

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No.: 1-14880

LIONS GATE ENTERTAINMENT CORP.

(Exact name of registrant as specified in its charter)

British Columbia, Canada

*(State or Other Jurisdiction of
Incorporation or Organization)*

**1055 West Hastings Street, Suite 2200
Vancouver, British Columbia V6E 2E9
(877) 848-3866**

(Address of Principal Executive Offices, Zip Code)

Registrant's telephone number, including area code:

(877) 848-3866

Securities registered pursuant to Section 12(b) of the Act:

N/A

*(I.R.S. Employer
Identification No.)*

**2700 Colorado Avenue, Suite 200
Santa Monica, California 90404
(310) 449-9200**

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, without par value	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act:	
None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of September 30, 2011 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$484,438,857, based on the closing sale price as reported on the New York Stock Exchange.

As of May 25, 2012, 144,245,849 shares of the registrant's no par value common shares were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A and relating to the registrant's 2012 annual meeting of shareholders are incorporated by reference into Part III.

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FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be deemed to be, “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “potential,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “forecasts,” “may,” “will,” “could,” “would” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those discussed under Part I, Item 1A. “Risk Factors”. These factors should not be construed as exhaustive and should be read with the other cautionary statements and information in the report.

We caution you that forward-looking statements made in this report or anywhere else are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially and adversely from those made in or suggested by the forward looking statements contained in this report as a result of various important factors, including, but not limited to, the substantial investment of capital required to produce and market films and television series, increased costs for producing and marketing feature films and television series, budget overruns, limitations imposed by our credit facilities and notes, unpredictability of the commercial success of our motion pictures and television programming, risks related to our acquisition strategy and integration of acquired businesses, the effects of dispositions of businesses or assets, including individual films or libraries, the cost of defending our intellectual property, difficulties in integrating acquired businesses, technological changes and other trends affecting the entertainment industry, and the other risks and uncertainties discussed under Part I, Item 1.A. “Risk Factors”. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements, which we make in this report, speak only as of the date of such statement, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Unless otherwise indicated, all references to the “Company,” “Lionsgate,” “we,” “us,” and “our” include reference to our subsidiaries as well.

PART I

ITEM 1. BUSINESS.

Overview

Lions Gate Entertainment Corp. (“Lionsgate,” the “Company,” “we,” “us” or “our”) is a leading global entertainment company with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, family entertainment, digital distribution, new channel platforms and international distribution and sales.

In fiscal 2012 (i.e., the twelve-month period ending March 31, 2012), Lionsgate released 14 motion pictures theatrically, which included films developed and produced in-house, films co-developed and co-produced and films acquired from third parties. On January 13, 2012, we acquired Summit Entertainment, LLC (“Summit”), an independent worldwide theatrical motion picture development, production, and distribution studio. In calendar 2011, Summit released 8 motion pictures theatrically, which included films developed and produced in-house, films co-developed and co-produced and films acquired from third parties. In fiscal 2013, we intend to release approximately 20 motion pictures theatrically, with a smaller theatrical slate of approximately 12 to 14 titles per year to follow for fiscal years thereafter.

Our television business consists of the development, production, syndication and distribution of television productions. We currently produce and syndicate 19 television shows, which air on 14 networks and distribute over 200 series worldwide. In fiscal 2013, we expect to grow our television business through continued production and distribution of original content.

We distribute our library of approximately 13,000 motion picture titles and television episodes and programs directly to retailers, rental kiosks, through various digital media platforms, and pay and free television channels in the United States (the “U.S.”), the United Kingdom (the “U.K.”) and Ireland, and indirectly to other international markets through our subsidiaries and various third parties. We also distribute product through the following joint ventures:

- Celestial Tiger Entertainment Limited (“Celestial Tiger Entertainment”), our joint venture with Saban Capital Group, Inc. (“SCG”) and Celestial Pictures, a company wholly-owned by Astro Malaysia Holdings Sdn Bhd (“Celestial Pictures”);
- Horror Entertainment, LLC (“FEARnet”), our joint venture with Sony Pictures Television Inc. (“Sony”) and Comcast Corporation (“Comcast”);
- Studio 3 Partners LLC (“EPIX”), our joint venture with Viacom Inc. (“Viacom”), its Paramount Pictures unit (“Paramount Pictures”) and Metro-Goldwyn-Mayer Studios Inc. (“MGM”); and
- TV Guide Network, TV Guide Network On Demand and TV Guide Online (www.tvguide.com) (collectively, “TV Guide Network”), our joint ventures with One Equity Partners (“OEP”), the global private equity investment arm of JPMorgan Chase & Co.

In order to maximize our profit, we attempt to maintain a disciplined approach to acquisition, production and distribution of projects, including films and television programs, by balancing our financial risks against the probability of commercial success for each project. We also attempt to maintain the same disciplined approach to investments in, or acquisitions of, libraries or other assets complementary to our business, entertainment studios and companies that we believe will enhance our competitive position in the industry, generate significant long-term returns, represent an optimal use of our capital and build a diversified foundation for future growth.

Historically, we have made numerous acquisitions that are significant to our business and we may continue to make such acquisitions in the future. In this regard, we have acquired, integrated and/or consolidated into our business the following:

- Summit, an independent worldwide theatrical motion picture development, production, and distribution studio (acquired in January 2012);
- Mandate Pictures LLC (“Mandate Pictures”), a worldwide independent film producer, financier and distributor (acquired in September 2007);
- Debmar-Mercury, LLC (“Debmar-Mercury”), a media company specializing in syndication, network, cable and ancillary markets (acquired in July 2006);

- Redbus Film Distribution Ltd. and Redbus Pictures (collectively, “Redbus” and currently, Lions Gate UK Limited (“Lionsgate UK”), a U.K. based independent film distributor (acquired in October 2005);
- Certain of the film assets and accounts receivable of Modern Entertainment, Ltd. (“Modern Entertainment”), a licensor of film rights to distributors, broadcasters and cable networks (acquired in August 2005);
- Artisan Entertainment, Inc. (“Artisan Entertainment”), a diversified motion picture, family and home entertainment company (acquired in December 2003); and
- Trimark Holdings, Inc. (“Trimark”), a worldwide distributor of entertainment content (acquired in October 2000).

As part of this strategy, we also have acquired ownership interests in the following:

- Celestial Tiger Entertainment (a 16% interest), a diversified media company focusing on the operation of branded pay television channels, content creation and content distribution targeted at Asian consumers (interest acquired in January 2012);
- Pantelion Films (a 49% interest), a studio designed to produce and distribute a slate of English and Spanish language feature films to target Hispanic moviegoers in the U.S. (interest acquired in July 2010);
- TV Guide Network (a 51% interest), an entertainment channel featuring original and acquired programming (interest acquired in February 2009 and a 49% interest sold to OEP in May 2009);
- EPIX (a 31.2% interest), a premium entertainment service available on television, video-on-demand (“VOD”), online and consumer electronic devices (interest acquired in April 2008);
- Elevation Sales Limited (“Elevation”) (a 50% interest), a U.K. based home entertainment distributor (interest acquired in July 2007);
- Roadside Attractions, LLC (“Roadside Attractions”) (a 43.0% interest), an independent theatrical distribution company (interest acquired in July 2007);
- NextPoint, Inc. (“Break Media”) (a 42.6% interest), a creator, publisher, and distributor of digital entertainment content (interest acquired in June 2007); and
- FEARnet (a 34.5% interest), a multiplatform programming and content service provider (interest acquired in October 2006).

Our investments, acquisitions and joint ventures support our strategy of diversifying our company in an attempt to create a multiplatform global industry leader in entertainment. As a corollary to the disciplined approach that we apply to our investments, acquisitions and joint ventures, we are also constantly evaluating our existing properties, libraries and other assets and businesses in order to determine whether they continue to enhance our competitive position in the industry, have the potential to generate significant long-term returns, represent an optimal use of our capital and are aligned with our goal to create a multiplatform global industry leader in entertainment. Consequently, when appropriate, we discuss potential strategic transactions with third parties for purchase of our properties, libraries or other assets or businesses that we factor into these evaluations. As a result of our evaluations, we may, from time to time, determine to sell individual properties, libraries or other assets or businesses. From time to time, we may also enter into additional joint ventures, strategic transactions and similar arrangements for individual properties, libraries or other assets or businesses.

