approving the Proposed Transaction, the Individual Defendants (defined below) have breached their fiduciary duties of loyalty, good faith, due care and disclosure to Regal shareholders by, *inter alia*, (i) by agreeing to

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sell Regal without first taking steps to ensure that Plaintiff and Class members (defined below) would obtain adequate, fair and maximum consideration under the circumstances; and (ii) engineering the Proposed Transaction to benefit themselves and/or Cineworld without regard to the Company's public shareholders. Moreover, as alleged further herein, Cineworld aided and abetted the Individual Defendants' breaches of fiduciary duty.

2. The terms of the Proposed Transaction are set forth in an 8-K filing by the Company on December 5, 2017, wherein defendant Regal announced a definitive Agreement and Plan of Merger ("Merger Agreement") was unanimously approved by the respective boards of directors of Regal and Cineworld. Under the terms of the Merger Agreement, each issued and outstanding share of Regal common stock will be exchanged for the right to receive \$23.00 per share of Regal stock owned.

3. The Proposed Transaction is unfair and undervalued for a number of reasons. Significantly, due to Anschutz Corporation's ("Anschutz") majority ownership of approximately 67% of the outstanding voting power of Regal, and the fact that Anschutz has pledged all such shares in a voting and support agreement to vote in favor of the Proposed Transaction, no vote of any minority shareholders is required to consummate the Proposed Transaction. Furthermore, as is made clear in the Preliminary Information Statement, which was filed with the Securities and Exchange Commission (the "SEC") on December 22, 2017 on form PREM14C (the "Preliminary Information Statement"), the Company does not intend for any such vote to take place. Rather, the Proposed Transaction can be consummated at any moment, as the provided "Go-Shop" period ended on January 22, 2018.

4. Significantly, the Proposed Transaction seemed to be designed with only Cineworld in mind, with no real market check being done by the Company or the Board until after

the Merger Agreement was executed, making it significantly harder, and more costly, to shop the Company effectively, even with a “Go-Shop” period.

5. Next, it appears as though the Board has entered into the Proposed Transaction to procure for themselves and senior management of the Company significant and immediate benefits while the Company’s shareholders are cashed out at an unfair price. For instance, as part of the Proposed Transaction certain of the individual defendants, including Chief Executive Officer Amy K. Miles (“Miles”) who stands to receive a windfall of over *nineteen million dollars*. In addition, the officers of Regal will retain their employment as officers of the surviving company, keeping lucrative employment benefits not shared amongst Plaintiff or other public shareholders.

6. Defendants further their breaches of fiduciary duty by agreeing to lock up the Proposed Transaction with deal protection devices that preclude other bidders from making a successful competing offer for the Company. Pursuant to Merger Agreement, the Individual Defendants agreed to: (i) following a brief “Go-Shop” period, the enforcement of a strict no-solicitation provision that prevents the Company from soliciting other potential acquirers or even continuing discussions and negotiations with potential acquirers; and (ii) a provision that requires the Company to pay Cineworld a termination fee of over \$100MM in certain cases, in order to enter into a transaction with a superior bidder. These provisions substantially and improperly limit the Board’s ability to act with respect to investigating and pursuing superior proposals and alternatives including a sale of all or part of Regal.

7. Finally, in violation of their fiduciary duties, Defendants caused to be filed the materially deficient Preliminary Information Statement on December 22, 2017 with the SEC. The Preliminary Information Statement is materially deficient and deprives Regal shareholders of the information they need to make an intelligent, informed and rational decision of whether to seek

appraisal of their shares in lieu of the consideration offered under the terms of the Proposed Transaction.

8. As detailed below, the Preliminary Information Statement omits and/or misrepresents material information concerning, among other things: (a) the sales process leading to the Proposed Transaction; (b) the Company's financial projections; and (c) the data and inputs underlying the financial valuation analyses that purport to support the fairness opinions provided by the Company's financial advisor, Morgan Stanley & Co., LLC ("Morgan Stanley").

9. In short, the Proposed Transaction was foisted on shareholders on the back of materially deficient disclosures that deprived shareholders of an opportunity to properly value their shares. The Proposed Transaction and the acts of defendants, as more particularly alleged herein, constitute a breach of defendants' fiduciary duties to Plaintiffs and the Class, as well as a violation of applicable legal standards governing defendants herein. As a result, Plaintiffs, along with all other public shareholders of Regal common stock, are entitled to enjoin the Proposed Transaction unless and until defendants remedy their breaches of fiduciary duty and make the disclosures necessary for shareholders to determine whether to seek appraisal.

10. Given that the Preliminary Information Statement failed to disclose information material to an informed shareholder's decision whether or not to seek appraisal, Plaintiffs, on behalf of the minority Regal shareholders, seek an injunction to prevent consummation of the Proposed Transaction to afford Plaintiff a reasonable opportunity to obtain a "quasi-appraisal" so that Plaintiff can make an ultimate determination whether to request an appraisal.

#### **JURISDICTION AND VENUE**

11. This court has jurisdiction over each defendant named herein. Regal has principal executive offices located at 101 E. Blount Avenue, Knoxville, TN 37920. All Individual

Defendants are directors and/or officers of the Company with sufficient minimum contacts with Tennessee so as to render the exercise of jurisdiction by the courts of this State permissible under traditional notions of fair play and substantial justice.

12. Venue is proper in the Court because Regal's principal executive offices are located in Knox County, one or more of the Individual Defendants resides in Knox County, and a substantial portion of the transactions and wrongs complained of herein, including the Individual Defendants' participation in the wrongful acts detailed herein, occurred in Knox County.

