

REGAL ENTERTAINMENT GROUP  
Form DEF 14A  
April 12, 2004

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## SCHEDULE 14A

(Rule 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT

#### SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

#### REGAL ENTERTAINMENT GROUP

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:  

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  - (2) Aggregate number of securities to which transaction applies:  

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  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**Notice of Annual Meeting of Stockholders  
To Be Held on May 12, 2004**

DEAR STOCKHOLDERS:

We cordially invite you to attend the Annual Meeting of Stockholders of Regal Entertainment Group, which will be held on May 12, 2004 at 12:00 p.m. (Eastern Time) at our offices located at 7132 Regal Lane, Knoxville, Tennessee 37918 for the following purposes:

1. To elect two Class II directors to serve for three-year terms on our board of directors;
2. To ratify the audit committee's selection of KPMG LLP as our independent auditors for the fiscal year ending December 30, 2004; and
3. To transact such other business as may properly come before the Annual Meeting of Stockholders or any adjournments or postponements thereof.

These items of business are more fully described in the Proxy Statement accompanying this notice.

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Our board of directors has fixed the close of business on Wednesday, April 7, 2004 as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders or at any adjournment or postponement thereof. Therefore, stockholders who owned shares of our Class A or Class B common stock at the close of business on that date are entitled to notice of and to vote at the meeting. A list of these stockholders will be available at the time and place of the meeting and, during the ten days prior to the meeting, at the office of the Secretary of Regal Entertainment Group at 7132 Regal Lane, Knoxville, Tennessee 37918.

Only stockholders and persons holding proxies from stockholders may attend the meeting. If your shares are registered in your name, you should bring a form of identification to the meeting. If your shares are held in the name of a broker, trust, bank or other nominee, you will need to bring a proxy or letter from that broker, trust, bank or other nominee that confirms you are the beneficial owner of those shares.

*In order that your shares may be represented at the meeting if you are not personally present, you are urged to vote your shares by completing, signing and dating the enclosed proxy card and returning it promptly in the accompanying postage prepaid (if mailed in the U.S.) return envelope.*

### **ALL STOCKHOLDERS ARE EXTENDED A CORDIAL INVITATION TO ATTEND THE ANNUAL MEETING OF STOCKHOLDERS**

By order of the Board of Directors,

Peter B. Brandow  
Executive Vice President,  
General Counsel and Secretary

Knoxville, Tennessee  
April 12, 2004

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## PROXY STATEMENT

### GENERAL INFORMATION

This proxy statement is provided in connection with the solicitation of proxies by the board of directors of Regal Entertainment Group, a Delaware corporation (the "Company" or "Regal"), for use at the Annual Meeting of Stockholders of the Company, to be held on May 12, 2004 at 12:00 p.m. (Eastern Time), or any adjournment or postponement thereof, at Regal's offices located at 7132 Regal Lane, Knoxville, Tennessee 37918 (the "Annual Meeting").

This proxy statement and the accompanying proxy are first being sent or given to stockholders beginning on or about April 14, 2004. The costs of this proxy solicitation will be borne by the Company, which maintains its principal executive offices at 9110 East Nichols Avenue, Suite 200, Centennial, Colorado 80112.

### THE PROXY

A stockholder giving the enclosed proxy may revoke it at any time before it is used by giving written notice of revocation to the Secretary of the Company, by delivering to the Secretary of the Company a duly executed proxy bearing a later date, or by voting in person at the Annual Meeting. Attendance at the meeting will not, in and of itself, revoke a proxy. Proxies in the form enclosed, unless revoked, will be voted at the meeting as directed by you on the form or, in the absence of such direction, in favor of all proposals to be considered at the meeting.

### VOTING AT THE ANNUAL MEETING

The only voting securities of the Company are its shares of Class A and Class B common stock (the "Common Stock"). At the close of business on April 7, 2004, 53,735,036 shares of Class A common stock and 89,216,142 shares of Class B common stock were outstanding and entitled to vote. Only stockholders of record of our Common Stock at the close of business on April 7, 2004, the date selected as the record date by our board of directors, are entitled to vote at the Annual Meeting. The holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to ten votes per share on each matter submitted to a vote of stockholders. The shares of Class A and Class B common stock will vote together as a single class on all matters to be considered at the Annual Meeting.

The holders of a majority of the voting power of the Common Stock entitled to vote at the meeting and who are present, in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting or any adjournment or postponement thereof. Directors are elected by a plurality of the affirmative votes cast by the stockholders present at the meeting in person or by proxy, and entitled to vote. Cumulative voting is not permitted in the election of directors. If the ratification of the selection of auditors is not approved by the affirmative vote of the holders of a majority of the voting power of the Common Stock present at the meeting in person or by proxy, and entitled to vote, our

audit committee of the board of directors will review its future selection of auditors.

Abstentions and broker non-votes are counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Abstentions will have no effect on the proposal for election of directors, but with respect to the proposal on the ratification of auditors, abstentions will have the same effect as votes against such proposal. Broker non-votes will have no effect on either of the proposals to be considered at the Annual Meeting.

#### PROPOSAL 1. ELECTION OF CLASS II DIRECTORS

Regal's business and affairs are managed under the direction of our board of directors, which is currently comprised of eight members. The size of our board of directors may be fixed from time to time by our board of directors as provided in our bylaws. Pursuant to our certificate of incorporation, as amended, our board of directors is divided into three classes, designated as Class I, Class II and Class III, and the members of each class are to be elected to serve a three-year term, with the terms of office of each class ending in successive years. In order to establish the initial classification of our board of directors in 2002, Class I directors were elected to serve for a one-year term expiring at last year's annual meeting, Class II directors were elected to serve for a two-year term expiring at this year's annual meeting, and Class III directors were elected to serve for a three-year term expiring at the 2005 annual meeting. At each subsequent annual meeting, the directors of the class standing for election will be elected for a full three-year term to succeed those directors whose terms then expire.

At this Annual Meeting, there are two nominees for election to the board of directors, each of whom, if elected, will serve as a Class II director. The Class II directors will serve on the board of directors for a three-year term expiring on the date of our Annual Meeting of Stockholders to be held in 2007. The names of each nominee and continuing director, their respective ages (as of February 6, 2004), class of the board of directors and the year during which each director's current term expires, periods during which they have served the Company as a director, position (if any) with the Company, business experience during at least the past five years and directorships of other publicly-owned corporations appear below. There are no family relationships among any director, executive officer, or any person nominated or chosen by us to become a director.

Each nominee is an incumbent director and has consented to be named herein and to serve on the board of directors if elected. If any of these director nominees should be unavailable for election at the time of the meeting, which is not anticipated, the proxies will be voted for such other person as may be recommended by the board of directors in place of each such nominee.

Name	Age	Class or Nominee Class	Expiration of Current Term
Michael L. Campbell	50	I	2006
Kurt C. Hall	44	I	2006
Alfred C. Eckert III	55	I	2006
Thomas D. Bell, Jr.*	54	II	2004
Craig D. Slater*	46	II	2004
Philip F. Anschutz	64	III	2005
Stephen A. Kaplan	45	III	2005
James D. Packer	36	III	2005

\*

Director nominee

#### Nominees for Director Class II For a Three-Year Term Expiring 2007

*Thomas D. Bell, Jr.* has been a director since March 2002 and is a member of our Audit Committee and Nominating and Corporate Governance Committee. Mr. Bell is the President and Chief Executive

Officer of Cousins Properties Incorporated, a real estate investment trust. Mr. Bell has served as the Vice Chairman of the board of directors and Chairman of the Executive Committee of Cousins Properties since January 2001. Prior to joining Cousins Properties, Mr. Bell served as a senior advisor at Credit Suisse First Boston Corporation, overseeing real estate activities. Prior thereto, Mr. Bell spent ten years with Young & Rubicam and retired as Chairman and Chief Executive Officer. Mr. Bell is also a member of the boards of Credit Suisse Group, Lincoln Financial Group and AGL Resources, Inc.

*Craig D. Slater* has served as a director since March 2002 and is a member of our Executive Committee, Nominating and Corporate Governance Committee and Compensation Committee. Mr. Slater has served as President of The Anschutz Investment Company, a private investment firm, since 1997, and as Executive Vice President of Anschutz Company since April 1999 and The Anschutz Corporation since May 1999. Mr. Slater served as Vice President of Acquisitions and Investments of both The Anschutz Corporation and Anschutz Company from August 1995 until May and April 1999, respectively. Mr. Slater also served as Corporate Secretary of Anschutz Company and The Anschutz Corporation from September 1991 to October 1996. Mr. Slater currently serves on the boards of directors of Qwest Communications International, Inc. and Forest Oil Corporation.

**The board of directors recommends a vote "FOR" the election of each of the two nominees to serve as a Class II Director.**

**Continuing Directors Class I  
Term Expires 2006**

*Michael L. Campbell* is our Co-Chairman and Co-Chief Executive Officer and is the Co-Chairman of the board of directors and Chief Executive Officer of Regal Cinemas Corporation ("Regal Cinemas"). Mr. Campbell has served as a director since March 2002 and is a member of our Executive Committee. Mr. Campbell founded Regal Cinemas, Inc. in November 1989, and has served as Chief Executive Officer of Regal Cinemas, Inc. since its inception. Mr. Campbell served as a director and executive officer of Regal Cinemas, Inc. when it filed for bankruptcy on October 11, 2001 and throughout its bankruptcy proceedings. Prior thereto, Mr. Campbell was the Chief Executive Officer of Premiere Cinemas Corporation, which he co-founded in 1982, and served in such capacity until Premiere was sold in October 1989. Mr. Campbell is a director of Fandango, Inc., Eon Streams, Inc. and the National Association of Theatre Owners and serves on the executive committee of the board of directors of the National Association of Theatre Owners.

*Kurt C. Hall* is our Co-Chairman and Co-Chief Executive Office, the President and Chief Executive Officer of Regal CineMedia Corporation ("Regal CineMedia") and serves as a director of Regal Cinemas. Mr. Hall has served as a director since March 2002 and is a member of our Executive Committee. Mr. Hall served as President and Chief Executive Officer of United Artists Theatre Company ("United Artists") from March 6, 1998 to August 8, 2002, and as a director from May 12, 1992 to August 8, 2002. Mr. Hall served as a director and executive officer of United Artists when it filed for bankruptcy on September 5, 2000 and throughout its bankruptcy proceedings. Prior thereto, Mr. Hall served as United Artists' Chief Operating Officer since February 24, 1997, and as Executive Vice President since May 12, 1992. Mr. Hall was Chief Financial Officer of United Artists Theatre Circuit, Inc. from May 12, 1992 to March 5, 1998. Mr. Hall serves as a director of the National Association of Theatre Owners and serves on its executive committee of the board of directors.