Summit Acquisition

On January 13, 2012, we acquired Summit, an independent worldwide theatrical motion picture development, production and distribution studio. Founded in 1993, Summit initially operated as an international sales company which became one of the leaders in the industry, due to, among other things, its strong relationships with international distributors. From 1993 to 2007, Summit was responsible for selling or distributing many notable films in the international market including *American Pie*, *Die Hard 3*, *Donnie Brasco*, *Babel* and *Michael Clayton*, among others. In addition, Summit co-produced the *Step Up* franchise with Walt Disney Studios Motion Pictures, as well as *Mr. and Mrs. Smith*, which both generated, in the aggregate, over \$900

million in worldwide box office.

In 2007, Summit expanded its business into domestic distribution. Since 2007, Summit has won the 2009 Academy Award® for Best Picture for *The Hurt Locker* and has developed, produced and distributed one of the top film franchises in the world, *Twilight*. Over the last four years, Summit has produced and/or distributed 31 films, grossing over \$1.6 billion in total domestic box office and over \$3.0 billion in worldwide box office.

We believe that the acquisition of Summit has united two leading independent studios with powerful brands and complementary assets, solidifying our position as one of the world's largest and most diversified independent entertainment companies. By acquiring Summit, we enhanced our feature film and home entertainment offerings and further broadened our filmed entertainment library to include approximately 60 additional titles. Further, we believe that the integration of both Summit's domestic and international operations enhance our production and distribution capabilities, and extend the combined company's worldwide reach, creating a leading international sales organization.

We also believe that we have positioned ourselves as a leading supplier of content and as a market leader for the young adult audience with the *Twilight* and *Hunger Games* franchises. The *Twilight* franchise is one of the most successful film series ever produced, with approximately \$2.5 billion generated in worldwide box office receipts from the first four pictures, *Twilight*, *The Twilight Saga: New Moon*, *The Twilight Saga: Eclipse*, and *The Twilight Saga: Breaking Dawn - Part 1*. The franchise is based on Stephenie Meyer's successful book series, which has sold over 116 million copies worldwide, and was the best-selling series in 2008 and 2009 with 29 million and 26.5 million copies sold, respectively. *The Twilight Saga: Breaking Dawn - Part 2*, a film based on the fourth book of the series is expected to be released on November 16, 2012. *The Hunger Games*, a film based on the first of the best-selling trilogy of books by author Suzanne Collins (consisting of *The Hunger Games*, *Catching Fire* and *Mockingjay*), has generated over \$395 million in domestic box office and over \$640 million in worldwide box office to date and was the number one movie in the U.S. for 4 consecutive weeks. There are currently more than 36.5 million copies of *The Hunger Games* trilogy in print in the U.S. (17.5 million copies of *The Hunger Games*, 10 million copies of *Catching Fire* and 9 million copies of *Mockingjay*). *The Hunger Games* has spent more than 180 consecutive weeks to date on *The New York Times* bestseller list since publication in September 2008, and has also appeared consistently on USA Today and Publishers Weekly bestseller lists. *The Hunger Games: Catching Fire*, a film based on the second book of the series is expected to be released on Thanksgiving weekend of 2013.

Our Industry

Motion Pictures

General. According to the Motion Picture Association of America's *U.S. Theatrical Market Statistics 2011*, domestic box office (which includes the U.S. and Canada) for calendar 2011 was \$10.2 billion, down 4% compared to \$10.6 billion in calendar 2010, but up 6% from five years ago. The 3-D market was down \$400 million in box office in 2011 compared to 2010, while 2-D box office in 2011 was consistent with 2010. In 2011, the top 25 domestic box office earning films included *The Twilight Saga: Breaking Dawn - Part 1*, which, to date, has earned over \$280 million in domestic box office (and \$700 million in worldwide box office).

Worldwide box office for all films released in each country around the world reached \$32.6 billion in 2011, up 3% over 2010's total. The increase was due to international box office of \$22.4 billion, up 7% compared to 2010, due to growth in each geographic region, including 4% in Europe Middle East and Africa, 24% in Latin America and 6% in Asia Pacific. International box office, in U.S. dollars, is up 35% from five years ago.

Competition. The "major studios," traditionally regarded in the entertainment industry to mean Paramount Pictures, Sony, Twentieth Century Fox, Universal Pictures, Walt Disney Studios and Warner Bros., have historically dominated the motion picture industry. These studios, all of which are owned by media conglomerates with a variety of operations, have historically produced and distributed the majority of theatrical motion pictures released annually in the U.S.

Competitors less diversified than the "major studios" include such companies as DreamWorks Animation SKG, Relativity Media, The Weinstein Company and MGM. These "independent" studios, including many smaller production companies, have also played an important role in the worldwide feature film market. The films from these studios continue to gain wider market approval and increased share of overall box office receipts and compete with the "major studios" for theatrical market share.

Lionsgate is a leading global entertainment company that competes directly with all studios in its various businesses. However, it operates with a different business model than the "major studios," typically emphasizing a lower cost structure, risk mitigation, reliance on financial partnerships and innovative financial strategies. Lionsgate's cost structures are designed to

utilize its flexibility and agility as well as the entrepreneurial spirit of its employees, partners and affiliates.

Product Life Cycle. In general, the economic life of a motion picture consists of its exploitation in theaters and in ancillary markets such as through home entertainment, pay-per-view, VOD, electronic-sell-through (“EST”), subscription video-on-demand (“SVOD”), digital rentals, pay television, broadcast television, foreign and other markets. Successful motion pictures may continue to play in theaters for more than three months following their initial release. Concurrent with their release in the U.S., motion pictures are generally released in Canada and may also be released in one or more other foreign markets. After the initial theatrical release, distributors seek to maximize revenues by releasing movies in sequential release date windows, which are generally exclusive against other non-theatrical distribution channels:

Typical Film Release Windows*

Release Period	Months After Initial Release
Theatrical	—
Premium VOD	2-3 months
Home entertainment (DVD/Blu-ray/EST), VOD, pay-per-view	4-7 months
Pay television	9-15 months**
Subscription VOD	9-15 months
Network television (free and basic)	27-30 months
Licensing and merchandising	Concurrent
All international releasing	Concurrent

* These patterns may not be applicable to every film, and may change based on release patterns, new technologies and product flow.

** First pay television window.

International theatrical distribution (outside of the U.S. and Canada) generally follows the same cycle as domestic theatrical distribution. Historically, the international distribution cycle begins a few months after the start of the domestic distribution cycle. However, due, in part, to international box office growth, as well as the increasing sophistication of film piracy operations in international markets and the ease with which the DVD format can be copied, a much higher percentage of films are being released simultaneously to the U.S. and international markets, or even earlier in international markets altogether.

Home Entertainment

Home entertainment distribution involves the marketing, promotion and sale and/or lease of DVDs and Blu-ray discs to wholesalers and retailers who then sell or rent the DVDs and Blu-ray discs to consumers for private viewing, and through a broad range of various digital media platforms.

According to the Digital Entertainment Group (the “DEG”), home entertainment spend, including on-demand, declined by about 2% in calendar 2011 versus calendar 2010 to about \$18.0 billion. Although calendar 2011 marked another year of declining consumer spend for home entertainment, the decline was smaller than that in 2010 due to growth in digital platforms and significant gains in Blu-ray spend, especially during the latter half of 2011. In fact, home entertainment spend grew during the second half of 2011 versus the second half of 2010. Moreover, home entertainment spend was up 2.5% in the first quarter of calendar 2012 compared to the first quarter of calendar 2011. Generally, improving conditions in the overall economy has been cited as a reason for such strengthening in home entertainment spend.