#### **THE PARTIES**

13. Plaintiff presently owns shares of common stock of Regal and has been the owner of such shares during all relevant times hereto.

14. Defendant Regal, together with its subsidiaries, operates as a motion picture exhibitor in the United States. The company develops, acquires, and operates multi-screen theatres primarily in mid-sized metropolitan markets and suburban growth areas of larger metropolitan markets. Regal operates a theatre circuit under the brands of Regal Cinemas, United Artists, Edwards, Great Escape Theatres, and Hollywood Theaters. As of March 7, 2017, the company operated 7,267 screens in 561 theatres in 42 states along with Guam, Saipan, American Samoa, and the District of Columbia. The Company's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "RGC."

15. Defendant Parent is headquartered in London, United Kingdom. Parent is an international cinema operator operating in nine different countries with 232 sites and 2,227 screens as of November 23, 2017. Parent operates in the UK and Ireland under the Cineworld and Picturehouse brands, in six central and eastern European countries under the Cinema City brand and in Israel under the Yes Planet and Rav-Chen brands. Parent's cinemas offer up to six different

movie viewing formats of regular screens, IMAX, 4DX, 3D, Superscreen and VIP auditoriums. Parent continues to expand its IMAX and 4DX formats across a selection of its sites and, as of November 23, 2017, operates 35 IMAX screens and 34 4DX screens. Parent common stock is traded on the London Stock Exchange under the symbol "CINE".

16. Defendants US Holdco and Merger Sub were formed by Parent on November 30, 2017 solely for the purpose of consummating the merger, the financing and the other transactions contemplated by the merger agreement. Upon the consummation of the merger, Merger Sub will cease to exist.

17. Defendant Thomas D. Bell, Jr. ("Bell") has served on the Regal Board of Directors at all relevant times. In addition, Bell is designated as the Company's "Lead Director" and serves as the Chair of the Board's Nominating and Corporate Governance Committee.

18. Defendant Charles E. Brymer ("Brymer") has served on the Regal Board of Directors at all relevant times. In addition, Brymer serves as a member on the Board's Audit and Compensation Committees.

19. Defendant Michael L. Campbell ("Campbell") has served on the Regal Board of Directors at all relevant times. In addition, Campbell previously served as the Chairman of the Company Board from March 2002 to May 2015, and is currently designated as the Board's "Chairman Emeritus".

20. Defendant Stephen A. Kaplan ("Kaplan") has served on the Regal Board of Directors at all relevant times. In addition, Kaplan serves as the Chair of the Board's Compensation Committee and as a member on the Board's Nominating and Corporate Governance Committee.

21. Defendant David H. Keyte (“Keyte”) has served on the Regal Board of Directors at all relevant times. In addition, Keyte serves as a member on the Board’s Compensation Committee.

22. Defendant Amy E. Miles (“Miles”) has served on the Regal Board of Directors at all relevant times. In addition, Miles serves as the Chief Executive Officer and Chairman of the Board of Directors.

23. Defendant Lee M. Thomas (“Thomas”) has served on the Regal Board of Directors at all relevant times. In addition, Thomas serves as a member on the Board’s Nominating and Corporate Governance Committee.

24. Defendant Jack Tyrrell (“Tyrrell”) has served on the Regal Board of Directors at all relevant times. In addition, Tyrrell serves as a member on the Board’s Audit Committee.

25. Defendant Alex Yemenidjian (“Yemenidjian”) has served on the Regal Board of Directors at all relevant times. In addition, Yemenidjian serves as the Chair of the Board’s Audit Committee and is designated by the Company as a “Financial Expert”.

26. The defendants referred to in paragraphs 17 through 25 are collectively referred to herein as the “Individual Defendants.”

27. By reason of the above Individual Defendants’ positions with the Company as officers and/or directors, said individuals are in a fiduciary relationship with Plaintiff and the other public shareholders of Regal and owe Plaintiff and the other members of the class the highest obligations of good faith, fair dealing, due care, loyalty, and full and candid disclosure.

### **CLASS ACTION ALLEGATIONS**

28. Plaintiffs bring this action on his own behalf and as a class action pursuant to Tennessee Rule of Civil Procedure 23.01 on behalf of all holders of Regal stock who are being and will be harmed by Defendants' actions described below (the "Class"). Excluded from the Class are Defendants herein and any person, firm, trust, corporation or other entity related to or affiliated with any Defendants.

29. This action is properly maintainable as a class action.

30. The Class is so numerous that joinder of all members is impracticable. As of November 1, 2017, there were approximately 133,307,114 shares of Regal Class A common stock and approximately 23,708,639 shares of Regal Class B common stock outstanding, resulting in hundreds, if not thousands of shareholders.

31. There are questions of law and fact which are common to the Class including, *inter alia*, the following:

a. whether Defendants have breached their fiduciary duties of undivided loyalty, independence or due care with respect to Plaintiff and the other members of the Class in connection with the Proposed Transaction;

b. whether the Individual Defendants have breached their fiduciary duty to secure and obtain the best price reasonable under the circumstances for the benefit of Plaintiff and the other members of the Class in connection with the Proposed Transaction;

c. whether the Defendants have erected provisions designed to deter other interested bidders;



d. whether Defendants failed to furnish factual information material to an informed shareholder decision as to fair value of Regal and whether or not to seek appraisal;

e. whether Defendants have breached any of their other fiduciary duties to Plaintiff and the other members of the Class in connection with the Proposed Transaction, including the duties of good faith, diligence, candor and fair dealing;

f. whether the Proposed Transaction compensation payable to Plaintiff and the Class is unfair and inadequate; and

g. whether Plaintiff and the other members of the Class would be irreparably harmed were the transactions complained of herein consummated.

32. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and Plaintiff has the same interests as the other members of the Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

33. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

34. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to the Class and, therefore, preliminary and final injunctive relief on behalf of the Class as a whole is appropriate.

### **SUBSTANTIVE ALLEGATIONS**

#### *Company Background*

35. Regal, together with its subsidiaries, operates as a motion picture exhibitor in the United States. The company develops, acquires, and operates multi-screen theatres primarily in mid-sized metropolitan markets and suburban growth areas of larger metropolitan markets. Regal operates a theatre circuit under the brands of Regal Cinemas, United Artists, Edwards, Great Escape Theatres, and Hollywood Theaters. As of March 7, 2017, the company operated 7,267 screens in 561 theatres in 42 states along with Guam, Saipan, American Samoa, and the District of Columbia.

36. Regal's stock had shown (and continues to show) sustained solid financial performance, including in the time leading up to the entry into the original merger agreement. For example, in on an October 24, 2017, press release announcing the Company's financial results for Q3 2017, the Company responded to its financial success by issuing a cash dividend of \$0.22 per Class A and B common share.

37. Speaking on these positive results, Defendant Miles stated, "...we were pleased that our ongoing focus on customer amenities had a positive market impact on our market share and operating metrics, including significant growth in both average ticket price and concession sales per patron." Miles continued, predicting further positive performance from the Company in

the future, by stating, "Looking ahead, we are optimistic regarding the potential for box office success during the upcoming holiday season and throughout 2018."

38. These positive financial results are not an anomaly, but rather, are indicative of a trend of continued financial success by Regal. Looking further back, one can see evidence for this typical success. For example, on July 26, 2017, in a press release announcing its Q2 2017 financial results, Defendant Miles commented on the Company's strong performance by stating, "Both our ongoing seating and concession initiatives and our acquisition of 134 high quality screens had a positive impact on our operating results in the second quarter, including record highs in average ticket price and concession sales per patron."

39. Despite this upward trajectory for the Company, the Individual Defendants have caused Regal to enter into the Proposed Transaction, thereby depriving Plaintiff and other public shareholders of the Company the opportunity to reap the benefits of Regal present and future success and to make a determination whether to seek appraisal.

#### *The Flawed Sales Process*

40. The process deployed by the Individual Defendants was flawed and inadequate, and conducted out of the self-interest of the Individual Defendants, and seems to have been carried out without any sort of market check whatsoever. Of particular note, the Company seems to have attempted to piggyback on the fiduciary compliance efforts in its previous market outreach process that did not result in a sale, even though that process occurred more than a year before the process and negotiations that resulted in the Proposed Transaction.

41. Most notably, the sales process conducted by the Company was non-existent at the time of discussions between Cineworld and the Company. Specifically, the market outreach conducted, or even mentioned, in the Preliminary Information Statement was conducted in late

2014 to early 2015, and which was suspended in January of 2015 after yielding no indications of interest. The only other market outreach mentioned prior to the negotiations with Cineworld seems to be a failed attempt at a merger-of-equal transaction with a third party ("Party X"). The Preliminary Information Statement is silent as to why the Board felt that no additional market check for potentially interested third parties would be necessary at the relevant time, especially since nearly three years had passed since the only significant market outreach was conducted by the Company.

42. In addition, the Preliminary Information Statement indicates that no committee of independent Board members was created to lead the sales process, either in 2014-2015, or during the relevant period that led to the Proposed Transaction. Rather it appears that negotiations were conducted principally on the Company's behalf by Defendant Miles, who is clearly a non-independent director due to her roles as Regal CEO and Chairman of the Board. The Preliminary Information Statement gives no reason as to why this compliance oversight was permitted.

43. Moreover, the Company allowed direct negotiations between potentially interested third parties, such as Party X and Cineworld, on the one hand, and Anschutz on the other. Clearly such direct communications between a majority shareholder such as Anschutz and potentially interested third parties is an affront to a proper sales process and to the rights of Plaintiff and other public shareholders of Regal.

44. Additionally, while the Preliminary Information Statement indicates that Cineworld and the Company entered into a confidentiality agreement, it is silent as to such agreement's terms, including whether the agreement included a "don't-ask-don't-waive" provision, and if so, under what conditions, if any, it fell away. The Preliminary Information

Statement is also similarly silent as to the nature of the nine confidentiality agreements entered into between the Company and interested third parties as a part of the 2014-2015 sales process.

45. Finally, as per a January 23, 2018, filing with the SEC on form 8-K, the brief “Go-Shop” period contemplated in the Merger Agreement ended on January 22, 2018. The filing notes that the Company contacted 47 potentially interested third parties during this time period, both strategic and financial. However, despite the outreach during the “Go-Shop” period, the Company received no alternative strategic acquisition proposals. It is highly suspect that the Company was willing to undertake a market check of nearly fifty potentially interested third parties only after the ink had dried on the Merger Agreement with Cineworld. Clearly, the fact that Regal was already constrained by the existing Proposed Transaction meant that it would be highly unlikely that any real offer would emerge from the “Go-Shop” period, and its existence seems to be only a mere lip-service to proper procedural safeguards for the public investors of Regal.