*Alfred C. Eckert III* has served as a director since March 2002 and is a member of our Audit Committee and our Compensation Committee. Mr. Eckert has been Chairman and Chief Executive Officer of GSC Partners, a private investment firm, since 1994. Mr. Eckert is also a director of R.R. Donnelley & Sons Company.

**Continuing Directors Class III  
Term Expires 2005**

*Philip F. Anschutz* has served as a director since March 2002. Mr. Anschutz has served as the Chairman of the board of directors of The Anschutz Corporation, which he founded in 1965, and Anschutz Company for more than the last five years. Mr. Anschutz is a director of Qwest Communications International, Inc. and Union Pacific Corporation.

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*Stephen A. Kaplan* has served as a director since March 2002 and is a member of our Compensation Committee, Executive Committee and our Nominating and Corporate Governance Committee. Mr. Kaplan is a principal of Oaktree Capital Management, LLC. Since 1995, Mr. Kaplan has managed Oaktree's Principal Investment Activities Group, which invests in controlling and minority positions in private and public companies. Prior to joining Oaktree Capital Management, LLC, Mr. Kaplan was a managing director of Trust Company of the West. Prior to his work with Trust Company of the West, Mr. Kaplan was a partner with the law firm Gibson, Dunn & Crutcher. Mr. Kaplan currently serves as a director of General Maritime Corporation, Chart Industries, Inc., Cherokee International, Inc. and CollaGenex Pharmaceuticals, Inc.

*James D. Packer* has served as a director since March 2003. Mr. Packer is the Executive Chairman of Publishing and Broadcasting Ltd., Australia's leading media and entertainment company. Mr. Packer is also the Co-Chief Executive Officer of Consolidated Press Holdings Limited. Since 1988, Mr. Packer has worked in various senior positions across the PBL group. Mr. Packer currently serves as a director in various companies, including Puma AG, Foxtel, Challenger International Limited and Hoyts Cinemas Limited.

### Board and Committee Information

The board of directors held eight meetings during our fiscal year ended January 1, 2004. All directors attended at least 75% of the total number of meetings held by the board of directors and by the committees of the board of directors on which they served.

### Corporate Governance

We regularly monitor developments in the area of corporate governance. In November 2003, the Securities and Exchange Commission ("SEC") approved the final corporate governance rules of the New York Stock Exchange ("NYSE"), and our board of directors has subsequently completed its review of these rules and has taken all actions required for the Company, as a controlled company, to be in full compliance by the applicable deadline.

In accordance with the provisions of the NYSE rules applicable to controlled companies, the Company is not required to have (i) a majority of independent directors, (ii) a nominating and corporate governance committee comprised solely of independent directors, or (iii) a compensation committee comprised solely of independent directors. The Company qualifies as a controlled company due to the ownership by Anschutz Company of shares entitled to cast more than 50% of votes eligible to be cast for the election of directors. The Company believes that the current composition of the board of directors, taken together with the Company's related party transaction policy and board committee structure, appropriately recognizes the right of controlling stockholders to select a majority of directors while ensuring a strong role for independent directors.

In accordance with the Sarbanes-Oxley Act and the NYSE corporate governance rules, our board of directors and its Committees have taken a number of actions since our inception in 2002 to comply with these new rules. These actions include (i) adopting a new Audit Committee Charter, which reflects certain changes required under the Sarbanes-Oxley Act, (ii) establishing a Nominating and Corporate Governance Committee and adopting a Nominating and Corporate Governance Committee Charter,

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(iii) adopting a Compensation Committee Charter, (iii) adopting a Code of Business Conduct and Ethics applicable to our directors, officers and employees, which includes the prompt disclosure to stockholders of any waiver of the code for executive officers or directors made by the board of directors or any committee thereof, (iv) adopting Corporate Governance Guidelines, and (v) establishing a practice of holding regular executive sessions of non-management directors.

If you desire to communicate with our board members, including non-management directors as a group or the current presiding director of the non-management directors, you may do so by mailing your request to Secretary, Regal Entertainment Group, at 7132 Regal Lane, Knoxville, Tennessee 37918. The Secretary will review inquiries and if they are relevant to, and consistent with our operations, policies and procedures, they will be forwarded to the director or directors to whom it is addressed. Inquiries not forwarded will be retained by the Company and will be made available to any director on request.

A copy of our Audit Committee's Charter is attached to this Proxy Statement and will also be available, on or before the date of our Annual Meeting, on our website at [www.regalentertainmentgroup.com](http://www.regalentertainmentgroup.com) under "Investor Relations", "Corporate Governance". Copies of the Nominating and Corporate Governance Committee Charter, Compensation Committee Charter, Code of Business Conduct and Ethics, and Corporate Governance Guidelines will also be available, on or before the date of our Annual Meeting, on our website at [www.regalentertainmentgroup.com](http://www.regalentertainmentgroup.com) under "Investor Relations", "Corporate Governance" or in print, without charge, to any stockholder who sends a request to the office of the Secretary of Regal Entertainment Group at 7132 Regal Lane, Knoxville, Tennessee 37918.

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Our board of directors has determined that each of Messrs. Bell, Eckert and Kaplan qualify as independent directors under the applicable listing standards of the NYSE. Pursuant to the NYSE listing standards, a director shall be considered independent if the board of directors makes an affirmative determination after a review of all relevant information that the director has no material relationship with the company. Our board of directors has established the categorical standards set forth below to assist it in making such determinations. A director will not be considered independent if the director:

is, or within the last three years has been, employed by the Company;

has an immediate family member (which, for purposes of these independence standards, shall include such person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home) who is, or within the last three years has been, employed as an executive officer of the Company;

receives, or within the last three years has received, more than \$100,000 per year in direct compensation from the Company other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent on continued service);

has an immediate family member who receives, or within the last three years has received, more than \$100,000 per year in direct compensation as an executive employee of the Company other than pension or other forms of deferred compensation (provided such compensation is not contingent on continued service);

is, or within the last three years has been, affiliated with or employed by the Company's auditor;

has an immediate family member who is, or within the last three years has been, affiliated with or employed by the Company's auditor in a professional capacity;

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is, or within the last three years has been, employed as an executive officer of another company where any of the Company's present executives serve, or within the last three years have served, on such other company's compensation committee;

has an immediate family member who is, or within the last three years has been, employed as an executive officer of another company where any of the Company's present executives serve, or within the last three years have served, on such other company's compensation committee;

is, or within the last three years has been, an executive officer or employee of a company that makes payments to, or receives payments from, the Company in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues; or

has an immediate family member who is, or within the last three years has been, an executive officer of a company that makes payments to, or receives payments from, the Company in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

The following factor is also considered by our board of directors in making an independence determination. However, the board of directors is not precluded from finding a director to be independent if the director:

is, or within the last three years has been, an executive officer of a charitable organization that receives contributions from the Company in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such charitable organization's consolidated gross revenues.



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Our non-management directors meet in an executive session at least once per year and rotate serving as the presiding director for each executive session. In addition, we intend to hold an executive session including only our independent directors at least once a year. We encourage, but do not require, our board members to attend our annual stockholders meetings. Last year, one of our directors attended the annual stockholders meeting.

Our board of directors has established four standing committees. The standing committees consist of an Audit Committee, a Compensation Committee, an Executive Committee, and a Nominating and Corporate Governance Committee. The standing committees, except for the Executive Committee, are comprised entirely of our non-management directors as provided in the table below.

<b>Board Member</b>	<b>Audit</b>	<b>Compensation</b>	<b>Executive</b>	<b>Nominating and Corporate Governance</b>
Thomas D. Bell, Jr.	X			X
Alfred C. Eckert III	X	X		
Stephen A. Kaplan		X	X	X
Craig D. Slater		X	X	X
Kurt C. Hall			X	
Michael L. Campbell			X	
Meetings Held in 2003	5	3	1	0

The functions performed by each of the committees are briefly described below:

### **Audit Committee**

The primary purposes of the Audit Committee are to assist the board of directors' oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualifications and independence of the registered public accounting firm engaged to

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be the independent auditor of the Company, the performance of the Company's internal audit function and the independent auditor, and to prepare the report required to be included in our annual meeting proxy statements. The Audit Committee operates under an Audit Committee Charter, adopted by our board of directors, a copy of which is attached hereto as Appendix A.

Currently there is one vacancy on the Audit Committee. Mr. Robert F. Starzel served on our Audit Committee and our board of directors in 2003. In February 2004, Mr. Starzel was named Chairman of the SF Newspaper Co. and resigned from our board of directors to devote his time to such position. Our board of directors intends to fill the vacancy left by Mr. Starzel with a director who qualifies as independent under the applicable listing standards of the NYSE. Each of the two individuals serving on our Audit Committee satisfies the standards for independence of the NYSE and the SEC as they relate to audit committees. Our board of directors believes each of the members of the Audit Committee is financially literate and that Mr. Thomas D. Bell, Jr. qualifies as an "audit committee financial expert" within the meaning of the regulations of the SEC.

### **Compensation Committee**

The Compensation Committee is responsible for reviewing and making recommendations to the board of directors regarding compensation of the Company's directors and executive officers and administering and implementing the Company's incentive compensation plans and equity-based plans. The Compensation Committee's duties and responsibilities include reviewing and approving corporate goals and objectives relevant to the compensation of the Company's Co-Chief Executive Officers, evaluating their performance in light of such goals and objectives, and as a committee, determining and approving the Co-Chief Executive Officers' compensation levels based on such evaluation.

The Compensation Committee operates under a Compensation Committee Charter, adopted by our board of directors, a copy of which will be available, on or before the date of the Annual Meeting, on our website at [www.regalentertainmentgroup.com](http://www.regalentertainmentgroup.com) under the links to "Investor Relations", "Corporate Governance".

### **Nominating and Corporate Governance Committee**

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Our Nominating and Corporate Governance Committee was established to identify qualified nominees for our board of directors, to develop and recommend to our board of directors a set of corporate governance principles to assist the board of directors in fulfilling its corporate governance responsibilities and to oversee an annual evaluation of the board of directors and our management. This committee has the ability to consider nominees recommended by stockholders and other interested parties. Because we are a controlled company, however, the committee does not have a formal policy with regard to the submission or consideration of director candidates recommended by stockholders.

The committee operates under the Nominating and Corporate Governance Committee Charter, adopted by our board of directors, a copy of which will be available, on or before the date of the Annual Meeting, on our website at [www.regalentertainmentgroup.com](http://www.regalentertainmentgroup.com) under the links to "Investor Relations", "Corporate Governance". The charter of the committee sets forth certain criteria for the nominating committee to consider in evaluating potential director nominees. In considering potential director nominees, the committee selects individuals who demonstrate the highest personal and professional integrity; who have demonstrated exceptional ability and judgment and who are expected to be most effective, in conjunction with the other members of the board of directors, in collectively serving the long-term interests of the Company and our stockholders.