Recent strength in the home entertainment sector has been driven, in part, by increased Blu-ray penetration. The DEG estimates that the number of Blu-ray playback devices in U.S. households increased to nearly 40 million in 2011, up 38% from the previous year. The number of Blu-ray homes continues to climb, with 2.4 million players sold in the first quarter of 2012. Accordingly, the total household penetration of all Blu-ray compatible devices currently stands at more than 40.8 million U.S. homes. Similarly, the 2011 home entertainment market continued to be bolstered by the steady growth of Blu-ray disc sales, as spend rose by 20% in 2011 compared to 2010, with spend stronger by more than 25% during the second half of 2011 compared to the second half of 2010. More recently, Blu-ray disc sales for the first quarter of 2012 jumped 23% compared to the same

period last year.

Digital distribution (which includes EST, VOD and SVOD) has also become a growing factor in the home entertainment market. Indeed, consumer spend on digital distribution grew 51% in 2011, making a notable contribution to the overall home entertainment mix. Growth in digital distribution is expected in the future and continued growth of higher-margin digital businesses will tend to exert upward pressure on home entertainment growth margins.

Digital Media

Digital distribution involves delivering content by electronic means to consumer devices including in-home devices (such as smart televisions, Blu-ray players and game consoles) and mobile devices (such as smart phones, tablets, and personal computers). According to the DEG, digital distribution contributed materially to the home entertainment sector in calendar 2011, with consumer spending on VOD, EST and SVOD up a combined 51% to \$3.4 billion. Specifically, SVOD grew to approximately \$1 billion for 2011, versus non-meaningful spend in calendar 2010, while VOD and broadband EST grew to approximately \$1.9 billion, up 7% for 2011, and approximately \$554 million, up 9% for 2011, respectively. Further, VOD significantly offset the decline of the entire home entertainment rental category in 2011. Without VOD, rental was down 3% for 2011; with VOD, rental was down less than 1% to \$7.5 billion. Indeed, during the second half of calendar 2011, digital growth was sufficient to offset home entertainment packaged declines, resulting in overall home entertainment spend growth during the last six months of calendar 2011. Continued growth in digital distribution is expected in the future.

Television Programming

The market for television programming consists of buyers such as broadcast television networks (ABC, CBS, CW, Fox and NBC), pay and basic cable networks (such as AMC, HBO, MTV, Showtime, Starz, Turner, TV Guide, VH1 and USA) and syndicators of first-run programming (such as Debmart-Mercury, Sony Pictures Television, and CBS Television Distribution), which license programs on a station-by-station basis. In addition to these traditional players, there are an increasing number of new distribution platforms including digital media platforms such as iTunes, Amazon, Microsoft's X-BOX, Sony's Playstation Network, Netflix, Best Buy/CinemaNow, Hulu, YouTube, and Wal-Mart/Vudu, who acquire original and library programming. This growing marketplace is creating more demand for content and more licensing opportunities for new and existing television programs.

The Company

Production

Motion pictures

The motion picture industry is generally composed of two major business segments: production and distribution. Production consists of "greenlighting" and financing motion pictures, as well as the development of a screenplay, the actual filming activities and post-filming editing/post-production process. We take a disciplined approach to film production with the goal of producing content that we can distribute to theatrical and ancillary markets, which include home entertainment, pay and free television, on-demand services and digital media platforms, both domestically and internationally.

In fiscal 2012, we produced, participated in the production of, completed or substantially completed principal photography (the phase of film production during which most of the filming takes place) of the following motion pictures:

- *Good Deeds* (released in February 2012)
- *The Hunger Games* (released in March 2012)
- *What To Expect When You're Expecting* (released in May 2012)
- *Tyler Perry's Madea's Witness Protection* (expected June 2012 release)
- *Step Up Revolution* (expected July 2012 release)
- *The Possession* (expected August 2012 release)
- *The Perks of Being A Wallflower* (expected September 2012 release)
- *The Twilight Saga: Breaking Dawn - Part 2* (expected November 2012 release)
- *The Last Stand* (expected calendar 2013 release)
- *Warm Bodies* (expected calendar 2013 release)
- *Now You See Me* (expected calendar 2013 release)
- *Tyler Perry's The Marriage Counselor* (expected calendar 2013 release)

- *Tyler Perry's We The Peoples* (expected calendar 2013 release)
- *Nurse 3D* (expected calendar 2013 release)

In fiscal 2013, we are producing or participating in the production, or are currently in or slated for production, of the following motion pictures:

- *Jessabelle* - After a devastating car accident, Jessie returns to Louisiana, her estranged father and the crumbling bayou mansion of her childhood. When she finds videotapes of tarot readings her mother made for her before dying in childbirth, a ghostly presence in the house shows Jessie her mother's predictions may be terrifyingly accurate.
- *Stand Up Guys* - A biting comedic escapade about two old friends, each retired hit men, whose plan for a big night exposes a deadly secret.
- *Red 2* - The sequel to *Red*, reuniting a team of retired CIA operatives as they use their old-school style to take on a new set of enemies.
- *The Hunger Games: Catching Fire* - Based on the second book in Suzanne Collins' bestselling series. It chronicles the life of Katniss Everdeen after she emerges from the 74th Annual Hunger Games victorious- but far from safe. Even as she becomes an unwitting symbol of the rebellion mounting in the districts, Katniss never loses sight of her commitment to protect her family.
- *School Dance* - A contemporary coming of age comedy that chronicles Jason Jackson's quest to make an impression on the girl of his dreams, and gain acceptance into the most exclusive clique in his school at the school dance lock-in.
- *Dirty Dancing* - A musical reinvention of the 1980's blockbuster classic that plays tribute to the emotional excitement of first love, the thrills and complexity of sexual awakening, and the soul stirring power of dance. The classic tale of teenage Baby's forbidden romance with Johnny Castle will be told like it has never been told before, incorporating classic songs from the 60's, hits from the original film, and brand new compositions. This new experience of a timeless story will allow a whole new generation to have the time of their lives.
- *They Came Together* - When Joel and Molly meet, it's hate at first sight: his big corporation is the one that threatens to shut down her quirky knick-knack store. But amazingly, they fall in love, until they break up about two thirds of the way through. But then right at the end... well you'll just have to see. (Hint: He makes a big speech and they get back together.)

Our production team attempts to produce films with disciplined budgets that have commercial potential. In general first, our production division reviews hundreds of scripts and original intellectual property, looking for material that will attract top talent (primarily actors and directors). We then actively develop a small number of such scripts, working with the major talent agencies and producers to recruit talent that appeals to the film's target audience. We believe the commercial and/or critical success of our films should enhance our reputation and continue to give us access to top talent, scripts and projects. We often develop films in targeted niche markets in which we can achieve a sustainable competitive advantage, as evidenced by the successes of our young-adult films, including the *Twilight* series and *The Hunger Games*, our horror films, including the *Saw* franchise, and our urban films, including the Tyler Perry franchise.

The decision whether to “greenlight” (or proceed with production of) a film is a diligent process that involves many of our key executives. Generally, the production division presents projects to a committee comprised of the heads of our production, theatrical distribution, home entertainment, international distribution, legal and finance departments. In this process, scripts are evaluated for both artistic merit and commercial viability. The committee considers the entire package, including the script, the talent that may be attached or pursued and the production division's initial budget. They also discuss talent and story elements that could make the project more successful. Next, the heads of domestic and international distribution prepare estimates of projected revenues and the costs of marketing and distributing the film. Our finance and legal professionals then review the projections and financing options, and the committee decides whether the picture is worth pursuing by balancing the risk of a production against its potential for financial success or failure. The final “greenlight” decision is made by our corporate senior management team, headed by the Co-Chairs of our Motion Picture Group and our Chief Executive Officer.

We typically seek to mitigate the financial risk associated with film production by negotiating co-production agreements (which provide for joint efforts and cost-sharing between us and one or more third-party production companies) and pre-selling international distribution rights on a selective basis (which refers to licensing the rights to distribute a film in one or more media generally for a limited term, in one or more specific territories prior to completion of the film). We often attempt to minimize our production exposure by structuring agreements with talent that provide for them to participate in the financial

success of the motion picture in exchange for reducing guaranteed amounts to be paid, regardless of the film's success (referred to as "up-front payments").