46. Additionally, the Company failed to disclose the specific terms of the two confidentiality agreements it entered into with two potentially interested third parties during the “Go-Shop” period, including if such agreements contained “don’t-ask, don’t-waive” provisions that would constrain such parties from submitting future bids for Company.

#### *The Proposed Transaction*

47. Plaintiff alleges that the Proposed Transaction consideration is grossly inadequate to Regal shareholders. On December 5, 2017, Regal issued a press release announcing that it had agreed to be acquired by Cineworld in an all cash transaction valued at approximately \$5.9 billion, or \$23.00 per share. The press release states in relevant part, as follows:

KNOXVILLE, Tenn. Dec. 5, 2017 —Regal Entertainment Group (NYSE: RGC) (“Regal”) announced that it has entered into a definitive merger agreement (“Agreement”) with Cineworld Group PLC (LON: CINE) (“Cineworld”) for

Cineworld, the U.K.'s largest cinema operator, to acquire Regal, a leading motion picture exhibitor owning and operating one of the largest theatre circuits in the U.S. Under the terms of the Agreement, Regal shareholders are to receive \$23.00 in cash for each share of Class A and Class B common stock, for a total transaction value of \$5.9 billion, including the assumption of debt and net of cash acquired. The offer price represents a premium of 43.2% over Regal's 30-day unaffected weighted average share price of \$16.06.

The transaction has been approved unanimously by Regal's and Cineworld's Boards of Directors. The Anschutz Corporation, which owns approximately 67% of the combined voting power of Regal's outstanding shares of Class A common and Class B common stock, has signed a voting and support agreement to support the transaction. Global City Holdings B.V. ("GCH") and the trustee of trusts of which Cineworld's Chairman, Anthony Bloom, is a potential discretionary beneficiary, collectively owning approximately 28.8% of Cineworld's ordinary shares, have signed irrevocable undertakings to vote in favor of the transaction and rights offering. The transaction is subject to regulatory review, approval by the shareholders of Regal and Cineworld and other customary closing conditions and is expected to close in the first quarter of 2018.

"We are excited to have reached an agreement with Cineworld, at a price that represents a meaningful premium on Regal's unaffected share price for our shareholders. Since becoming a public company, Regal has focused on delivering superior shareholder value, including return of capital in the form of regular and special dividends," said Amy Miles, CEO of Regal Entertainment Group. "We believe the transaction announced today provides compelling value for our shareholders."

"We believe this partnership with Cineworld will enhance Regal's ability to deliver a premium movie-going experience for customers and further build upon our strategy of introducing innovative concepts and premium amenities designed to enhance the value of our theatre assets. The combination of our two great companies, Cineworld's tremendous success in the UK, as well as other markets they have entered since, and Cineworld's commitment to maintain a strong presence in the US and Knoxville, provide a global platform positioned for continued growth and innovation," Miles concluded.

Mooky Greidinger, CEO of Cineworld Group PLC said, "We have long had high respect for Regal and for its strong position in the largest box office market in the world and we are delighted that the Regal Directors have unanimously approved the agreement. Regal is a great business and provides Cineworld with the optimal platform on which we can continue our growth strategy. Both companies are strongly committed to bring a high end cinematic experience to their customers. Consolidation is an important move forward and the best practices we have successfully rolled out across Europe will be the key driver to continued success.

We strongly believe in our strategy which is to create 'The Best Place to Watch a Movie!' We have great teams at both Regal and Cineworld and we trust that based on their skills and professionalism we will lead the joint company to become a great success story."

#### The Transaction

Under the terms of the Agreement, Regal shareholders will receive \$23.00 in cash for each share of Class A and Class B common stock held at the closing of the transaction. Cineworld will fund the acquisition of Regal through approximately \$4.0 billion of new debt facilities and an approximately \$2.3 billion equity raise by way of a rights issue, including a commitment for GCH, Cineworld's 28% shareholder, to fully subscribe to its pro rata portion of the rights issue.

The Agreement includes a go shop period, during which Regal, with the assistance of its financial advisor, will actively solicit, evaluate and potentially enter into negotiations with third parties that offer competing proposals to acquire Regal. The go shop period expires January 22, 2018. There can be no assurance that this process will result in a superior proposal. Regal does not intend to disclose developments with respect to the go shop process unless and until its Board of Directors has made a decision with respect to any potential superior proposal.

#### Advisors

Morgan Stanley & Co. LLC is serving as exclusive financial advisor to Regal. WilmerHale and Macfarlanes LLP are serving as legal counsel to Regal.

#### *The Inadequate Merger Consideration*

48. The Proposed Transaction is unfair and significantly undervalues the Company. The Defendants offer price fails to recognize Regal's inherent franchise value. For example, the Company's stock value was rated as high as \$31.00 per share by financial analysts at Wunderlich as recently as March 2017, a value more than 34.78% greater than that offered in the Proposed Transaction.

49. In addition, the merger has great synergistic value to Cineworld that is not representative of the non-premium that Regal shareholders are to receive. According to the merger

press release, the transaction is expected to achieve significant financial benefits for Cineworld in both US and UK markets.

50. Specifically, Mooky Greidinger, CEO of Cineworld touches on these synergistic benefits by stating, “Regal is a great business and provides Cineworld with the optimal platform on which we can continue our growth strategy.”

51. It is clear from these statements and the facts set forth herein that this deal is designed to maximize benefits for Cineworld at the expense of Regal and Regal’s shareholders, which clearly indicates that Regal’s shareholders were not an overriding concern in the formation of the Proposed Transaction.

