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FILED

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;