In addition, many states and foreign countries have implemented incentive programs designed to attract film production to their jurisdiction as a means of economic development. Government incentives typically take the form of sales tax refunds, transferable tax credits, refundable tax credits, low interest loans, direct subsidies or cash rebates, which are calculated based on the amount of money spent in the particular jurisdiction in connection with the production. Each jurisdiction determines the regulations that must be complied with, as well as the conditions that must be satisfied, in order for a production to qualify for the rebate. We use certain Canadian tax credits, international tax structures and subsidy programs, domestic state tax incentives and/or programs (in such states as Connecticut, Georgia, Louisiana, North Carolina, New Mexico, New York and Pennsylvania) and other structures that may help reduce our financial risk.

Television

Our television business consists of the development, production, syndication and distribution of television programs. We license our television productions to the domestic cable, free and pay television markets, as well as through various digital platforms. As with film production, we use similar tax credits, subsidies, incentives and programs for television production in order to employ fiscally responsible deal structures.

Over the past 10 years, our television programming has earned 98 Emmy® Award nominations, has won 19 Emmy® Awards, and has been nominated and won numerous Golden Globe® Awards and Screen Actors Guild Awards®. In fiscal 2012, we produced 19 television shows, aired original programming on 14 networks and distributed over 200 series worldwide.

Series. Domestic television programming may include one-hour and half-hour scripted and reality programming. In fiscal 2012, we produced the following episodes of domestic television programming:

- 13 episodes of the fifth season of the award-winning series *Mad Men*, a one-hour drama for AMC;
- 13 episodes of the seventh season of the award-winning series *Weeds*, a half-hour comedy for Showtime;
- 10 episodes of the fourth season of the award-winning series *Nurse Jackie*, a half-hour comedy for Showtime;
- 13 episodes of the third season of *Blue Mountain State*, a half-hour comedy for Spike TV; and
- 8 episodes of the first season of *Boss*, a one-hour drama for Starz.

In fiscal 2013, we expect to produce the following episodes of domestic television programming:

- 13 episodes of the sixth season of *Mad Men*;
- 14 episodes of the eighth season of *Weeds*;
- 10 episodes of the second season of *Boss* for Starz;
- A minimum of 10 episodes of the first season of *Anger Management*, a half-hour comedy for FX;
- 13 episodes of the first season of *Orange Is The New Black*, a half-hour comedy for Netflix;
- 6 episodes of the first season of *Next Caller*, a half-hour comedy for NBC;
- 13 episodes of the first season of *Nashville*, a one-hour drama for ABC; and
- Other various proposed pilots and television series that may be delivered in the fiscal year.

Recent developments

In May 2012, we delivered two network pilots, both of which were ordered to series: *Nashville*, a drama for ABC about love, country music, family, politics and sex set in Nashville, being produced pursuant to a development and production deal with Emmy Award® winning and Academy Award® nominated reality producer and documentary filmmaker R.J. Cutler; and *Next Caller*, a comedy for NBC about a brash alpha male DJ and his feminist co-host set in the office of a satellite radio station.

In May 2012, we announced that we had partnered with television and music entrepreneur and producer Simon Fuller to develop a contemporary television musical drama chronicling the lives and loves of a young California rock and roll band.

In March 2012, the Company announced that it had entered into a partnership with Thunderbird Films, a television production, distribution and financing company, to produce programming for broadcast and cable networks. Frank Giustra, a director and former founder of the Company, owns an interest in Thunderbird Films. The venture, Sea To Sky Entertainment ("Sea To Sky"), will generate a broad range of scripted programming for mainstream commercial

audiences in the U.S. and Canada. Sea To Sky, which will be jointly managed, will share production and distribution costs for series picked up by television networks, allowing co-funding of network television programming while mitigating risk. Current projects include a one-hour drama from Dennis Lehane, the author of *Mystic River* and *Gone Baby Gone*, and a limited series for international coproduction based on the upcoming book "An Uncommon Youth," a first person account of the events and family dysfunction surrounding the Getty kidnapping in Italy in the 1970's.

In January 2012, we announced that we had entered into a long-term programming and development venture with Grupo Televisa, S.A.B. ("Televisa") to create English language television content for U.S. broadcast and cable networks. The partnership, which includes a development fund designed to attract quality talent to approximately six to eight projects a year, will develop scripted and unscripted English language original programming as well as format adaptations from Televisa's vast library of titles, including the leading telenovelas in the world to be produced in English. Current projects include the following: *From Prada To Nada*, Pantelion's debut film being developed as a comedy television series; *Badlands*, a scripted drama in partnership with ABC Studios based on Televisa's runaway hit *Soy Tu Duena*, a successful telenovela; the poignant *Terminales* for ABC Family; and *Teresa*, based on another Televisa telenovela.

In November 2011, Netflix ordered *Orange Is The New Black*, an original comedy series created by Jenji Kohan, the creator, executive producer and show runner of *Weeds*. The series, based on Piper Kerman's memoir "Orange Is The New Black: My Year In a Women's Prison," is the second original series ordered by Netflix.

In October 2011, we entered into a three-year joint television venture with Banca Studio, a company formed by Roy Bank, a reality producer (*Are You Smarter Than a 5th Grader?*) and former President of Television for Merv Griffin Entertainment. As part of the venture, we purchased the slate of production and development originated under Mr. Bank's tenure at Merv Griffin Entertainment, including the NBC game show *It's Worth What?*, hosted by Cedric the Entertainer, Bloomberg Television's *The Mentor*, and ABC's *Million Dollar Mind Game*.

In July 2011, we announced that FX had ordered Charlie Sheen's *Anger Management*, a new sitcom loosely based on Revolution Studios' 2003 hit comedy feature of the same name. The series will air exclusively on FX beginning in June 2012.

In March 2011, we entered into an agreement with reality producer and development executive Eli Frankel, formerly with Magical Elves Entertainment (*Project Runway*, *Top Chef*), to create non-scripted programming for our television division.

Animation

We are, from time to time, involved in the development, acquisition, production and distribution of animation projects for full theatrical release, television and DVD release.

DVD production - In the past several years, we have released several direct-to-video animated movies with Marvel including *Ultimate Avengers*, *Ultimate Avengers 2*, *The Invincible Iron Man*, *Doctor Strange*, *Next Avengers: Heroes of Tomorrow*, *Hulk vs. Thor/ Wolverine*, *Planet Hulk* and *Thor: Tales of Asgard*. In the third quarter of fiscal 2012, we began production on Tyler Perry's first animated feature, *Tyler Perry's Madea's Kids*, which will bring his most famous characters, including Madea, into animation for the first time. We anticipate delivery of this feature in the third quarter of fiscal 2014.

Television production - In 2009, we delivered 26 half-hours and five films of a comedic action adventure series titled *Speed Racer: The Next Generation* (based on the well-known franchise *Speed Racer*) to Nickelodeon Networks, which was produced by Animation Collective of New York City. All 26 episodes aired in fiscal 2009. A second 26 half-hour season of the adventure series was ordered and is being produced by Toonz Entertainment, Kick Start Productions and Animation Collective. The first 15 of these episodes have aired on Nickelodeon Network's Nick Toons, and we expect the balance of such order to be fully delivered in the second quarter of fiscal 2013. Additionally, three DVDs of *Speed Racer: The Next Generation* have already been released.

Theatrical films - In September 2010, we released *Alpha and Omega*, a 3-D animated film starring Justin Long, Hayden Panettiere, Christina Ricci, Danny Glover and Dennis Hopper, with our partner, Crest Animation. The film was the first picture developed under a co-finance deal with Crest Animation and is from the creator of *Open Season*, a Sony Pictures Animation CGI film. Building on our relationship with Crest Animation, in February 2010, we

announced our second production in a multi-picture deal, *Norm of the North*. We anticipate delivery of this animated movie by the fall of 2013, which we will distribute domestically.