*The Conflicted Individual Defendants*

52. Additionally, several Individual Defendants have placed their own interests above the Company’s public shareholders – crafting a deal with terms and conditions that fit their own agenda, needs and objectives.

53. For example, Regal insiders are the primary beneficiaries of the Proposed Transaction, not the Company’s public shareholders. The Board and the Company’s executive officers are conflicted because they will have secured unique benefits for themselves from the Proposed Transaction not available to Plaintiff and the public shareholders of Regal.

54. Of particular note, Defendant Miles, who conducted most, if not all, of the negotiations on behalf of the Company during the sales process, stands to gain *over nineteen million dollars* as a result of the consummation of the Proposed Transaction.

55. Certain insiders stand to receive massive financial benefits as a result of the Proposed Transaction. Notably, Company insiders currently own large, illiquid portions of



Company stock that will be exchanged for cash upon the consummation of the Proposed Transaction.

56. Furthermore, upon the consummation of the Proposed Transaction, each outstanding Company equity award, option, or restricted stock unit ("RSU"), will be canceled and converted into the right to receive from the surviving corporation a cash consideration.

57. The below table outlines the large cash payouts to Company insiders in exchange for large illiquid blocks of Company stock, Company equity awards, options, or RSUs that will result from the consummation of the Proposed Transaction:

Name	Number of Shares of Common Stock	Value of Shares of Common Stock (\$)	Number of Company Restricted Shares	Value of Company Restricted Shares (\$)	Number of Company Performance Share Awards	Value of Company Performance Share Awards (\$)	Aggregate Value (\$)
Amy E. Miles	466,047	10,719,081	171,338	3,940,774	196,144	4,856,118	19,515,973
Gregory W. Dunn	—	—	67,052	1,542,196	75,587	1,871,378	3,413,574
Peter B. Brandow	163,251	3,754,773	49,464	1,137,672	55,814	381,834	6,274,279
David H. Ownby	175,114	4,027,622	54,459	1,252,557	62,643	1,550,910	6,831,089

58. Moreover, certain employment agreements with several Regal officers or directors are entitled to severance packages should their employment be terminated under certain circumstances. These 'golden parachute' packages are significant, and will grant each director or officer entitled to them at the very least, hundreds of thousands of dollars, compensation not shared by Regal's common shareholders.

59. The following table sets forth the Golden Parachute compensation for certain Regal directors and officers, as well as their estimated value payable:

Name	Cash\$(1)(2)	Equity\$(3)	Perquisites/Benefits\$(1)(4)	Total(\$)
Amy E. Miles	5,805,800	8,796,892	38,289	14,640,981
Gregory W. Dunn	2,840,400	3,413,574	37,834	6,291,808
Peter B. Brandow	2,145,000	2,519,506	37,412	4,701,918
David H. Ownby	2,406,938	2,803,467	37,653	5,248,058

60. Moreover, as indicated by the Preliminary Information Statement, all officers of Regal will continue in their roles in the surviving entity thereby allowing many Individual Defendant Miles to retain her lucrative directorships following the Effective Time of the Merger.

61. Accordingly, the Company's true value is compromised by the consideration offered in the Proposed Transaction and the Proposed Transaction is the product of the Board's breaches of fiduciary duty, aided and abetted by Regal and Cineworld.

*Preclusive Deal Protection Mechanisms*

62. As part of the Merger Agreement, Defendants agreed to certain onerous and preclusive deal protection devices that operate conjunctively to make the Proposed Transaction a *fait d'accompli* and ensure that no competing offers will emerge for the Company.

63. The Merger Agreement contains a "No Solicitation" provision that restricts Regal from considering alternative acquisition proposals by, *inter alia*, constraining the Company's ability to solicit or communicate with potential acquirers or consider their proposals, after a brief "Go-Shop" period. Specifically, the Merger Agreement prohibits Regal from soliciting, encouraging, initiating or facilitating, inquiries or negotiations with respect to any Acquisition Proposal but permits the Board to consider an *unsolicited* proposal only if it constitutes or is reasonably calculated to lead to a "Superior Proposal" as defined in the Merger Agreement. However, even the Board's consideration of unsolicited proposal is restricted: prior to considering any such proposal, the Board must determine, in consultation with its financial advisors, that its fiduciary duties *require* it to consider the proposal. Thus, the Board cannot consider alternative proposals even if it reasonably believes that any such proposal would be beneficial to shareholders

64. Further, the Agreement further reduces the possibility of a topping offer from an unsolicited purchaser. Here, Defendants agreed to provide Cineworld information in order to

match any other offer, thus providing Cineworld access to the unsolicited bidder's financial information and giving Cineworld the ability to top the superior offer. Thus, a rival bidder is not likely to emerge with the cards stacked so much in favor of Cineworld.

65. Moreover, the Merger Agreement contains certain provisions that unduly benefit Cineworld by making an alternative transaction either prohibitively expensive or otherwise impossible. For example, the Merger Agreement contains termination fee provisions that requires Regal to pay over \$100MM to Cineworld if the Merger Agreement is terminated under certain circumstances.

66. Here, the termination fee payable under this provision is an amount that will make the Company that much more expensive to acquire for potential purchasers, while resulting in a corresponding decline in the amount of consideration payable to Regal's shareholders. The termination fee in combination with the preclusive deal protection devices will all but ensure that no competing offer will be forthcoming.