The committee identifies director candidates based on input provided by a number of sources, including members of the committee, other directors, our stockholders, our Co-Chief Executive Officers and third parties. The committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified director candidates. As part of the identification process,

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the committee takes into account each nominee's skills, knowledge, perspective, broad business judgment and leadership, relevant industry knowledge, business creativity and vision, experience, age and diversity, all in the context of the perceived needs of the board of directors at that time. Incumbent directors who are being considered for re-nomination are re-evaluated based on their performance as directors, as well as to ensure that they continue to meet the required qualifications.

### **Executive Committee**

Our Executive Committee is generally authorized to act on behalf of our board of directors between scheduled meetings of our board of directors on matters already approved in principle by the board of directors and on matters specifically delegated by the board of directors from time to time as permitted under Delaware corporate law.

### **Compensation of Directors**

We reimburse all of our directors for reasonable out-of-pocket expenses related to attending board of director and board of director committee meetings. In addition, we pay Messrs. Bell, Packer and Eckert, each of whom is a non-management director, an annual cash retainer for board of director service of \$40,000. We currently do not intend to pay cash or equity compensation to our other directors for serving on our board of directors, except as set forth above.

### **BENEFICIAL OWNERSHIP OF VOTING SECURITIES**

The following table shows information with respect to beneficial ownership of our Common Stock, as of April 1, 2004, for:

each of our directors and our executive officers listed in the summary compensation table provided below, who we refer to as our named executive officers;

all of our directors and named executive officers as a group; and

each person known by us, based upon our review of documents filed by them with the SEC in respect of the ownership of our shares of Common Stock, to beneficially own five percent or more of either class of our Common Stock.

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We have calculated the percentage of beneficial ownership based on 53,642,329 shares of Class A common stock and 89,216,142 shares of Class B common stock outstanding as of the close of business on April 1, 2004.

Name of Beneficial Owner	Class A Common Stock		Class B Common Stock		Percent of Voting Power(2)
	Amount and Nature of Beneficial Ownership(1)	Percent of Class	Amount and Nature of Beneficial Ownership	Percent of Class	
<b>Directors</b>					
Philip F. Anschutz(3)	73,708,639	57.9%	73,708,639	82.6%	77.9%
Thomas D. Bell, Jr.(7)	1,273	*			*
Alfred C. Eckert III(4)	11,740,958	21.9%			1.2%
Stephen A. Kaplan(5)					
Craig D. Slater	384,411	*			*
James D. Packer					
<b>Executive Officers</b>					
Michael L. Campbell					
Kurt C. Hall(6)	186,351	*			*
Amy E. Miles(7)	4,000	*			*
Gregory W. Dunn(7)	150,553	*			*
Peter B. Brandow(8)	125,810	*			*
All directors and named executive officers as a group (11 persons)	86,301,995	67.6%	73,708,639	82.6%	79.2%
<b>Five Percent Stockholders</b>					
Anschutz Company(9)	73,708,639	57.9%	73,708,639	82.6%	77.9%
OCM Principal Opportunities Fund II, L.P.(10)	15,507,503	22.4%	15,507,503	17.4%	16.4%
GSCP Recovery, Inc.(11)	11,674,685	21.8%			1.2%
HUSH Holdings U.S. Inc.(12)	4,761,904	8.9%			*
Viking Global Performance LLC(13)	2,976,810	5.5%			*

\* Represents less than 1%

(1) Beneficial ownership is determined under the rules of the SEC and includes voting or investment power with respect to the securities. Unless indicated by footnote, the address for each listed director, named executive officer and principal stockholder is 9110 East Nichols Avenue, Suite 200, Centennial, CO 80112. Except as indicated by footnote, the persons named in the table report having sole voting and investment power with respect to all shares of Class A common stock and Class B common stock shown as beneficially owned by them.

The number of shares of Class A common stock and Class B common stock outstanding used in calculating the percentage for each listed person includes the shares of Class A common stock and Class B common stock underlying warrants or options held by that person that are currently exercisable or are exercisable within 60 days of April 1, 2004, but excludes shares of Class A common stock and Class B common stock underlying warrants or options held by any other person.

(2) Each share of Class A common stock has one vote and each share of Class B common stock has ten votes on all matters to be voted on by stockholders. This column represents the combined voting power of the outstanding shares of Class A common stock and Class B common stock held by such beneficial owner (assuming exercise of currently exercisable options) and assumes that no shares of Class B common stock have been converted into Class A common stock.

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- (3) All of the shares shown as beneficially owned by Mr. Anschutz are held by Anschutz Company, which is controlled by Mr. Anschutz and shares voting and dispositive power with Mr. Anschutz. The 73,708,639 shares of Class A common stock represent 73,708,639 shares of Class A common stock issuable upon the conversion of a like number of shares of Class B common stock beneficially owned by Mr. Anschutz.
- (4) Includes 1,273 shares subject to currently exercisable options and 11,674,685 shares of Class A common stock held directly by GSCP Recovery, Inc. ("GSCP"), with respect to which Mr. Eckert reports shared voting and dispositive power. See note 11 to this table for a description of the relationships among the persons and entities reporting shared power over these shares. Mr. Eckert disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.
- (5) Excludes 15,507,503 shares of Class B common stock held by OCM Principal Opportunities Fund II, L.P. ("OCM") and as to which Mr. Kaplan disclaims beneficial ownership. Mr. Kaplan is a principal of OCM's general partner, Oaktree Capital Management, LLC ("Oaktree"), which reports voting and dispositive power as general partner of OCM with respect to such shares.
- (6) Includes 111,544 shares subject to currently exercisable options.
- (7) All of the shares shown represent shares subject to currently exercisable options. Mr. Dunn reports shared dispositive power with his former spouse over 59,083 shares.
- (8) Includes 115,810 shares subject to currently exercisable options.
- (9) The address of Anschutz Company is 555 17th Street, Suite 2400, Denver, CO 80202.
- (10) The 15,507,503 shares of Class A common stock represent 15,507,503 shares of Class A common stock issuable upon conversion of a like number of shares of Class B common stock beneficially owned by the reporting person. OCM Principal Opportunities Fund II, L.P. ("OCM") reports shared voting and dispositive with its general partner, Oaktree Capital Management, LLC ("Oaktree"). The address of each of OCM and Oaktree is 333 South Grand Avenue, 28th Floor, Los Angeles, CA 90071.
- (11) GSCP, the record owner of the shares included in the table, reports shared voting and dispositive power over such shares with each of Greenwich Street Investments II, L.L.C. ("GSIII"), Greenwich Street Capital Partners II, L.P. ("GSCPII"), GSCP Offshore Fund, L.P. ("Offshore"), Greenwich Street Employees Fund, L.P. ("Employees"), Greenwich Fund, L.P. ("Fund"), TRV Executive Fund, L.P. ("TRV"), GSCP (NJ), L.P. ("NJ"), GSCP (NJ), Inc. ("NJ Inc."), Keith W. Abell, Robert A. Hamwee, Richard M. Hayden, Thomas V. Inglesby, Matthew C. Kaufman, Sanjay H. Patel, Christine K. Vanden Beukel, Andrew Wagner and Mr. Eckert (collectively, the "Reporting Persons"). GSIII is the general partner of GSCPII, Offshore, Employees, Fund and TRV, which collectively own all of the outstanding capital stock of GSCP. NJ is the manager of GSCPII, Offshore, Employees, Fund and TRV. NJ Inc. is the general partner of NJ. Each of Messrs. Abell, Hamwee, Hayden, Inglesby, Kaufman, Patel, Wagner and Eckert and Ms. Vanden Beukel is a managing director, executive officer and shareholder of NJ Inc. and a limited partner of NJ. Each Reporting Person (other than GSCP) disclaims beneficial ownership of the common stock beneficially owned by each other Reporting Person except to the extent of the particular Reporting Person's pecuniary interest in the shares reported as beneficially owned. The address of each of the Reporting Persons is 500 Campus Drive, Suite 220, Florham Park, New Jersey 07932 (c/o GSC Partners for each of the individual Reporting Persons and GSCP).
- (12) Consolidated Press Holdings Limited ACN 008 394 509 ("CPH") also reports sole voting and dispositive power over the shares held directly by HUSH Holdings U.S. Inc. ("HUSH") as HUSH's ultimate parent. HUSH's address is One Exeter Plaza, Boston, MA 02116 and CPH's address is 54-58 Park Street, Sydney, NSW 2000, Australia.

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Viking Global Performance LLC ("VGP") reports shared dispositive power over all of the shares included in the table with each of Viking Global Investors LP ("VGI"), O. Andreas Halvorsen, Brian T. Olson and David C. Ott, and over 2,073,610 of such shares with Viking Global Equities LP ("VGE"). Each of VGI and Messrs. Olson and Ott also report shared voting power over all of the shares included in the table, and Mr. Halvorsen reports sole voting power over all of such shares. VGE also reports shared voting power over 2,073,610 of the shares, which it owns directly. The other shares included in the table are held in accounts of VGE III Portfolio Ltd. ("Portfolio"), with which VGP and VGI have entered into an investment management agreement. Under the agreement, VGP has investment authority with respect to the shares held in the Portfolio accounts and VGI performs Portfolio account managerial services. VGP is the general partner of VGE and VGI, an affiliate of VGP, provides managerial services to VGE. Messrs. Halvorsen, Olson and Ott are Managing Directors of VGI and Member of VGP. The address for each of the foregoing is 55 Railroad Avenue, Greenwich, Connecticut 06830.

### AUDIT COMMITTEE REPORT

Our Audit Committee reviews our financial reporting process on behalf of our board of directors. Our board of directors has adopted a written charter for our Audit Committee, and has re-evaluated it in connection with the filing of our Annual Report on Form 10-K with the Securities and Exchange Commission. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the 2003 Annual Report on Form 10-K with our management and KPMG LLP, our independent auditors. Our management is responsible for the financial statements and the reporting process, including the system of internal controls. KPMG is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States.

The Audit Committee has discussed with KPMG the matters requiring discussion by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU 380), Communication with Audit Committees, as modified or supplemented, and all other matters required to be discussed with the auditors. In addition, the Audit Committee has received the written disclosures and the letter from KPMG required by Independence Standards Board No. 1, (Independence Discussions with Audit Committees), as modified or supplemented, and discussed with KPMG their independence from Regal and our management. The Audit Committee has also considered whether and determined that the independent auditors' provision of other non-audit services to us is compatible with maintaining the auditors' independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to our board of directors (and our board of directors has approved) that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended January 1, 2004, for filing with the Securities and Exchange Commission.

Respectfully submitted on April 12, 2004 by the members of the Audit Committee of the board of directors.

Thomas D. Bell, Jr.  
Alfred C. Eckert III

In accordance with the rules and regulations of the SEC, the above report of the Audit Committee shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulations 14A or 14C of the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Exchange Act and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, notwithstanding any general incorporation by reference of this proxy statement into any other filed document.