Music

Our music department creatively oversees music for our theatrical and television slates, as well as the music needs of other areas within our company. Our music strategy is to service the creative divisions' music needs, while striving to exploit the music assets we acquire from their activities. Unlike music publishers, whose revenue has historically been dependent upon royalties generated by record sales, our publishing revenue derives primarily from performance royalties generated by the theatrical exhibition of our films and the television broadcast of our productions.

Music released for our theatrical slate includes overseeing songs, scores and soundtracks for all of our productions, co-productions and acquisitions. In fiscal 2012, through our label partner Universal Republic, we released the critically acclaimed soundtrack *The Hunger Games Songs from District 12 and Beyond*, which debuted at number one on the Billboard 200 chart, only one of 16 soundtracks to ever achieve this status. The album also premiered at number one on iTunes top albums chart as well as number one on iTunes soundtrack chart within hours of release. The album was certified gold after 12 days and is currently approaching platinum certification with sales at greater than 720,000 units. Additionally, we released through Universal Republic the score album, *The Hunger Games: Music from the Motion Picture*, by composer James Newton Howard. The score album debuted at number two on iTunes soundtrack chart (just behind *The Hunger Games Songs from District 12 and Beyond*) and has sold over 30,000 units to date. Further, "Music Videos And Performances From The Twilight Saga Soundtracks: Volume 1," a collection of music videos and live performances from bands featured on the soundtracks from the first three Twilight films was also released in fiscal 2012. Moreover, the first single from The Twilight Saga, *Breaking Dawn - Part 1*, "It Will Rain," by Grammy Award-winning Bruno Mars, has sold over 2 million copies to date, and the film's soundtrack, released in November 2011, has been certified gold for sales of 500,000 albums. Finally, in fiscal 2012, we also released soundtracks to *One For The Money* (Lakeshore Records), *Abduction* (Epic Records), *Warrior* (Lakeshore Records), *Conan The Barbarian 3D* (Warner Brothers Records) and *The Devil's Double* (Lakeshore Records). In fiscal 2013, we released soundtracks for *What To Expect When You're Expecting*, *The Cabin in The Woods*, and *Safe*, and expect to release soundtracks for *The Possession* and *The Hunger Games: Catching Fire*. Furthermore, we will continue our artist outreach by hosting a music component of the Sundance Film Festival, "A Celebration of Music in Film," in addition to the Los Angeles Film Festival's inaugural film music concert.

Music released for our television slate includes overseeing songs, scores and soundtracks for all of our television productions. In fiscal 2012, we released *Zou Bisou Bisou*, a vinyl single and accompanying digital download derived from Jessica Pare's (Megan Draper) on-screen performance in the first episode of season 5 of *Mad Men*, which hit number one in Billboard's World Music Chart of Digital Songs. We also used a Beatles original master recording, "Tomorrow Never Knows," the final track of The Beatles' 1966 studio album *Revolver*, on *Mad Men*, the very first time it has been featured on television. Additionally, in collaboration with FEARnet.com, we released an original soundtrack for *Friday the 13th* and for *Boss*, which featured a collaboration of "Satan Your Kingdom Must Come Down" between Robert Plant and *Boss* composer Brian Reitzell, yielding the show's evocative main title theme. In fiscal 2013, we intend to release new soundtracks for *Mad Men* and *Nurse Jackie*, develop new music for *Nashville*, revisit our successful covers campaign for the "Little Boxes" main title theme for *Weeds*, and provide music for new series including *Anger Management*, *Next Caller* and *Orange Is The New Black*.

Distribution

Domestic theatrical distribution

"Distribution" refers to the marketing and commercial or retail exploitation of motion pictures. We distribute motion pictures directly to U.S. movie theaters. Generally, distributors and exhibitors (theater owners) will enter into agreements whereby the exhibitor retains a portion of the "gross box office receipts," which are the admissions paid at the box office. The balance (i.e., gross film rentals) is remitted to the distributor.

Over the past five years, motion pictures that Lionsgate has released include the following in-house productions or co-productions:

Release Date	Title	Principal Actors
2008	<i>Saw V</i> <i>Tyler Perry's The Family That Preys</i> <i>Tyler Perry's Meet The Browns</i> <i>The Spirit</i> <i>The Eye</i> <i>My Best Friend's Girl</i>	Tobin Bell, Scott Patterson, Costas Mandylor Tyler Perry, Alfre Woodward, Sanaa Lathan, Kathy Bates, Taraji P. Henson Tyler Perry, Angela Bassett, Rick Fox, Sofia Vergara Gabriel Macht, Samuel Jackson, Scarlett Johansson, Eva Mendes Chloe Moretz, Jessica Alba, Parker Posey Alec Baldwin, Dane Cook, Jason Biggs, Kate Hudson
2009	<i>Saw VI</i> <i>Tyler Perry's I Can Do Bad All By Myself</i> <i>My Bloody Valentine 3-D</i> <i>Gamer</i>	Tobin Bell, Costas Mandylor, Mark Rolston Tyler Perry, Taraji P. Henson, Adam Rodriguez, Mary J. Blige Jensen Ackles, Jamie King, Kerr Smith Gerard Butler, John Leguizamo, Milo Ventimiglia, Kyra Sedgwick
2010	<i>Killers</i> <i>Tyler Perry's Why Did I Get Married Too?</i> <i>Saw 3-D</i> <i>The Next Three Days</i>	Katherine Heigl, Ashton Kutcher, Tom Selleck, Catherine O'Hara Tyler Perry, Janet Jackson, Sharon Leal Tobin Bell, Cary Elwes, Costas Mandylor Russell Crowe, Elizabeth Banks, Liam Neeson
2011	<i>Tyler Perry's Madea's Big Happy Family</i> <i>The Lincoln Lawyer</i> <i>Warrior</i> <i>Abduction</i>	Tyler Perry, Loretta Devine and Bow Wow Matthew McConaughey, Marisa Tomei Joel Edgerton, Nick Nolte, Tom Hardy Taylor Lautner, Alfred Molina, Lily Collins, Sigourney Weaver
2012	<i>Tyler Perry's Good Deeds</i> <i>One For The Money</i> <i>The Hunger Games</i> <i>What To Expect When You're Expecting</i>	Tyler Perry, Gabrielle Union, Phylicia Rashad, Thandie Newton Katherine Heigl, Jason O'Mara, Daniel Sunjata, John Leguizamo Jennifer Lawrence, Josh Hutcherson, Liam Hemsworth Cameron Diaz, Jennifer Lopez, Elizabeth Banks, Anna Kendrick, Brooklyn Decker

Motion pictures that Lionsgate has acquired and distributed in this same time period include the following:

Release Date	Title	Principal Actors
2008	<i>Transporter 3</i> <i>W</i> <i>The Forbidden Kingdom</i> <i>The Bank Job</i> <i>Rambo</i> <i>Religulous</i>	Jason Statham, Robert Knepper, Natalya Rudakova Josh Brolin, Elizabeth Banks, Ellen Burstyn, James Cromwell, Thandie Newton Jackie Chan, Jet Li, Michael Angarano Jason Statham, Saffron Burrows, Stephen Campbell Moore Sylvester Stallone, Graham McTavish, Julie Benz, Matthew Marsden Bill Maher
2009	<i>Precious</i> <i>The Haunting In Connecticut</i>	Gabourey Sidibe, Mo'Nique, Paula Patton, Maria Carey, Lenny Kravitz Virginia Madsen, Martin Donovan, Elias Koteas
2010	<i>The Expendables</i> <i>Kick-Ass</i> <i>From Paris With Love</i> <i>Daybreakers</i> <i>The Last Exorcism</i>	Sylvester Stallone, Eric Roberts, Jason Statham, Jet Li Nicolas Cage, Christopher Mintz-Plasse, Aaron Johnson, Chloe Moretz John Travolta, Jonathan Rhys Meyers Ethan Hawke, Willem Dafoe, Sam Neill Patrick Fabian, Ashley Bell, Iris Bahr
2011	<i>The Devil's Double</i> <i>Conan The Barbarian</i>	Dominic Cooper, Ludivine Sagnier Jason Momoa, Rachel Nichols, Ron Perlman, Rose McGowan
2012	<i>Cabin in The Woods</i>	Kristen Connolly, Chris Hemsworth, Anna Hutchison