67. Finally, and most egregiously, due to Anschutz's majority ownership of approximately 67% of the outstanding voting power of the Company and has pledged all such shares in a voting and support agreement to vote in favor of the Proposed Transaction, no vote of any minority shareholders is required to consummate the Proposed Transaction, and, as the Preliminary Information Statement makes it clear, no such vote will take place. Rather, the Proposed Transaction can be consummated at any time, as the brief "Go-Shop" period ended on January 22, 2018.

*The Materially Misleading and/or Incomplete Preliminary Information Statement*

68. On December 22, 2017, Regal filed with the SEC a materially misleading and incomplete Preliminary Information Statement that failed to provide the Company's shareholders

with material information and/or provides them with materially misleading information critical to the total mix of information available to the Company's shareholders concerning the financial and procedural fairness of the Proposed Transaction, and therefore is unable to be relied upon by Plaintiff and other Regal shareholders to determine whether they should seek appraisal for their Regal stock.

*Omissions and/or Material Misrepresentations Concerning the Sales Process leading up to the Proposed Transaction*

69. Specifically, the Preliminary Information Statement fails to provide material information concerning the process conducted by the Company and the events leading up to the Proposed Transaction. In particular, the Preliminary Information Statement fails to disclose:

- a. The Preliminary Information Statement fails to disclose adequate or specific reasoning for the Board's decision to not engage in a market check when Cineworld indicated interest in the Company during 2017;
- b. The Preliminary Information Statement fails to disclose adequate or specific reasoning for the Board's decision to not convene or create a special committee of independent directors to run the sales process when Cineworld indicated interest in the Company during 2017;
- c. The Preliminary Information Statement fails to disclose adequate or specific reasoning for the Board's decision to allow Defendant Miles, an insider Director and CEO of the Company, to run the sales process and be the point person with interested third parties rather than an independent outside director, or a group and/or committee of independent outside directors;

- d. The Preliminary Information Statement fails to disclose adequate or specific reasoning for the Board's decision to allow, for a significant period of time during the sales process, private communications regarding potential strategic alternatives (including, eventually, the Proposed Transaction) between Anschutz on the one hand, and potentially interested third parties (including Cineworld and Party X) on the other;
- e. The Preliminary Information Statement fails to disclose if all of the information discussed in the meetings between Anschutz and its representatives and any potentially interested third party regarding a potential transaction with the Company were shared with the Board;
- f. The Preliminary Information Statement fails to disclose the specific nature of the information discussed and shared in meetings between Anschutz and its representatives and any potentially interested third party regarding a potential transaction with the Company, including any discussions regarding voting and support agreements in favor of the Proposed Transaction;
- g. The Preliminary Information Statement fails to disclose the nature and terms of the confidentiality agreement entered into between Regal and Cineworld, including whether the agreement included a "don't-ask-don't-waive" provision, and if so, under what conditions, if any, it fell away;
- h. The Preliminary Information Statement fails to disclose the nature and terms of the nine confidentiality agreements entered into between the Company and interested third parties as a part of the 2014-2015 sales process, including if the agreements differed from one another or the 2017 confidentiality agreement

between Regal and Cineworld in any substantial way, whether any of the agreements included a “don’t-ask-don’t-waive” provision, and if so, under what conditions, if any, those provisions fell away;

- i. Neither the Preliminary Information Statement nor the January 23, 2018, 8-K properly discloses the specific reasoning as to why Regal would conduct a market check of an appropriate amount of third parties only after it had entered into the Proposed Transaction with Cineworld;
- j. The January 23, 2018, 8-K fails to disclose the nature and terms of the two confidentiality agreements entered into between the Company and interested third parties as a part of the “Go-Shop” period, including if the agreements differed from one another or the confidentiality agreement between Regal and Cineworld in any substantial way, whether any of the agreements included a “don’t-ask-don’t-waive” provision, and if so, under what conditions, if any, those provisions fell away.

*Omissions and/or Material Misrepresentations Concerning Regal’s Financial Projections*

70. The Preliminary Information Statement fails to provide material information concerning financial projections provided by Regal’s management and relied upon by Morgan Stanley in its analyses. Courts have uniformly stated that “projections ... are probably among the most highly-prized disclosures by investors. Investors can come up with their own estimates of discount rates or [] market multiples. What they cannot hope to do is replicate management’s inside view of the company’s prospects.” *In re Netsmart Techs., Inc. S’holders Litig.*, 924 A.2d 171, 201-203 (Del. Ch. 2007).

71. The Preliminary Information Statement fails to provide material information

concerning the financial projections prepared by the Company's management. The Preliminary Information Statement provides projections for certain non-GAAP (Generally Accepted Accounting Principles) financial measures, including adjusted EBITDA, pro forma adjusted EBITDA and Unlevered Free Cash Flow. Despite disclosing that all of the figures above are non-GAAP measures, the Preliminary Information Statement fails to provide the values of the line items used in their respective calculations. Moreover, it fails to provide a reconciliation of the non-GAAP financial measures to each measure's respective most directly comparable GAAP measure.

72. First, the Preliminary Information Statement fails to disclose the values of the line items used to calculate Adjusted EBITDA, including: interest expense, net, provision for income taxes, depreciation and amortization, net loss on disposal and impairment of operating assets and other, share-based compensation expense, acquisition related costs, loss on extinguishment of debt, gain on sale of Open Road Films investment, earnings recognized from National CineMedia, LLC, ("NCM"), cash distributions from NCM and other non-consolidated entities, and noncontrolling interest, net of tax and equity in income of non-consolidated entities and other, net.