### Independent Auditors

KPMG, LLP served as our independent auditors for the fiscal year ended January 1, 2004 and has been selected to serve as our independent auditors for the current fiscal year. For the fiscal years ended December 26, 2002 and January 1, 2004, we incurred fees for services from KPMG as discussed below.

*Audit Fees.* The aggregate fees billed for professional services rendered by KPMG for the audit of our annual financial statements included in our Form 10-K, the review of the financial statements included in our Forms 10-Q and services provided in connection with regulatory filings (including our initial public offering and public debt offerings) were approximately \$1,747,800 for the fiscal year ended December 26, 2002 and \$634,000 for the fiscal year ended January 1, 2004.

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*Audit-Related Fees.* The aggregate fees billed for professional services rendered by KPMG for assurances and related services that are reasonably related to the performance of the audit or review of our financial statements were approximately \$0 for the fiscal year ended December 26, 2002 and \$187,000 for the fiscal year ended January 1, 2004. For the fiscal year ended January 1, 2004 such fees were primarily related to due diligence services.

*Tax Fees.* The aggregate fees billed for professional services rendered by KPMG related to federal and state tax compliance, tax advice and tax planning were approximately \$346,700 for the fiscal year ended December 26, 2002 and \$122,200 for the fiscal year ended January 1, 2004. All of these services are permitted non-audit services.

*All Other Fees.* No fees were billed for other services rendered by KPMG for the fiscal years ended December 26, 2002 and January 1, 2004.

### Audit Committee Pre-Approval Policy

The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditors on a case-by-case basis. These services may include audit services, audit-related services, tax services and other services. Our Chief Financial Officer is responsible for presenting the Audit Committee with an overview of all proposed audit, audit-related, tax or other non-audit services to be performed by the independent auditors. The presentation must be in sufficient detail to define clearly the services to be performed. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent auditor to management or to an individual member of the Audit Committee.

### EXECUTIVE COMPENSATION

We were formed in March 2002. The following table shows the cash compensation and certain other compensation paid or accrued by us for our Co-Chief Executive Officers and our other most highly compensated executive officers whose salary exceeded \$100,000 for the fiscal years ended December 26, 2002 ("Fiscal 2002") and January 1, 2004 ("Fiscal 2003"). We refer to these officers as our named executive officers.

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**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation		Long Term Compensation
		Salary	Bonus	Awards  Securities Underlying Stock Options(1)
Michael L. Campbell, Co-Chief Executive Officer	Fiscal 2003	\$ 589,100	\$ 650,000	
	Fiscal 2002	\$ 589,100	\$ 883,650	2,432,013
Kurt C. Hall, Co-Chief Executive Officer	Fiscal 2003	\$ 589,100	\$ 650,000	
	Fiscal 2002	\$ 589,100	\$ 839,100	791,056
Gregory W. Dunn, Executive Vice President and Chief Operating Officer	Fiscal 2003	\$ 377,169	\$ 282,877	
	Fiscal 2002	\$ 377,169	\$ 377,169	752,766
Amy E. Miles, Executive Vice President and Chief Financial	Fiscal 2003	\$ 325,000	\$ 275,000	

					<b>Long Term Compensation</b>	
Officer	Fiscal 2002	\$	325,000	\$	325,000	752,766
Peter B. Brandow, Executive Vice President, General Counsel and Secretary	Fiscal 2003	\$	305,000	\$	228,750	
	Fiscal 2002	\$	305,000	\$	305,000	579,050

- (1) Securities underlying stock option awards in Fiscal 2003 are reported prior to giving effect to the antidilution adjustments made in connection with our payment of an extraordinary cash dividend on July 1, 2003.

### Aggregated Option Exercises In Last Fiscal Year and Fiscal Year-End Option Values

The following table shows information about the value realized on option exercises for each of our named executive officers during the most recent fiscal year ended January 1, 2004, and the value of their unexercised options at the end of such fiscal year. Value of unexercised options is measured as the difference between the exercise price (after giving effect to the antidilution adjustments made in connection with our payment of an extraordinary cash dividend on July 1, 2003) and the closing price of our Class A common stock on December 31, 2003, the last trading day of fiscal 2003, of \$20.52 per share.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End(1)		Value of Unexercised In-the-Money Options at Fiscal Year-End	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael L. Campbell	190,884	\$ 1,844,632		1,945,610	\$	26,376,829
Kurt C. Hall(2)	159,592	\$ 1,905,266		474,633	\$	7,731,274
Gregory W. Dunn	59,083	\$ 765,456		602,213	\$	8,164,262
Amy E. Miles	59,083	\$ 757,945		602,213	\$	8,164,262
Peter B. Brandow	45,448	\$ 464,016		463,240	\$	6,280,191

- (1) The number of Securities Underlying Unexercised Options at Fiscal Year-End reported for each of our named executive officers reflects amounts after giving effect to the antidilution adjustments made in connection with our payment of an extraordinary cash dividend on July 1, 2003.
- (2) The amounts are shown after giving effect to the antidilution adjustments made in connection with our payment of an extraordinary cash dividend on July 1, 2003.

### Equity Compensation Plan Information

The following table sets out, as of January 1, 2004, the number of shares of Regal's Class A common stock to be issued upon exercise of outstanding options, the weighted average exercise price of outstanding options, and the number of securities available for future issuance under our equity compensation plan, after giving effect to the antidilution adjustments made in connection with our payment of an extraordinary cash dividend on July 1, 2003.

Plan Category	Number of securities to be issued upon exercise of outstanding options,	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities
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	warrants and rights		reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	10,626,377	\$	8.70
Equity compensation plans not approved by security holders			
Total	10,626,377	\$	8.70

**Employment Contracts and Termination of Employment and Change-In-Control Arrangements**

We have entered into employment agreements with Messrs. Campbell and Hall, pursuant to which Mr. Campbell serves as one of our Co-Chief Executive Officers and as Chief Executive Officer of Regal Cinemas, and Mr. Hall serves as our other Co-Chief Executive Officer and as President and Chief Executive Officer of Regal CineMedia. The term of the agreements is three years and provides for a base annual salary of \$589,100 for each of Messrs. Campbell and Hall, subject to subsequent annual adjustment. Each employee is also eligible to receive a cash bonus each year based on performance and attainment of earnings objectives set by our board of directors. Each employee's target bonus shall be at least 100% of his base annual salary and each employee's stretch bonus shall be at least 150% of his base annual salary.

If we terminate either Mr. Campbell's or Mr. Hall's employment without cause, such employee is entitled to severance payments equal to that of two times his base annual salary and health and life insurance benefits for 24 months from the date of the termination of his employment. Under those circumstances, each employee is also entitled to receive, pro-rated to the date of termination, any bonus he would have received for that year. If either employee terminates his employment for good reason, he is entitled to receive, in addition to amounts payable if we were to have terminated his employment without cause, one times such employee's target bonus. Also, if we terminate employment, or if either employee resigns for good reason, within 3 months prior to, or one year after, a change of control of Regal, such employee is entitled to receive severance payments equal to: (i) the actual bonus, pro-rated to the date of termination, he would have received in respect of the fiscal year in which the termination occurs; and (ii) two and one-half times his annual base salary plus two times his target bonus, and health and life insurance benefits for 30 months. Each employee is also subject to a noncompete agreement under which he agrees not to compete with us or our theatre affiliates or solicit or hire certain of our employees during the term of his employment agreement and for one year thereafter.

We have entered into employment agreements with Ms. Miles and Mr. Dunn, pursuant to which Ms. Miles serves as our Chief Financial Officer and as Chief Financial Officer of Regal Cinemas, and Mr. Dunn serves as our Chief Operating Officer and as President and Chief Operating Officer of Regal Cinemas. The term of the agreements is three years and the agreements provide for base annual salaries of \$325,000 for Ms. Miles and \$377,169 for Mr. Dunn, subject to subsequent annual

adjustment. Each employee is also eligible to receive a cash bonus each year based on performance and attainment of earnings objectives set by our board of directors. Each employee's target bonus shall be at least 75% of his or her base annual salary and each employee's stretch bonus shall be at least 100% of his or her base annual salary.

If we terminate either Ms. Miles' or Mr. Dunn's employment without cause, such employee is entitled to severance payments equal to that of two times his or her base annual salary and health and life insurance benefits for 24 months from the date of the termination of his or her employment. Under those circumstances, each employee is also entitled to receive, pro-rated to the date of termination, any bonus he or she would have received for that year. If either employee terminates his or her employment for good reason, he or she is entitled to receive, in addition to amounts payable if we were to have terminated his or her employment without cause, one times such employee's target bonus. Also, if we terminate employment, or if either employee resigns for good reason, within 3 months prior to, or one year after, a change of control of Regal, such employee is entitled to receive severance payments equal to: (i) the actual bonus, pro-rated to the date of termination, the executive would have received in the fiscal year in which the termination occurs, and (ii) two times the executive's annual salary plus one and one-half times the executive's target bonus, and health and life insurance benefits for 30 months. Each employee is also subject to a noncompete agreement under which he or she agrees not to compete with us or our theatre affiliates or solicit or hire certain of our employees during the term of his or her employment agreement and for one year thereafter.

**Compensation Committee Interlocks and Insider Participation**

No interlocking relationship exists between our board of directors or Compensation Committee and the board of directors or compensation committee of any other company, nor has any interlocking relationship existed in the past.



### Compensation Committee Report on Executive Compensation

The Compensation Committee consists of Alfred C. Eckert III, Stephen A. Kaplan and Craig D. Slater. The Compensation Committee is responsible for determining the salary and incentive compensation of our officers and providing recommendations for the salaries and incentive compensation of our other employees. The Compensation Committee also is responsible for administering our 2002 Stock Incentive Plan, including reviewing management recommendations with respect to option grants and taking other actions as may be required in connection with our compensation and incentive plans.

#### Compensation Policies

**General.** In determining the compensation of the executive officers for the fiscal year ended January 1, 2004 the committee considered the compensation practices of comparable companies. Published data from comparable companies was gathered and reviewed by us. The comparable companies were selected based on their industry and their scope of operations. These comparable companies differ from the companies included in the industry peer group, which is used in the performance graph that follows this report. The committee believes that the published data used better reflects the overall labor markets in which Regal competes for talented executives.

Our compensation policies are intended to create value for Regal's stockholders through long-term growth in sales and earnings. The total compensation package, consisting of a base salary, annual incentive opportunity, stock option grants and benefits is designed to attract, motivate and retain quality executives needed to successfully lead and manage Regal. The compensation program intentionally ties a sizable portion of the executives' total compensation to positive company performance and the creation of stockholder value.

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The Compensation Committee does not exclusively use quantitative methods or mathematical formulas in setting any element of compensation. In determining each component of compensation, the Compensation Committee considers all elements of executive officers' total compensation package, including insurance and other benefits.