Over the past five years, motion pictures that Summit has released include the following in-house productions or co-productions:

Release Date	Title	Principal Actors
2008	<i>Twilight</i>	Kristen Stewart, Robert Pattinson, Taylor Lautner
2009	<i>The Twilight Saga: New Moon</i> <i>Knowing</i>	Kristen Stewart, Robert Pattinson, Taylor Lautner Nicolas Cage, Rose Byrne
2010	<i>Letters to Juliet</i> <i>Red</i> <i>Remember Me</i> <i>The Twilight Saga: Eclipse</i>	Amanda Seyfried, Gael Garcia Bernal, Vanessa Redgrave, Franco Nero Bruce Willis, Morgan Freeman, Helen Mirren, J. Malkovich, Mary-Louise Parker Robert Pattinson, Emilie de Ravin, Pierce Brosnan, Lena Olin, Chris Cooper Kristen Stewart, Robert Pattinson, Taylor Lautner
2011	<i>The Twilight Saga: Breaking Dawn - Part 1</i> <i>A Better Life</i>	Kristen Stewart, Robert Pattinson, Taylor Lautner Demián Bichir, José Julián, Eddie Sotelo
2012	<i>Man on a Ledge</i>	Sam Worthington, Elizabeth Banks, Jamie Bell

Motion pictures that Summit has acquired and distributed in this same time period include the following:

<i>Release Date</i>	<i>Title</i>	<i>Principal Actors</i>
2008	<i>The Brothers Bloom</i>	Rachel Weisz, Adrien Brody, Mark Ruffalo
2009	<i>Astro Boy</i>	Freddie Highmore, Nicolas Cage, Kristen Bell
	<i>The Hurt Locker</i>	Jeremy Renner, Anthony Mackie, Brian Geraghty
2010	<i>Ghost Writer</i>	Ewan McGregor, Pierce Brosnan, Olivia Williams, Kim Cattrall
2011	<i>Source Code</i>	Jake Gyllenhaal, Michelle Monaghan, Vera Farmiga
	<i>The Three Musketeers</i>	Logan Lerman, Christoph Waltz, Matthew Macfadyen, Ray Stevenson
	<i>50/50</i>	Joseph Gordon-Levitt, Seth Rogen, Anna Kendrick
2012	<i>Gone</i>	Amanda Seyfried, Jennifer Carpenter, Wes Bentley

In the last 14 years, Lionsgate and Summit have distributed films that have earned 66 Academy Award® nominations, won 17 Academy Awards®, and have been nominated and won numerous Golden Globe® Awards, Screen Actors Guild Awards®, BAFTA Awards and Spirit Awards.

Our approach to acquiring films for theatrical release is similar to our approach to film production. We generally seek to limit our financial exposure while adding films of quality and commercial viability to our release schedule and our library. The decision to acquire a motion picture for theatrical release entails a process involving our key executives from the releasing, home entertainment and acquisitions departments, as well as corporate executive management. The team meets to discuss a film's expected critical reaction, marketability and potential for commercial success, as well as the cost to acquire the picture, and the estimated distribution and marketing expenses (typically called “P&A” or “prints and advertising”) required to maximize the targeted audience and ancillary market potential after its theatrical release.

We construct release schedules taking into account moviegoer attendance patterns and competition from other studios' scheduled theatrical releases. We also use either wide (generally, more than 2,000 screens nationwide) or limited initial releases, depending on the film. We generally spend significantly less on P&A for a given film than other studios and design our marketing plans to cost-effectively reach a large audience.

In fiscal 2012, Lionsgate released 14 motion pictures theatrically, which included films developed and produced in-house, films co-developed and co-produced and films acquired from third parties. In calendar 2012, Summit released 8 motion pictures theatrically, which included films developed and produced in-house, films co-developed and co-produced and films acquired from third parties.

For fiscal 2013, our proposed theatrical release schedule may include, among others, the following titles:

Title	Summary	Principal Actors	Produced* or Acquired	Anticipated Release Date
<i>Cabin In The Woods**</i>	Five friends go to a remote cabin in the woods. Bad things happen. If you think you know this story, think again.	Chris Hemsworth, Richard Jenkins, Bradley Whitford, Kristen Connolly, Fran Kranz, Sigourney Weaver	Acquired	April 13, 2012
<i>Safe**</i>	An action thriller that follows Luke Wright, a washed up mixed martial arts fighter who ventures into the brutal New York underworld to help a twelve-year-old Chinese math prodigy - and the keeper of a priceless numerical code - escape the violent pursuit of the Chinese Triads, the Russian mob and a corrupt faction of the NYPD.	Jason Statham, Catherine Chan, Chris Sarandon	Acquired	April 27, 2012

<i>Girl in Progress**</i>	Grace is a single mom. She is too busy juggling work, bills and the very married Dr. Hartford, to give her daughter, Ansiedad, the attention she desperately needs. When Ansiedad's English teacher, Ms. Armstrong, introduces her students to classic coming-of-age stories, Ansiedad is inspired to skip adolescence and jump-start her life without mom. While Grace becomes preoccupied with the increasing affections of her co-worker, Ansiedad enlists the help of her loyal friend, Tavita, to plot her shortcut to "adulthood". But as her misguided plan unravels, Ansiedad and Grace must learn that sometimes growing-up means acting your age.	Eva Mendes, Matthew Modine, Patricia Arquette, Cierra Ramirez, Eugenio Derbez, Russell Peters	Produced (Pantelion Films)	May 11, 2012
<i>What To Expect When You're Expecting**</i>	Inspired by the New York Times bestseller of the same name- the first book in a series that has sold over 35 million copies worldwide- <i>What To Expect When You're Expecting</i> is a comedy about five couples whose intertwined lives are turned upside down as they experience the trials and triumphs of impending parenthood.	Cameron Diaz, Jennifer Lopez, Elizabeth Banks, Anna Kendrick, Brooklyn Decker, Chris Rock, Matthew Morrison, Dennis Quaid, Rodrigo Santoro	Produced	May 18, 2012
<i>Tyler Perry's Madea's Witness Protection**</i>	Tyler Perry reprises his role as Madea, America's favorite brash, no-holds-barred Grandma. When a high-class Connecticut family goes on the run from the mob, Madea begrudgingly opens the doors of her home to them, resulting in an outrageously hilarious culture clash.	Tyler Perry, Eugene Levy, Doris Roberts, Denise Richards, Devan Leos, Romeo Miller, Tom Arnold	Produced	June 2012
<i>Step Up Revolution***</i>	The next installment in the Step Up franchise, which sets the dancing against the vibrant backdrop of Miami.	Ryan Guzman, Kathryn McCormick, Peter Gallagher	Produced	July 2012
<i>Expendables 2**</i>	The Expendables are back and this time it's personal. Barney Ross and his crew of mercenaries are reunited when Mr. Church enlists the Expendables to take on a seemingly simple job. But when things go wrong and one of their own is viciously killed, the Expendables are compelled to seek revenge in hostile territory where the odds are stacked against them.	Sylvester Stallone, Jason Statham, Bruce Willis, Jet Li, Chuck Norris, Jean-Claude Van Damme, Randy Couture, Terry Crews, Dolph Lundgren, Arnold Schwarzenegger	Acquired	August 2012
<i>The Possession**</i>	Based on a true story, <i>The Possession</i> is the terrifying story of how one family must unite in order to survive the wrath of an unspeakable evil. Clyde and Stephanie Brenek see little cause for alarm when their youngest daughter, Em, becomes oddly obsessed with an antique wooden box she purchased at a yard sale. But as Em's behavior becomes increasingly erratic, the couple fears the presence of a malevolent force in their midst, only to discover that the box was built to contain a dibbuk - a dislocated spirit that inhabits and ultimately devours its human host.	Jeffrey Dean Morgan, Kyra Sedgwick	Produced	August 2012
<i>The Cold Light of Day***</i>	Will Shaw goes to Spain for a weeklong sailing vacation with his family but his whole world turns upside down when the family is kidnapped by intelligence agents hell-bent on recovering a mysterious briefcase and Will suddenly finds himself on the run.	Henry Cavill, Sigourney Weaver, Bruce Willis	Acquired	September 2012
<i>Dredd**</i>	Dredd, a futuristic cop combines the power of judge, jury and executioner in Mega City One, a massive city that stretches down the entire East coast of America.	Karl Urban, Olivia Thirlby	Acquired	September 2012
<i>The Perks of Being a Wallflower***</i>	Based on the beloved book, <i>The Perks of Being A Wallflower</i> is a coming of age story about 15-year-old Charlie, an endearing and naïve outsider, coping with first love, the suicide of his best friend, and his own mental illness while struggling to find a group of people with whom he belongs.	Emma Watson, Logan Lerman	Produced	September 2012