73. Second, the Preliminary Information Statement fails to reconcile Unlevered Free Cash Flow to its most directly comparable GAAP financial measure, or provide the values of the line items used in its calculation, including: (i) share based compensation, (ii) capital expenditures (iii) taxes, (iv) non-cash items, and (v) decreases in working capital (or less increases in working capital). As such, by failing to reconcile Adjusted EBITDA to its most comparable GAAP requirement the Preliminary Information Statement also makes it impossible for shareholders to reconcile Unlevered Free Cash Flow.

74. When a company discloses financial information prepared by its management that

includes non-GAAP financial measures, as Regal does in the Preliminary Information Statement, it also must present: (1) “the most directly comparable financial measure calculated and presented in accordance with Generally Accepted Accounting Principles (GAAP)” and (2) “[a] reconciliation (by schedule or other clearly understandable method), which shall be quantitative for historical non-GAAP measures presented, and quantitative, to the extent available without unreasonable efforts, for forward-looking information, of the differences between the non-GAAP financial measure disclosed or released with the most comparable financial measure or measures calculated and presented in accordance with GAAP . . . .” 17 C.F.R. §244.100(a) (Regulation G).

75. In addition, companies “shall not make public a non-GAAP financial measure that, taken together with the information accompanying that measure and any other accompanying discussion of that measure, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the presentation of the non-GAAP financial measure, in light of the circumstances under which it was presented, not misleading.” 17 C.F.R. §244.100(b).

76. This information is necessary to provide Company stockholders a complete and accurate picture of the sales process and its fairness. Without this information, stockholders were not fully informed as to Defendants’ actions, including those that may have been taken in bad faith, and cannot fairly assess the process. And, without all material information, Regal stockholders are unable to make a fully informed decision in connection with the Proposed Transaction and their appraisal rights, and face irreparable harm, warranting the injunctive relief sought herein.

77. In addition, the Individual Defendants knew or recklessly disregarded that the Preliminary Information Statement omits the material information concerning the Proposed Transaction and contains the materially incomplete and misleading information discussed above depriving the stockholders of an informed decision regarding whether to seek appraisal.



78. By the acts, transactions, and courses of conduct alleged herein, the Individual Defendants, individually and as part of a common plan or scheme, and in breach of their fiduciary duties to Plaintiff, unfairly deprived Plaintiff of his ability to make intelligent and informed decisions about whether to vote in favor of the Merger or seek appraisal, and deceived Plaintiff.

79. Plaintiff is immediately threatened by the wrongs complained of herein and lacks an adequate remedy at law. Accordingly, Plaintiff seeks injunctive and other equitable relief to prevent the irreparable injury that she and the Company's other stockholders will continue to suffer absent judicial intervention.

80. Without accurate projection data presented in the Preliminary Information Statement, Plaintiff and other shareholders of Regal are unable to properly evaluate the Company's true worth, the accuracy of Morgan Stanley's financial analyses, or make an informed decision whether to seek appraisal for their Company stock in lieu of the consideration offered in the Proposed Transaction.

*Omissions and/or Material Misrepresentations Concerning the Financial Analyses  
Performed by Morgan Stanley*

81. In the Preliminary Information Statement, Morgan Stanley describes its respective fairness opinion and the various valuation analyses performed to render such opinion. However, the descriptions fail to include necessary underlying data, support for conclusions, or the existence of, or basis for, underlying assumptions. Without this information, one cannot replicate the analyses, confirm the valuations or evaluate the fairness opinions.

82. For example, the Preliminary Information Statement does not disclose material details concerning the analyses performed by Morgan Stanley in connection with the Proposed Transaction.

83. With respect to the *Discounted Cash Flow Analysis*, the Preliminary Information Statement indicates that the deal price falls at the low end of the DCF range and the Preliminary Information Statement fails to adequately disclose the basis for the range of implied terminal adjusted EBTIDA multiples and implied terminal modified adjusted EBITDA multiples resulting from the analysis. The Preliminary Statement also fails to disclose the individual inputs and assumptions utilized by Morgan Stanley to derive the discount rate of 6.5% to 7.6%. Further, Morgan Stanley's reliance on the UFCF from the Company's projections provides further basis for the demands for disclosure made with respect to the Company's projections.

84. With respect to the *Premia Paid Analysis*, the Preliminary Information Statement fails to disclose (i) the number of transactions sampled for the analysis; and (ii) the basis for only choosing the stock price four weeks out, as opposed to doing so over various periods of time.

85. With respect to the *Discounted Equity Value Analysis*, the Preliminary Information Statement fails to disclose (i) the individual inputs and assumptions utilized by Morgan Stanley to arrive at a range of Adjusted EBITDA multiples between 7.0x-8.5x; (ii) how Morgan Stanley derived an estimated range of the Company's cost of equity of 9.6% to 11.6%; (iii) the basis for the range of attendance figures utilized in sensitizing the Management Case for this analysis.

86. With respect to the *Regal Historical Multiples Analysis*, the Preliminary Information Statement fails to disclose (i) the certain financial information, valuation multiples or market trading data reviewed by Morgan Stanley for the analysis; (ii) the inputs and assumptions utilized to arrive at the AV/NTM Adjusted EBITDA of 7.0x-8.5x.

87. Further, while the Preliminary Information Statement states that Morgan Stanley may have given more weight to one analysis over another, it fails to disclose which analysis received more weight in its determinations.