**Base Salaries.** Base salaries are targeted at median competitive levels for similar-sized companies in the motion picture exhibition industry and are adjusted to recognize varying levels of responsibility, individual performance, business unit performance and internal equity issues. Base salaries are reviewed annually and any increases are approved by taking into account Regal's actual financial performance, the executive officer's performance in meeting company goals, and competitive salary data. The Compensation Committee does not assign a predetermined specific weight to these items.

**Annual Incentives and Long Term Incentives.** Any annual incentive compensation paid to our executive officers is variable and depends 100% on Regal's performance. Each of our named executive officers, other than Mr. Brandow, will be eligible for target and stock bonuses in accordance with their respective employment contracts. Bonuses are based on Regal's actual financial performance in relation to predetermined objectives and individual performance for the year then ended.

Long-term incentives comprise a significant component of our executive officers' total compensation packages. These incentives are designed to motivate and reward executives with a proprietary interest in the Company for maximizing stockholder value and encourage the long-term employment of key employees.

#### Co-Chief Executive Officers Compensation

Messrs. Campbell's and Hall's annual base salaries for the fiscal year ended January 1, 2004 were \$589,100, which were the same as the annual base salaries paid to the Co-Chief Executive Officers during the fiscal year ended December 26, 2002. For the fiscal year ended January 1, 2004, each of Messrs. Campbell and Hall received an annual incentive cash bonus of \$650,000. In determining the amounts of Messrs. Campbell's and Hall's bonus payments, the Compensation Committee considered the market share, profitability and revenue growth of the Company. The Compensation Committee considered certain financial targets for the fiscal year ended January 1, 2004, including EBITDA and EBITDAR margins, which factors exceeded the targets. The Committee also considered factors such as the successful acquisition of Hoyts Cinemas Corporation and the increase in the Company's quarterly common stock dividend as a result of the Company's strong operational performance. The Compensation Committee does not assign relative weights or rankings to these factors, but instead makes a subjective determination based on a consideration of all such factors.

#### Tax Deductibility of Executive Compensation

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Section 162(m) of the Internal Revenue Code of 1986 (the "Code") generally limits Regal's tax deduction for compensation paid to the named executive officers to \$1 million per year unless certain requirements are met. The Compensation Committee has taken and intends to continue taking the necessary steps to ensure that Regal's tax deduction is preserved and not limited by the \$1 million deductibility cap, including obtaining stockholder approval at last year's annual meeting of stockholders for the material terms for payment of our annual executive incentive compensation as required under Section 162(m) of the Code.

### Conclusion

We believe our executive compensation policies and programs effectively serve the interests of our stockholders and Regal. The various pay vehicles offered are carefully designed to provide increased motivation for executive officers to contribute to Regal's overall future success, thereby enhancing the value of Regal for the stockholders' benefit.

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Respectfully submitted on April 12, 2004 by the members of the Compensation Committee of the Board of Directors:

Alfred C. Eckert III  
Stephen A. Kaplan  
Craig D. Slater

### Comparative Stock Performance

The following line graph compares the yearly percentage change in the cumulative total stockholder return on Regal's Class A common stock with (i) the cumulative total return on the Standard and Poor's Corporation Composite 500 Index and (ii) a peer group of public companies primarily engaged in the motion picture exhibition industry, for the period commencing May 9, 2002 (the date upon which Regal's shares of Class A common stock began trading on the New York Stock Exchange) and ending January 1, 2004 (the last day of Regal's most recently completed fiscal year). The comparison assumes \$100 was invested on May 9, 2002 in Regal's Class A common stock and in the foregoing index and peer group, and further assumes the reinvestment of dividends. The peer group companies are comprised of Carmike Cinemas, Inc. and AMC Entertainment Inc.

Source: Zacks Investment Research, Inc.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Executive officers, directors and holders of greater than ten percent of our common stock are required by regulations of the SEC to furnish us with copies of all Section 16(a) reports they file.

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To our knowledge, based solely upon a review of the copies of such reports furnished to us and written representations that no other reports were required to be filed during the fiscal year ended January 1, 2004, all filing requirements under Section 16(a) applicable to our officers, directors and ten percent stockholders were satisfied timely, except that seven Forms 4 for Mr. Hall relating to seven stock option exercises for shares currently held by Mr. Hall were inadvertently filed late. All sales transactions affected by Mr. Hall were timely and accurately reported under Section 16(a), and information relating to the option exercises for shares currently held by Mr. Hall was set forth in a Form 5 filed with the SEC in February 2004.

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

##### ***Warrant Exercises***

On May 23, 2003, all outstanding warrants held by (i) The Anschutz Corporation and its subsidiaries ("Anschutz") to purchase a total of 3,928,185 shares of Class B common stock, (ii) Craig Slater, a Regal director, to purchase a total of 6,696 shares of Class A common stock, (iii) Michael F. Bennet, a former Regal director, to purchase a total of 13,392 shares of Class A common stock, and (iv) ACE II LLC, a former 5% stockholder of Regal, to purchase 162,745 shares of Class A Common Stock were exercised at exercise prices of \$8.88 per share.

### **Employment Agreements**

We have entered into Employment Agreements with each of our named executive officers other than Mr. Brandow. For the details of these agreements, please see "Executive Compensation Employment Contracts and Termination of Employment and Change-In-Control Arrangements" above.

### **Employee Relationships with Michael Campbell**

Certain of Mr. Campbell's family members are employed by us and receive an annual salary in excess of \$60,000 per year. Rick Campbell and Charles Campbell, Mr. Campbell's brothers, are employed, respectively, as our network administration manager and quality control senior manager.

### **Indemnification Agreements**

Regal Cinemas, Inc. has entered into indemnification agreements with each of Messrs. Campbell, Brandow and Dunn and Ms. Miles. The indemnification agreements provide that Regal Cinemas, Inc. will indemnify each of those individuals against claims arising out of events or occurrences related to that individual's service as an agent of Regal Cinemas, Inc., except among other restrictions to the extent such claims arise from conduct that was knowingly fraudulent, a knowing violation of law or of any policy of Regal Cinemas, Inc., deliberately dishonest or in bad faith or constituted willful misconduct.

### **Other Transactions**

During the year ended January 1, 2004, Regal CineMedia incurred approximately \$2.7 million of expenses payable to an Anschutz affiliate for reimbursement of telecommunication services. Additionally, Regal CineMedia has recorded revenue of \$0.7 million from certain affiliates of Anschutz and Oaktree's Principal Activities Group related to marketing and business meeting services provided by Regal CineMedia to these affiliates.

On July 7, 2003, Regal acquired an aggregate of 2,451,441 shares of its Class A common stock from two stockholders and thereafter, on July 9, 2003, issued those same shares for the same purchase price to another of its stockholders, GSCP. Alfred C. Eckert III, one of our directors, is a limited partner of GSCP (NJ), L.P. and an executive officer of GSCP (NJ), L.P.'s general partner, GSCP

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(NJ), Inc. Mr. Eckert disclaims beneficial ownership of these shares. A more detailed description of Mr. Eckert's relationship with GSCP is set forth in Notes 4 and 11 to the beneficial ownership table provided above under "Beneficial Ownership of Voting Securities."

During the year ended January 1, 2004, United Artists remitted approximately \$250,000 to Anschutz in satisfaction of amounts due under an insurance arrangement formerly held by Anschutz and United Artists.

### **PROPOSAL 2. RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS**

Our audit committee has unanimously selected KPMG LLP to be our independent auditors for the fiscal year ending December 30, 2004, and has further directed that management submit the selection of independent auditors for ratification by the stockholders at the Annual Meeting.

Ratification of the selection of KPMG by our stockholders is not required by law. As a matter of policy however, such selection is being submitted to the stockholders for ratification at the Annual Meeting (and it is the present intention of our audit committee and board of directors to continue this policy). The persons designated in the enclosed proxy will vote your shares "FOR" ratification unless you include instruction in your signed proxy to the contrary. If the stockholders fail to ratify the selection of this firm, the audit committee will reconsider the matter.

Representatives of KPMG are expected to be present at the Annual Meeting to answer appropriate questions from the stockholders and will be given an opportunity to make a statement on behalf of KPMG should they desire to do so. None of our directors or executive officers has any substantial interest, direct or indirect, in KPMG.

**The board of directors unanimously recommends a vote "FOR" the ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending December 30, 2004.**

## **OTHER BUSINESS**

We know of no other matter to be acted upon at the Annual Meeting. If any other matters are properly brought before the Annual Meeting however, the persons named in the accompanying proxy card as proxies for the holders of Regal's Common Stock will vote thereon in accordance with their best judgment.

## **OTHER INFORMATION**

Regal's audited consolidated financial statements are attached as Appendix B to this proxy statement and are included in the annual report on Form 10-K for the fiscal year ending January 1, 2004 filed with the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Complimentary copies of the Form 10-K as filed with the SEC may be obtained by following the instructions provided below under the caption "Availability of Report on Form 10-K."

## **Costs of Proxy Statement**

We pay for preparing, assembling and mailing this Proxy Statement and any other proxy materials transmitted on behalf of our board of directors. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding proxy materials to the beneficial owners of our common stock.

## **STOCKHOLDER PROPOSALS**

In order to include a stockholder proposal in our proxy statement and form of proxy relating to our next annual meeting of stockholders following the end of the 2004 fiscal year, we must receive it no

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later than December 14, 2004. Any stockholder proposal submitted to us for consideration at next year's annual meeting but which is not intended to be included in the related proxy statement and form of proxy must be received between December 14, 2004 and January 13, 2005; otherwise, the proposal will be considered by us to be untimely and not properly brought before the meeting.

## **Important Notice Regarding Delivery of Stockholder Documents**

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

A number of brokers with account holders who are Regal's stockholders may be householding our proxy materials. In that event, a single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent, which is deemed to be given unless you inform the broker otherwise when you receive the original notice of householding. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, please notify your broker to discontinue householding and direct your written request to receive a separate proxy statement and annual report to the Company at: Regal Entertainment Group, Attention: Investor Relations, 7132 Regal Lane, Knoxville, Tennessee 37918, or by calling (865) 922-1123. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker.

## **AVAILABILITY OF REPORT ON FORM 10-K**

Upon your written request, we will provide to you a complimentary copy of our 2004 annual report on Form 10-K (without exhibits) as filed with the SEC. Your request should be mailed to Regal's offices, addressed as follows: Regal Entertainment Group, Attention: Investor Relations, 7132 Regal Lane, Knoxville, Tennessee 37918. A free copy of the Form 10-K may also be obtained at the Internet web site maintained by the SEC at [www.sec.gov](http://www.sec.gov), and by visiting our Internet web site at [www.regalentertainmentgroup.com](http://www.regalentertainmentgroup.com) and clicking on "Investor Relations," then on "SEC Filings" and then on "Click here to continue on to view SEC Filings."