<i>Sinister</i> ***	A true crime novelist struggling to find his next big story moves his family into a house where the horrific murder of an entire family took place. But after finding a box of home videos in which other families are also brutally murdered, his investigation leads him to a supernatural entity that may be placing his own family in harm's way.	Ethan Hawke	Acquired	October 2012
<i>The Big Wedding</i> **	A poignant comedy about the ties that bind, <i>The Big Wedding</i> centers around Don and Ellie, a long divorced couple being forced to pretend that they are still happily married at their son's wedding. Among all of their family and friends, the hoax snowballs, and the event culminates in a surprise ending that no one could have expected.	Robert DeNiro, Diane Keaton, Katherine Heigl, Amanda Seyfried, Susan Sarandon, Robin Williams, Topher Grace	Acquired	October 2012
<i>Alex Cross</i> ***	A reboot of the character made famous by James Patterson's best-selling book series, <i>Alex Cross</i> follows the young homicide detective/psychologist as he meets his match in serial killer Michael Sullivan a.k.a. Picasso. The two face off in a high-stakes game of cat and mouse, but when the mission gets personal, Cross is pushed to the edge of his moral and psychological limits in this taut and exciting action thriller.	Tyler Perry, Ed Burns, Matthew Fox	Acquired	October 2012
<i>The Twilight Saga: Breaking Dawn - Part 2</i> ***	The astonishing, breathlessly anticipated conclusion to <i>The Twilight Saga, Breaking Dawn</i> illuminates the secrets and mysteries of this spellbinding romantic epic that has entranced millions.	Kristen Stewart, Robert Pattinson, Taylor Lautner	Produced	November 2012
<i>The Impossible</i> ***	After being ripped apart by a devastating tsunami, a British family vacationing in Thailand fights for their lives to reunite during the worst natural disaster to ever strike the country.	Naomi Watts, Ewan McGregor	Acquired	December 2012
<i>The Texas Chainsaw Massacre 3D</i> **	<i>The Texas Chainsaw Massacre 3D</i> continues the legendary story of the homicidal Sawyer family, picking up where Tobe Hooper's 1974 horror classic left off: with terrified Sally Hardesty running for her life from the Sawyer farmhouse following the brutal murders of her four companions. The terrifying present-day chapter in the family saga was filmed in state-of-the-art, immersive 3D.	Bill Mosely, Alexandra Daddario, Trey Songz	Produced	Calendar 2013
<i>The Last Stand</i> **	When a Mexican drug cartel kingpin escapes police and heads for the border with a hostage and a fierce army of gang members, a small town sheriff and his inexperienced team must decide whether to let them pass or make the last stand.	Arnold Schwarzenegger, Forest Whitaker, Johnny Knoxville, Rodrigo Santoro, Peter Stormare, Luis Guzman, Edward Noriega, Jamie Alexander, Genesis Rodriguez	Produced	Calendar 2013
<i>Warm Bodies</i> ***	When a highly unusual zombie rescues a girl from imminent death at the hands of his cohorts, their unlikely romance sets in motion a chain of events that will transform him, his fellow dead, and maybe even the whole lifeless world.	Nicholas Hoult, Teresa Palmer, John Malkovich, Dave Franco	Produced	Calendar 2013
<i>Snitch</i> ***	Inspired by true events, a suburban father is hit hard when his teenage son is wrongly accused, and sentenced, to a terrifying 10 years under the United States' minimum drug laws for an act of innocent stupidity. In order to clear his son's name, the father goes undercover and risks everything including his own life to reduce his son's sentence.	Dwayne Johnson, Susan Sarandon	Acquired	Calendar 2013
<i>I, Frankenstein</i> **	Picking up where Mary Shelley's classic novel left off, <i>I, Frankenstein</i> follows Dr. Frankenstein's creature into a present day, gothic metropolis. There he is drawn into an epic power struggle between two immortal clans, a battle which will decide the fate of mankind.	Aaron Eckhart	Acquired	Calendar 2013

<i>Tyler Perry's The Marriage Counselor**</i>	Judith is an Ivy League educated relationship expert who gives marital advice for a living, yet can't seem to follow that advice in her own marriage. Bored with her life, she breaks her professional code and begins an affair with a smooth talking client. After the initial excitement of their torrid relationship wears off, Judith realizes that she's made a grave mistake. It will take every ounce of courage and forgiveness for Judith to escape the dangerous situation she finds herself in.	Jurnee Smollett, Brandy, Kim Kardashian, Vanessa Williams, Lisa Vanderpump, Robbie Jones, Lance Gross	Produced	Calendar 2013
<i>Tyler Perry's We The Peoples**</i>	Wade Walker is eager to propose to his girlfriend, Grace Peeples. But after a year of living together, the beautiful, successful Grace is still cagey about introducing average guy Wade to her ambitious, upper crust family. So when Grace leaves for an annual reunion at her parents' swanky Sag Harbor compound, Wade decides to crash the gathering, charm his soon-to-be in-laws and slip a ring on Grace's finger. However Wade's plans go hilariously awry when he meets the high-powered, seemingly picture-perfect family who'll do whatever it takes to keep up appearances.	Craig Robinson, Kerry Washington, David Alan Grier, S. Epatha Merkerson, Tyler Williams, Malcolm Barrett	Produced	Calendar 2013
<i>Nurse 3D**</i>	Abby Russell is a beautiful, dedicated nurse with a sinister side- and a secret life's work in which she targets and punishes dishonest men.	Paz de la Heurta, Katrina Bowden, Boris Kodjoe, Kathleen Turner, Niecy Nash	Produced	Calendar 2013
<i>Now You See Me***</i>	After a group of young, superstar magicians rob a London bank while performing a live show in Las Vegas, a determined group of FBI agents must uncover how they pulled off the illusory heist. The cat-and-mouse chase escalates as the magicians announce their next major show and heist - another live show during which they will attempt to steal a billion dollars from a money printing factory right under the nose of the police.	Jesse Eisenberg, Mark Ruffalo, Morgan Freeman, Melanie Laurent, Isla Fisher, Michael Caine	Produced	Calendar 2013

* Includes significant participation in production

** A Lionsgate release

*** A Summit release

We may revise the release date of a motion picture as the production schedule changes or in such a manner as we believe is likely to maximize revenues or for other business reasons. Additionally, there can be no assurance that any of the motion pictures scheduled for release will be completed, that completion will occur in accordance with the anticipated schedule or budget, that the film will ever be released or that the motion pictures will necessarily involve any of the creative talent listed above.

Mandate Pictures

Our wholly-owned subsidiary, Mandate Pictures, is a full-service production and financing company that continues to operate as an independent brand delivering acclaimed commercial and independent films worldwide.