88. Additionally, the Preliminary Information Statement fails to disclose its role as a lender to the Company and how much it (or its affiliates) has lent to the Company.

89. Without the omitted information identified above, Regal's public shareholders are missing critical information necessary to evaluate whether the proposed consideration truly maximizes shareholder value and serves their interests. Moreover, without the key financial information and related disclosures, Regal's public Shareholders cannot gauge the reliability of the fairness opinion and the Board's determination that the Proposed Transaction is in their best interests, and therefore cannot make an informed decision as to whether to seek appraisal for their shares of Regal stock in lieu of the consideration offered in the Proposed Transaction.

#### **IAE INDIVIDUAL DEFENDANTS' FIDUCIARY DUTIES**

90. In any situation where the directors of a publicly traded corporation undertake a transaction that will result in either a change in corporate control or a break-up of the corporation's assets, the directors have an affirmative fiduciary obligation to act in the best interests of the company's shareholders, including the duty to obtain maximum value under the circumstances.

To diligently comply with these duties, the directors may not take any action that:

- (a) adversely affects the value provided to the corporation's shareholder's;
  - (b) will discourage or inhibit alternative offers to purchase control of the corporation or its assets;
  - (c) contractually prohibits them from complying with their fiduciary duties;
- and/or
- (d) will provide the directors, executives or other insiders with preferential treatment at the expense of, separate from, the public shareholders, and place their own pecuniary interests above those interests of the company and its shareholders.

91. In accordance with their duties of loyalty and good faith, the Individual Defendants, as directors and/or officers of Regal, are obligated to refrain from:

(a) participating in any transaction where the directors' or officers' loyalties are divided;

(b) participating in any transaction where the directors or officers are entitled to receive personal financial benefit not equally shared by the public shareholders of the corporation; and/or

(c) unjustly enriching themselves at the expense or to the detriment of the public shareholders.

92. Plaintiff alleges herein that the Individual Defendants, separately and together, in connection with the Proposed Transaction, violated, and are violating, the fiduciary duties they owe to Plaintiff and the other public shareholders of Regal, including their duties of loyalty, good faith, candor, and due care. As a result of the Individual Defendants' divided loyalties, Plaintiff and Class members will not receive adequate, fair or maximum value for their Regal common stock in the Proposed Transaction.

93. As a result of these breaches of fiduciary duty, the Company's public shareholders will not receive adequate or fair value for their common stock in the Proposed Transaction.

## COUNT I

### **AGAINST ALL INDIVIDUAL DEFENDANTS FOR BREACHES OF THE FIDUCIARY DUTIES OF GOOD FAITH AND LOYALTY, AND FOR FAILING TO MAXIMIZE SHAREHOLDER VALUE**

94. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

95. As alleged herein, Defendants have accepted an offer to sell Regal at a price that fails to reflect the true value of the Company, thus depriving common stock shareholders of the reasonable, fair and adequate value of their shares. The Proposed Transaction consideration being offered and accepted represents a meager premium over the closing share price on the day prior to the announcement of the Proposed Transaction as compared to like transactions. There is no indication the Proposed Transaction was the result of a competitive bidding process or arms'-length negotiation where all possible synergistic acquirers were vetted.

96. As such, unless the Individual Defendants' conduct is enjoined by the Court, they will continue to breach their fiduciary duties to Plaintiff and the other members of the Class, and will further a process that inhibits the maximization of shareholder value and the disclosure of material information.

97. Plaintiff and the members of the Class have no adequate remedy at law.

## COUNT II

### **AIDING AND ABETTING THE BOARD'S BREACHES OF FIDUCIARY DUTY AGAINST DEFENDANTS REGAL, PARENT, US HOLDCO, AND MERGER SUB**

98. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

99. Defendants Regal, Parent, US Holdco, and Merger Sub knowingly assisted the Individual Defendants' breaches of fiduciary duty in connection with the Proposed Transaction,

which, without such aid, would not have occurred. In connection with discussions regarding the Proposed Transaction, Parent, US Holdco, and Merger Sub obtained sensitive non-public information concerning Regal's operations and thus had the advantage to acquire the Company at an unfair price.

100. As a result of this conduct, Plaintiff and the other members of the Class have been and will be damaged in that they have been and will be prevented from obtaining a fair price for their shares.

101. Plaintiff and the members of the Class have no adequate remedy at law.

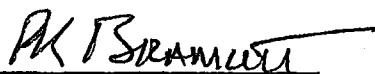
WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor and in favor of the Class and against Defendants as follows:

- 1) Declaring that this action is properly maintainable as a class action;
- 2) Declaring and decreeing that the Merger Agreement was entered into in breach of the fiduciary duties of the Individual Defendants and is therefore unlawful and unenforceable;
- 3) Enjoining Defendants from proceeding with the Proposed Transaction;
- 4) Enjoining Defendants from consummating the Proposed Transaction, or a business combination with a third party, unless and until the Company adopts and implements a procedure or process, such as an auction, to obtain the highest possible price for the Company;
- 5) Directing the Individual Defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of shareholders until the process for the sale or auction of the Company is completed and the highest possible price is obtained;
- 6) Rescinding, to the extent already implemented, the Merger Agreement or any of the terms thereof;
- 7) Awarding Plaintiff and the Class appropriate damages;

8) Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees;

9) Granting such other and further relief as this Court may deem just and proper. Plaintiff demands trial by jury on all triable issues.

Dated: January 26, 2017

By:   
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