By Order of Our Board of Directors

Peter B. Brandow  
*Executive Vice President, General Counsel and Secretary*

April 12, 2004

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**APPENDIX A**

**REGAL ENTERTAINMENT GROUP**

**AUDIT COMMITTEE CHARTER**

**Purposes**

The primary purposes of the Audit Committee of the Board of Directors of Regal Entertainment Group are to (1) assist Board oversight of (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the qualifications and independence of the registered public accounting firm engaged by the Company (the "independent auditor"), and (d) the performance of the Company's internal audit function and independent auditor, and (2) prepare the report required by the Securities and Exchange Commission to be included in the Company's annual meeting proxy statement.

**Organization**

The Audit Committee shall be composed of three or more members of the Board who are "independent," as determined by the Board, under the requirements of all applicable laws and regulations relative to the independence of directors and audit committee members, including the requirements of the Securities and Exchange Commission and the New York Stock Exchange. Each member of the Audit Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate as so interpreted within a reasonable period of time after his or her appointment to the Audit Committee. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment.

The members of the Audit Committee shall be appointed annually by the Board, and the members of the Audit Committee may appoint one of their number as the Chairman. Any responsibilities of the Audit Committee may be delegated by the Audit Committee to the Chairman or any other member; provided that any delegate shall report any actions taken by him or her to the whole Audit Committee at its next regularly scheduled meeting. If an Audit Committee member simultaneously serves or, upon appointment, would serve on the audit committee of more than three public companies, continued service or appointment is contingent on a Board determination that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee.

**Compensation of Members**

Compensation for service on the Audit Committee shall be limited to fees and compensation permitted under the Securities Exchange Act of 1934, the rules and regulations of the Securities and Exchange Commission promulgated thereunder and the rules and regulations of the New York Stock Exchange.

**Meetings**

The Audit Committee shall meet no less frequently than quarterly, and shall meet more frequently as circumstances dictate. The Chairman, if appointed, shall be responsible for leadership of the Audit Committee, including preparing the agenda, presiding over the meetings, making

committee assignments and reporting for the Audit Committee to the Board. If no Chairman is appointed, the Audit Committee shall delegate one of its members to report to the Board. The Audit Committee may request any officer or employee of the Company or the Company's internal and outside legal counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee shall have direct access to management,

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internal staff, the independent auditor, the corporate compliance staff and the Company's internal and outside legal counsel, both at meetings and otherwise.

### **Responsibilities and Duties**

In furtherance of its responsibilities, the Audit Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and to ensure to the Board and the stockholders that the corporate accounting and reporting practices of the Company are in accordance with all applicable legal and regulatory requirements.

In carrying out these responsibilities and duties, the Audit Committee shall:

1. Review the Audit Committee Charter at least annually and, to the extent the Audit Committee determines such changes to be necessary or advisable (after receipt of advice from outside legal counsel engaged under paragraph 5 of this charter, if desired), recommend changes for the consideration and approval by the Board to be made to the Charter.
2. Prepare and review with the Board an annual performance evaluation of the Audit Committee, which evaluation shall compare the performance of the Audit Committee with the requirements of the Charter.
3. Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, which independent auditor shall report directly to the Audit Committee, and shall receive appropriate funding, as determined by the Audit Committee, for the payment of compensation to the independent auditor for its performance of such services and for the payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
4. Approve in advance the provision by the independent auditor of all audit and non-audit services to be performed by the independent auditor for the Company, including the terms of and fees associated with any such engagement.
5. The Audit Committee shall obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties, and shall receive appropriate funding, as determined by the Audit Committee, from the Company for payment of compensation to such outside legal, accounting or other advisors engaged by the Audit Committee from time to time.
6. Take appropriate action to oversee the independence of the independent auditor, including:
  - (a) reviewing the experience and qualifications of the senior members of the independent auditor team; evaluating the qualifications, performance and independence of the independent auditor, including the review and evaluation of the lead partner of the independent auditor, and whether the independent auditor's quality controls are adequate and the provision of non-audit services is in compliance with applicable law and compatible with maintaining the independent auditor's independence, taking into account the opinions of management and the personnel responsible for the Company's internal audit function; and presenting its conclusions to the full Board and, if so determined by the Audit Committee, recommending that the Board take additional action to satisfy itself of the qualifications, performance and independence of the independent auditor;

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- (b) periodically reviewing management consulting services and other non-audit services not prohibited by applicable law, and the respective related fees, provided by and to the independent auditor, which shall have been pre-approved by the Audit Committee, and

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any transactional or other relationships between the Company and the independent auditor; and considering whether, under criteria the Audit Committee determines to be appropriate, the independent auditor's provision of non-audit services to the Company is compatible with maintaining the independence of the independent auditor;

- (c) annually obtaining and reviewing a formal written report from the independent auditor delineating (i) the independent auditor's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, relating to any audit conducted by the independent auditor, and any steps taken to deal with such issues, and (iii) all relationships between the independent auditor and the Company to assess the independent auditor's independence;
- (d) actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor;
- (e) taking appropriate action or recommending to the Board such appropriate action, as necessary, on any disclosed relationships to satisfy itself of the independent auditor's independence;
- (f) complying with all relevant laws and regulations relative to the independence of independent auditor, including (i) rotation of independent auditor or outside audit personnel and the lead audit partner as required by law and (ii) the performance of services by an outside audit firm when a former employee of that firm currently serves as chief executive officer, chief financial officer, chief accounting officer, controller or in an equivalent position of the Company; and
- (g) establishing clear hiring policies relating to the retention by the Company of employees or former employees of the independent auditor.

7. Meet separately, periodically, with management, with personnel responsible for the Company's internal audit function and with the independent auditors.

8. Review and discuss, as appropriate, with management and the independent auditor (and where appropriate the personnel responsible for the internal audit function):

- (a) the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures made in its Forms 10-K and 10-Q filed with the Securities and Exchange Commission under "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- (b) analyses prepared by management and/or the independent auditor setting forth the significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
- (c) the effect of regulatory and accounting initiatives on the financial statements of the Company;
- (d)



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any significant changes required in the independent auditor's audit plan;

- (e) any material correcting adjustments that have been identified by the independent auditor in accordance with GAAP and applicable laws, rules and regulations;

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- (f) any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses;

- (g) their assessments of the adequacy of the Company's internal control structure and procedures of the Company for financial reporting and the resolution of any identified material weaknesses in such internal control structure and procedures; and

- (h) other matters related to the conduct of the audit which are to be communicated to the Audit Committee under generally accepted auditing standards, including under Statement on Auditing Standards No. 61, Communications with Audit Committees.

9. Review with the independent auditor any audit problems or difficulties the auditor encountered in the course of the audit work and management's response thereto, including (i) any restrictions on the scope of the independent auditor's activities or on access to requested information and (ii) any significant disagreements with management. The Audit Committee shall have sole authority to resolve any disagreements between management and the independent auditor regarding financial reporting.
10. Review with the independent auditor their plans for, and the scope of, their annual audit for the current year and other examinations of the Company's financial information and the audit procedures to be utilized.
11. Discuss with the independent auditor the responsibilities, budget and staffing of the Company's internal audit function.
12. Consider the independent auditor's reports and judgments brought to the attention of the Audit Committee about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting, significant accounting policies, audit conclusions regarding the reasonableness of significant accounting estimates and any audit adjustments. Also, the Audit Committee shall review and consider information received from the independent auditor regarding all critical accounting policies and practices to be used by the Company, all alternative treatments of financial information within GAAP that have been discussed with management of the Company, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the independent auditor, and other material written communications between the independent auditor and management, including any management letter or schedule of unadjusted differences.
13. Discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, though this may be done generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and the Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
14. Inquire of management, other internal staff, and/or the independent auditor about significant risks or exposures, the Company's processes for identifying and assessing such risks and exposures and the steps management has taken to minimize such risks and exposures to the Company. Also, review and assess the Company's guidelines and policies that govern the processes for identifying and assessing significant risks or exposures and for formulating and implementing steps to minimize such risks and exposures to the Company.

15. Establish an internal audit function of the Company to provide management and the Audit Committee with ongoing assessments of the Company's risk management processes and system

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of internal control. The Audit Committee shall review the personnel responsible for the internal audit function of the Company, including the independence and authority of its reporting obligations, the proposed audit plans for the coming year, and the coordination of such plans with the independent auditor. The Audit Committee shall receive as necessary notification of material adverse findings from internal audits and a progress report on the proposed internal audit plan, as appropriate, with explanations for changes from the original plan.

16. Review compliance with the Company's legal compliance policy annually. The Audit Committee shall review with the Company's counsel legal and regulatory matters brought to the attention of the Audit Committee that may have a material impact on the financial statements or compliance policies. The Audit Committee shall respond appropriately to any matters reported to the Audit Committee by counsel, including adopting, as necessary, appropriate remedial measures or sanctions, or recommending such action to the Board.
17. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, as well as for the confidential, anonymous submissions by the Company's employees of concerns regarding questionable accounting or auditing matters.
18. Report regularly to the full Board and review any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditor, or the performance of the internal audit function.
19. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
20. Perform such other functions as may be required by applicable laws, rules and regulations and the Company's Certificate of Incorporation or Bylaws, or by the Board.

\* \* \*

It is acknowledged that all of the above listed tasks and focus areas may not be relevant to all of the matters and tasks that the Audit Committee may consider and act upon from time to time, and the members of the Audit Committee in their judgment may determine the relevance thereof and the attention such items shall receive in any particular context.

Adopted by the Board on March 26, 2004.

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## APPENDIX B

This Appendix B was reproduced from Part II of our report on Form 10-K that was filed with the Securities and Exchange Commission on March 31, 2004. You can obtain a free copy of the complete text of our Form 10-K by following the instructions in our Proxy Statement under the heading "Availability of Report on Form 10-K."

## MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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Our common equity consists of Class A and Class B common stock. Our Class A common stock has traded on the New York Stock Exchange since May 9, 2002 under the symbol "RGC." There is no established public trading market for our Class B common stock.

The following table sets forth the historical high and low sales prices per share of our Class A common stock as reported by the New York Stock Exchange for the fiscal periods indicated.

	Fiscal 2003(1)	
	High	Low
First Quarter (December 27, 2002 - March 27, 2003)	\$ 22.72	\$ 16.85
Second Quarter (March 28, 2003 - June 26, 2003)	24.15	17.15
Third Quarter (June 27, 2003 - September 25, 2003)	23.72	17.31
Fourth Quarter (September 26, 2003 - January 1, 2004)	21.54	18.40

(1)

On July 1, 2003, the Company paid an extraordinary cash dividend of \$5.05 per share, on each share of Class A and Class B common stock. See Note 1 to the accompanying consolidated financial statements included in Item 8 of this Form 10-K for further discussion.

	Fiscal 2002	
	High	Low
Second Quarter (May 9 - June 27, 2002)	\$ 25.10	\$ 21.10
Third Quarter (June 28 - September 27, 2002)	24.70	16.00
Fourth Quarter (September 28 - December 26, 2002)	22.73	17.40

On March 10, 2004, there were 113 stockholders of record of our Class A common stock and two stockholders of record of our Class B common stock.

### *Dividend Policy*

During fiscal 2003, we paid to our stockholders four quarterly cash dividends of \$0.15 per share on each share of our Class A and Class B common stock, or approximately \$83.3 million in the aggregate. On July 1, 2003, we paid to our stockholders an extraordinary cash dividend of \$5.05 per share, on each share of Class A and Class B common stock totaling approximately \$716.0 million in the aggregate. On March 12, 2004 we paid a cash dividend of \$0.18 per share of Class A and Class B common stock to our stockholders of record on February 26, 2004. We, at the discretion of the board of directors and subject to applicable law, anticipate paying regular quarterly dividends on our Class A and Class B common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors. For a description of the loan agreement restrictions on the payment of dividends, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 7 to the accompanying consolidated financial statements included in Item 8 of this Form 10-K.

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## SELECTED FINANCIAL DATA

### SELECTED HISTORICAL FINANCIAL DATA FOR REGAL ENTERTAINMENT GROUP

Regal was created through a series of transactions during 2001 and 2002. The Anschutz Corporation and its subsidiaries ("Anschutz") acquired controlling equity interests in United Artists, Edwards and Regal Cinemas, Inc. upon United Artists' emergence from bankruptcy reorganization on March 2, 2001, Edwards' emergence from bankruptcy reorganization on September 29, 2001 and Regal Cinemas, Inc.'s emergence from bankruptcy reorganization on January 29, 2002. Regal's financial statements reflect the results of operations from the dates Anschutz acquired its controlling equity interests in United Artists, Edwards and Regal Cinemas, Inc. These controlling equity interests have been recorded in Regal's financial statements at Anschutz's combined historical cost basis.

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We present below selected historical consolidated financial data for Regal based on historical data (i) for the period ended January 3, 2002, considering the historical results for United Artists for the period from March 2, 2001 to January 3, 2002, and Edwards for the period from September 29, 2001 to December 27, 2001 (the fiscal 2001 periods in which Anschutz controlled United Artists and Edwards, "the period under common control"), (ii) for the fiscal year ended December 26, 2002, considering the results of operations of United Artists (from January 4, 2002), Edwards (from December 28, 2001), and Regal Cinemas (from January 24, 2002, the date upon which Anschutz is deemed to have acquired its controlling equity interest in Regal Cinemas, Inc.), and (iii) for the fiscal year ended January 1, 2004, considering the results of operations of United Artists, Regal Cinemas, and Edwards from December 27, 2002 and Hoyts from March 28, 2003. The fiscal year ended January 1, 2004 consisted of 53 weeks of operations. The selected historical consolidated financial data as of and for the fiscal years ended January 1, 2004 and December 26, 2002 and the period ended January 3, 2002 were derived from the audited consolidated financial statements of Regal and the notes thereto. The selected historical financial data do not necessarily indicate the operating results or financial position that would have resulted from our operation on a combined basis during the periods presented, nor is the historical data necessarily indicative of any future operating results or financial position of Regal. Because historical financial data for Regal for the period under common control ended January 3, 2002 include only partial year data for United Artists (from March 2, 2001) and Edwards (from September 29, 2001), we have included limited information for Regal. In addition to the below selected financial data, you should also refer to the more complete financial information included elsewhere in this Form 10-K.

	Fiscal year ended January 1, 2004(1)	Fiscal year ended December 26, 2002	Period Under Common Control Ended January 3, 2002
(in millions, except per share data)			
<b>Statement of Operations Data:</b>			
Total revenues	\$ 2,489.9	\$ 2,140.2	\$ 556.9
Income from operations	379.1	283.6	34.1
Net income	185.4	117.2	4.9
Earnings per diluted share	1.30	0.79	0.28
Dividends per common share(2)	5.65	0.15	

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	As of or for the fiscal year ended January 1, 2004	As of or for the fiscal year ended December 26, 2002	As of or for the period ended January 3, 2002
(in millions, except operating data)			

<b>Other financial data:</b>			
Cash flow provided by operating activities	\$ 476.1	\$ 373.2	\$ 61.6
Cash flow (used in) provided by investing activities	(181.9)	(115.0)	9.4
Cash flow (used in) provided by financing activities	(281.4)	(50.2)	21.5

<b>Balance sheet data at period end:</b>			
Cash and cash equivalents	\$ 288.8	\$ 276.0	\$ 68.0
Total assets	2,471.8	2,310.2	1,122.7
Total long-term obligations	1,227.2	678.4	438.9
Stockholders' equity	794.9	1,270.8	383.0

<b>Operating data:</b>			
Theatre locations	550	524	252
Screens	6,045	5,663	2,214
Average screens per location	11.0	10.8	8.8
Attendance (in millions)	265.6	241.4	63.9
Average ticket price	\$ 6.36	\$ 6.02	\$ 5.99
Average concessions per patron	2.43	2.44	2.40

(1)

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Fiscal 2003 was comprised of 53 weeks.

(2)

Includes the July 1, 2003 payment of the \$5.05 extraordinary cash dividend paid on each share of Class A and Class B common stock. See Note 1 to the accompanying consolidated financial statements included in Item 8 of this Form 10-K for further discussion.

### SELECTED HISTORICAL FINANCIAL AND OTHER DATA FOR UNITED ARTISTS

We present below selected historical financial data for United Artists, our predecessor company for accounting purposes. Effective March 1, 2001 United Artists emerged from protection under Chapter 11 of the United States Bankruptcy Code pursuant to a reorganization plan that provided for the discharge of significant financial obligations. In accordance with AICPA Statement of Position 90-7, United Artists adopted fresh start reporting whereby United Artists' assets, liabilities and new capital structure were adjusted to reflect estimated fair values as of March 1, 2001, the date control was acquired by Anschutz. For the periods prior to March 2, 2001, the assets and liabilities of United Artists and the related consolidated results of operations are referred to below as "Historical Company," and for periods subsequent to March 1, 2001, the assets and liabilities of United Artists and the related consolidated results of operations are referred to as the "Reorganized Company."

As a result of the above, the financial data of the Historical Company is not comparable to the financial data of the Reorganized Company. For this and other reasons, you should read the selected historical financial data provided below in conjunction with United Artists' consolidated financial statements and accompanying notes found in our Form 10-K, as amended, filed for our fiscal year

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ended December 26, 2002. As previously discussed, the results of operations of the Reorganized Company are included in the results of operations of Regal commencing March 2, 2001.

	Historical Company			
	Reorganized Company	For The Fiscal Years Ended(1)		
	Forty-Four Weeks Ended January 3, 2002	Nine Weeks Ended March 1, 2001	December 28, 2000	December 30, 1999
	(in millions)			
<b>Revenue:</b>				
Admissions	\$ 322.2	\$ 69.1	\$ 372.4	\$ 433.1
Concession sales	130.1	26.9	154.6	174.4
Other	19.2	3.2	23.3	23.9
<b>Total revenue</b>	<b>471.5</b>	<b>99.2</b>	<b>550.3</b>	<b>631.4</b>
<b>Costs and expenses:</b>				
Film rental and advertising expenses	179.3	36.2	204.9	244.0
Direct concession costs	14.8	3.1	18.0	22.7
Other operating expenses	181.4	35.7	227.5	264.0
Sale and leaseback rentals	14.8	2.9	16.9	16.8
General and administrative	16.8	3.2	21.3	22.6
Depreciation and amortization	35.6	6.8	44.8	53.5
Asset impairments, lease exit and restructure costs(2)	2.9	1.1	55.1	61.6
Gain on disposition of assets, net	(2.1)	(4.6)	(14.4)	(4.5)

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	Historical Company			
Total costs and expenses	443.5	84.4	574.1	680.7
Operating income (loss) from continuing operations	\$ 28.0	\$ 14.8	\$ (23.8)	\$ (49.3)
Net income (loss) available to common stockholders	\$ 3.2	\$ 534.4	\$ (123.6)	\$ (127.3)

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	Historical Company			
	Reorganized Company	For The Fiscal Years Ended(1)		
	Forty-Four Weeks Ended January 3, 2002	Nine Weeks Ended March 1, 2001	December 28, 2000	December 30, 1999
(in millions, except operating data)				

**Other financial data:**

Cash flow provided by (used in) operating activities	\$ 38.8	\$ (2.7)	\$ (1.2)	\$ (9.5)
Cash flow provided by (used in) investing activities	6.1	2.7	1.5	(35.4)
Cash flow provided by (used in) financing activities	(22.0)	2.6	0.3	52.7

**Balance sheet data at period end:**

Cash and cash equivalents	\$ 23.5	\$ 7.5	\$ 11.4	\$ 16.0
Total assets	453.6	422.5	432.5	534.3
Total debt(3)	248.6	727.5	722.5	721.6
Stockholders' equity (deficit)	99.4	(519.3)	(519.3)	(394.1)

**Operating data:**

Theatre locations	205	214	220	291
Screens	1,574	1,590	1,625	2,049
Average screens per location	7.7	7.4	7.4	7.0
Attendance (in millions)	54.7	12.0	66.7	80.9
Average ticket price	\$ 5.89	\$ 5.76	\$ 5.58	\$ 5.35
Average concessions per patron	2.38	2.24	2.32	2.15

- (1) Beginning in 1999, United Artists changed its reporting period from the traditional calendar year to a 52/53 week presentation. The 2001 year contained 53 weeks and ended on January 3, 2002. The 2000 and 1999 years contained 52 weeks and ended on December 28 and December 30, respectively.
- (2) Includes non-cash charges for the impairment of long-lived assets in accordance with Statement of Financial Accounting Standards No. 121, *Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of*, the non-cash write off of under-performing theatres, and costs related to United Artists' restructuring, exclusive of those amounts incurred subsequent to the petition date (September 5, 2000), which are classified as reorganization items.

(3)

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Total debt at December 28, 2000 and at March 1, 2001 includes \$716.4 million of debt that is a liability subject to compromise as part of United Artists' reorganization.

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### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis should be read in conjunction with the consolidated financial statements of Regal and the notes thereto included elsewhere in this report on Form 10-K.*

#### Overview And Basis Of Presentation

We conduct our operations primarily through our wholly owned subsidiaries, Regal Cinemas, United Artists, Edwards, Hoyts and Regal CineMedia. We operate the largest and most geographically diverse theatre circuit in the United States, consisting of 6,045 screens in 550 theatres in 39 states as of January 1, 2004, with over 265 million annual attendees for the fifty-three week fiscal year ended January 1, 2004. Regal CineMedia focuses exclusively on the expansion of ancillary businesses, such as advertising, and the creation of new complementary business lines that leverage our existing asset and customer bases. We believe the size, reach and quality of our theatre circuit provide an exceptional platform to realize economies of scale in our theatre operations and capitalize on Regal CineMedia's ancillary revenue opportunities.

We generate revenues primarily from admissions and concession sales. Additional revenues are generated by on-screen advertisements, rental of theatres for business meetings and other events by Regal CineMedia, vendor marketing programs and electronic video games located adjacent to the lobbies of certain of our theatres. Film rental costs depend on the popularity of a film and the length of time since the film's release and generally decline as a percentage of admission revenues the longer a film is in exhibition. Because we purchase certain concession items, such as fountain drinks and popcorn, in bulk and not pre-packaged for individual servings, we are able to improve our margins by negotiating volume discounts. Other operating expenses consist primarily of theatre labor and occupancy costs.

Regal was created through a series of transactions during 2001 and 2002. Anschutz acquired controlling equity interests in United Artists (our predecessor for accounting purposes) upon the emergence from bankruptcy reorganization on March 2, 2001 of the United Artists Bankrupt Entities (as defined in Note 1 to the accompanying consolidated financial statements). In the same manner, on September 29, 2001, Anschutz acquired controlling equity interests in the Edwards Bankrupt Entities (as defined in Note 1 to the accompanying consolidated financial statements). On January 29, 2002, Anschutz acquired a controlling equity interest in Regal Cinemas, Inc. when the Regal Cinemas, Inc. Bankrupt Entities (as defined in Note 1 to the accompanying consolidated financial statements) emerged from bankruptcy reorganization. Anschutz exchanged its controlling equity interest in Regal Cinemas, Inc. for a controlling equity interest in Regal Cinemas immediately thereafter. In addition, Regal CineMedia was formed in February 2002 to focus on the development of ancillary revenues. Regal acquired the controlling equity interests of United Artists, Edwards, Regal Cinemas and Regal CineMedia through a series of transactions described in further detail in Note 1 to the accompanying consolidated financial statements. On April 17, 2002, Regal Cinemas, Inc. acquired the remaining outstanding capital stock of Edwards and, as a result, Edwards became a wholly owned subsidiary of Regal Cinemas, Inc. On March 28, 2003, Regal acquired Hoyts.

The Company's financial statements reflect the results of operations from the dates Anschutz acquired its controlling equity interests in United Artists, Edwards and Regal Cinemas. These controlling equity interests have been recorded in the Company's financial statements at Anschutz's combined historical cost basis. The Company's financial statements for the period ended January 3, 2002 (the "Fiscal 2001 Period") reflect only the results of operations of United Artists from March 2, 2001 (approximately 10 months) and Edwards from September 30, 2001 to December 27, 2001 (approximately 3 months). The Company's financial statements for the fiscal year ended December 26, 2002 (the "Fiscal 2002 Period") include the results of operations of United Artists from January 4,

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2002 (a full fiscal year less one week), Edwards from December 28, 2001 (a full fiscal year), and Regal Cinemas from January 24, 2002 (approximately 11 months). The results of operations of the acquired Hoyts theatre locations have been included in the Company's financial statements for the fiscal year ended January 1, 2004 (the "Fiscal 2003 Period") for the period subsequent to the acquisition date of March 28, 2003 (approximately 9 months).

For a summary of industry trends as well as other risks and uncertainties relevant to the Company, see "Business Industry Trends" above and "Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors" below.

## Results Of Operations

The theatre exhibition industry fared better than expected against record 2002 box office results. Based on our results and our review of selected industry sources, we believe national box office revenues in calendar year 2003 approximated that of calendar year 2002. Management believes that 2003 box office results benefited from increased average ticket prices per patron, offset by a decline in national attendance. The increase in average ticket price per patron resulted from increases in ticket prices coupled with a favorable film product mix, which resulted in sales of a greater proportion of full-price tickets. Although the film mix favorably impacted average ticket prices per patron, it had a negative impact on concession revenue per patron. The fiscal 2003 film mix consisted of a higher proportion of R-rated and PG-13 rated films.

Better than expected box office performance (consistent with industry trends), the acquisition of Hoyts, increases in Regal CineMedia advertising and business meetings and events revenues, the impact of week fifty-three and the other factors described below led to the increases in the Company's total revenues, net income, earnings per diluted share and EBITDA. The additional week in fiscal 2003 is significant in that it was the week between Christmas and New Years Day, which is a traditionally high attendance week for the Company and the industry and accounted for approximately 3.8% of the Fiscal 2003 Period total attendance. Total revenues for the Fiscal 2003 Period were \$2,489.9 million, a 16.3% increase compared to total revenues of \$2,140.2 million for the Fiscal 2002 Period. Net income increased 58.2% to \$185.4 million for the Fiscal 2003 Period compared to net income of \$117.2 million in the Fiscal 2002 Period. Earnings per diluted share increased 64.6% to \$1.30 for the Fiscal 2003 Period compared to \$0.79 in the Fiscal 2002 Period. EBITDA (earnings before interest, taxes, depreciation and amortization) totaled \$537.1 million for the Fiscal 2003 Period, an increase of 33.2% from the Fiscal 2002 Period and represented an EBITDA margin of 21.6%, an increase of 270 basis points over the Fiscal 2002 Period. Excluding the effects of week fifty-three and the results of Hoyts, the Fiscal 2003 Period total revenues, net income, earnings per diluted share and EBITDA would have increased over the Fiscal 2002 Period by 4.8%, 29.1%, 38.0% and 15.7%, respectively. A tabular reconciliation of net cash provided by operating activities to EBITDA and net income is provided below under "Results of Operations EBITDA."

During the Fiscal 2003 Period, the Company made significant progress with its strategic initiatives:

During the Fiscal 2003 Period, we demonstrated our commitment to providing incremental value to our stockholders. Total cash dividends distributed to our stockholders during the fiscal year, including the \$716.0 million extraordinary dividend paid in the third quarter of 2003, totaled approximately \$799.3 million. In November 2003, we announced an increase to our quarterly Class A and Class B common stock dividend by 20% to \$0.18 per share, which became effective for our first 2004 quarterly dividend, which was declared in February 2004.

We acquired certain Hoyts theatres in the second quarter of 2003 for an aggregate purchase price of approximately \$213.1 million. During 2003, Hoyts contributed approximately 16.7 million attendees or 6.3% to our total attendance. The acquisition of Hoyts provides solid evidence of our commitment to creating growth opportunities with a prudent acquisition strategy.

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In addition to the Hoyts acquisition, which consisted of 52 theatres representing 554 screens, we opened 4 theatres with 35 screens and closed 30 theaters with 208 screens, ending the Fiscal 2003 Period with 550 theaters and 6,045 screens. For the Fiscal 2003 Period, we invested approximately \$94.8 million in capital expenditures to improve our theatre assets and strengthen our existing market position.

We continued to gain traction in our Regal CineMedia business and finished the Fiscal 2003 Period ahead of our revenue, EBITDA and EBITDA margin targets. We continued to expand our DCN and invested approximately \$42.7 million in capital expenditures during the Fiscal 2003 Period.

We continued to operate the Company with a focus on increasing cash flow from operations and operating margins. During the Fiscal 2003 Period, our cash flows from operating activities increased 27.6% and we achieved a 190 basis point improvement in our operating margins. EBITDA totaled approximately \$537.1 million, an increase of 33.2% over the prior year. Our EBITDA margins increased as we ended the Fiscal 2003 Period approximately 270 basis points ahead of the Fiscal 2002 Period. Our focus on maximizing operating efficiencies through the integration of Regal Cinemas, United Artists and Edwards and the acquisition of Hoyts, the growth of revenues in Regal CineMedia and controlling expenses where possible contributed to the cash flow and operating margin expansion.



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We remain optimistic regarding the 2004 film slate and share the view of a number of film studio executives who believe the industry is poised to benefit from another year of solid box office performance. Evidenced by the film studios' continued efforts to promote and market upcoming film releases, 2004 appears to be another year of an extended film release calendar consisting of high-profile releases such as *The Passion of the Christ* as well as a few key sequels, such as *Harry Potter and the Prisoner of Azkaban*, *Shrek 2* and *Spiderman 2*. As a result of the breadth of the anticipated 2004 film product, the Company anticipates a slight increase in industry attendance for the 2004 calendar year as compared to the 2003 calendar year coupled with modest increases in ticket prices and concession revenues per patron.

We intend to grow our theatre circuit through selective expansion and through accretive acquisition opportunities. With respect to capital expenditures, due in part to the timing of certain construction projects, we expect theatre capital expenditures to be in the range of \$125 million to \$130 million for fiscal 2004, consisting of new theatre development, expansion of existing theatre facilities, upgrades and maintenance. In addition, we are forecasting approximately \$15 to \$20 million of Regal CineMedia capital expenditures.

We will continue to focus on a simple business strategy including continued evaluation of accretive acquisition opportunities to selectively consolidate a fragmented industry, enhancement of attractive business opportunities through Regal CineMedia, and continued pursuit of a growth strategy that will provide incremental returns to our stockholders. For an understanding of the significant factors that influenced our performance during the past three fiscal years, the preceding and following discussion should be read in conjunction with the consolidated financial statements and the notes thereto presented in this Form 10-K.

The following table sets forth the percentage of total revenues represented by certain items included in our consolidated statements of operations for the Fiscal 2003 Period, Fiscal 2002 Period

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and Fiscal 2001 Period (dollars and attendance in millions, except average ticket prices and average concession per patron):

	Fiscal 2003 Period		Fiscal 2002 Period		Fiscal 2001 Period		Percentage Increase (Decrease) in Dollar Amounts	
	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue	2003 vs 2002	2002 vs 2001
<b>Revenues:</b>								
Admissions	\$ 1,690.0	67.9%	\$ 1,453.7	67.9%	\$ 382.5	68.7%	16.3%	*
Concessions	646.2	26.0	588.3	27.5	153.3	27.5	9.8	*
Other operating revenues	153.7	6.1	98.2	4.6	21.1	3.8	56.5	*
<b>Total revenues</b>	<b>2,489.9</b>	<b>100.0</b>	<b>2,140.2</b>	<b>100.0</b>	<b>556.9</b>	<b>100.0</b>	<b>16.3</b>	<b>*</b>
<b>Operating expenses:</b>								
Film rental and advertising costs(1)	908.9	53.8	790.3	54.4	212.9	55.7	15.0	*
Cost of concessions(2)	92.9	14.4	84.4	14.3	18.1	11.8	10.1	*
Rent expense(3)	278.5	11.2	217.3	10.2	84.5	15.2	28.2	*
Other operating expense(3)	603.1	24.2	539.8	25.2	143.0	25.7	11.7	*
General and administrative expense(3)	62.1	2.5	65.1	3.1	21.4	3.8	(4.6)	*
Depreciation and amortization(3)	158.5	6.4	134.4	6.3				