Mandate Pictures' financed and produced pictures released in fiscal 2012 included *50/50*, *A Very Harold & Kumar 3D Christmas* and *Young Adult*. *50/50*, released by Summit in September 2011 and starring Joseph Gordon-Levitt, Seth Rogen, Anna Kendrick, Bryce Dallas Howard and Anjelica Huston, garnered numerous accolades including two Golden Globe® nominations for Best Motion Picture - Comedy/Musical, and Best Performance by an Actor in a Motion Picture - Comedy/Musical (Joseph Gordon-Levitt), as well as a Spirit Award for Best First Screenplay (Will Reiser), and two Spirit Award nominations for Best Feature and Best Supporting Female (Anjelica Huston). *Young Adult*, written by Diablo Cody and released by Paramount Pictures in December 2011, also received numerous accolades including a Golden Globe® nomination for Charlize Theron (Best Performance by an Actress in a Motion Picture - Comedy/ Musical). *A Very Harold & Kumar 3D Christmas* was released by Warner Bros. Pictures in November 2011. In fiscal 2012, Mandate Pictures also financed and produced the *Untitled Diablo Cody* project starring Julianne Hough, Russell Brand, Octavia Spencer and Holly Hunter, which is expected to be released in fiscal 2013. Mandate Pictures' current production and development slate includes a comedy written and directed by Seth Rogen and Evan Goldberg (working title *End Of The World*).

Mandate Pictures' upcoming fiscal 2013 theatrical slate may include the following titles:

Title	Summary	Principal Actors	Anticipated Release Date (Distributor)
<i>LOL</i>	In a world connected by YouTube, iTunes and Facebook, Lola and her friends navigate the peer pressures of high school romance and friendship while dodging their sometimes overbearing and confused parents. When Lola's mom, Anne, "accidentally" reads her teenage daughter's racy journal, she realizes just how wide their communication gap has grown. Through hilarious and heartfelt moments between mother and daughter, <i>LOL</i> is an authentic coming-of-age story that perfectly captures today's zeitgeist.	Miley Cyrus, Demi Moore, Ashley Greene, Thomas Jane, Douglas Booth, George Finn, Ashley Hinshaw, Adam Sevani, Lina Esco, Tanz Watson, Marlo Thomas	May 2012 (Lionsgate)
<i>Seeking a Friend For The End of The World</i>	A 70-mile-wide asteroid is en route to Earth, and the last best attempt to counter it has failed. Also failing is the marriage of soft-spoken insurance salesman Dodge; the breaking news that the world will end in an estimated 21 days cues his wife to leave him on the spot. Dodge is a man who has always played by the rules of life, while his neighbor Penny is an extroverted woman who hasn't. From these opposite perspectives, both initially choose to navigate the impending end of the world with blinders on. Dodge declines joining his friends in increasingly reckless behavior, while Penny fixates on her relationship issues with a self-absorbed musician. The two misfits meet first when Penny has a rough night and then again when she belatedly delivers Dodge a lost letter. That letter could alter Dodge's future; it's from his high-school sweetheart Olivia, the love of his life. When a riot breaks out around their apartment building, Dodge realizes that he must seek Olivia out before it's too late while Penny makes the decision to spend her last days with family in England. Seizing the moment, Dodge promises to help Penny reach her family if she will provide transport for the two of them in her car immediately. She agrees, and they escape. On the road together, the unlikely traveling companions' respective personal journeys accelerate, and their outlooks - if not the world's - brighten.	Steve Carell, Keira Knightley, Connie Britton, Adam Brody, Rob Corddry, Gillian Jacobs, Derek Luke, Melanie Lynskey, T.J. Miller, Patton Oswalt, William Petersen	June 2012 (Focus Features)
<i>Hope Springs</i>	Kay and Arnold are a devoted couple, but decades of marriage have left Kay wanting to spice things up and reconnect with her husband. When she hears of a renowned couple's specialist in the small town of Great Hope Springs, she attempts to persuade her skeptical husband, a steadfast man of routine, to get on a plane for a week of marriage therapy. Just convincing the stubborn Arnold to go on the retreat is hard enough - the real challenge for both of them comes as they shed their bedroom hang-ups and try to re-ignite the spark that caused them to fall for each other in the first place.	Meryl Streep, Tommy Lee Jones, Steve Carell	August 2012 (Sony Pictures)
<i>Untitled Diablo Cody Project</i>	The comedy follows a sheltered young woman who loses her faith after a plane crash and decides to go to Las Vegas to experience the wild side of life. On her journey, she meets unlikely companions who inadvertently help her find her true self.	Julianne Hough, Russell Brand, Octavia Spencer, Holly Hunter	Fiscal 2013

Mandate Pictures also maintains a partnership with Ghost House Pictures, formed with filmmakers Sam Raimi (*Spider-Man* and *Evil Dead* Franchises) and Rob Tapert as a production label dedicated to the financing, development and production of films in the horror/thriller genre. Under this partnership, Mandate Pictures has produced *30 Days of Night: Dark Days*, *Drag Me To Hell*, *30 Days of Night*, *The Grudge I and II*, *The Messengers* and *Boogeyman*. Upcoming releases under this partnership include *The Possession*, expected to be released by Lionsgate in August 2012, and the *Evil Dead* remake, expected to be released by Sony Pictures and FilmDistrict in April 2013.

International sales and distribution

The primary components of our international business are, on a territory by territory basis through third parties or directly through our international divisions: (i) the licensing and sale of rights in all media of our in-house product; (ii) the licensing and

sale of third party product on an agency basis; (iii) the licensing of rights in all media of our in-house Summit product on an output basis; (iv) the licensing and sale of in-house catalog product or libraries of acquired titles (such as those of Miramax, Artisan Entertainment and Modern Times Group); and (v) direct distribution.

Lionsgate International. We sell or license rights in all media on a territory by territory basis (other than the territories where Lionsgate and/or Summit self-distribute) of (i) our in-house Lionsgate and Summit product, as well as titles from Mandate Pictures and Ghost House Pictures, (ii) our catalog product or libraries of acquired titles, and (iii) product produced by third parties such as Alcon Entertainment, Vendome Pictures, River Road Entertainment, CBS Films, Relativity Media and other independent producers.

Through our pre-sales and output arrangements, we often cover a significant portion of the production budget or acquisition cost on new releases. Our output deals for Summit product currently cover nine territories including new output deals executed in fiscal 2012 for Australia/New Zealand, Spain, the Commonwealth of Independent States and Eastern Europe, as well as output deals in Canada, France, Germany/Austria, Scandinavia, and the U.K. We also leverage our infrastructure to generate revenue through a sales agency business for third party product. Recent films sold by us include such in-house productions as *What to Expect When You're Expecting*, *Hope Springs* and *Now You See Me*. Recent third party films sold by us include *Beautiful Creatures* and *The Railway Man*. In fiscal 2012, our sales had record-breaking international box office results with releases including *The Twilight Saga: Breaking Dawn - Part 1*, which grossed over \$425 million, *Immortals*, which grossed over \$140 million, and *The Hunger Games*, which has grossed over \$245 million, to date.

Lionsgate UK. We self-distribute motion pictures (excluding Summit releases) in the U.K. and Ireland through our subsidiary, Lionsgate UK. Lionsgate UK's fiscal 2012 theatrical slate included such titles such as *Warrior*, *Abduction*, *50/50*, Ralph Fiennes' British Academy of Film and Television Arts Nominated directorial debut, *Coriolanus*, David Cronenberg's *A Dangerous Method*, and *The Hunger Games*.

In fiscal 2012, Lionsgate UK continued its commitment to the financing and production of British features. For instance, in May 2011, Lionsgate UK announced that it had picked up distribution of Mike Newell's *Great Expectations*, a major new British screen adaptation of Charles Dickens' classic novel to star Helena Bonham Carter, Ralph Fiennes and Jeremy Irvine, which Lionsgate UK contributed to financing. Also in May 2011, Lionsgate UK announced that it was co-financing and co-producing a new contemporary sci-fi adventure project *The Fallen*, and in November 2011, the production of *Keith Lemon: The Film*, a comedy with Celebrity Juice's host and international ladies' man Keith Lemon. In fiscal 2013, Lionsgate UK will begin filming *The Railway Man* starring Colin Firth, Nicole Kidman and Jeremy Irvine, for which Lionsgate international is handling international sales.

In November 2011, Lionsgate UK also announced a multi-year partnership with Icon Film Distribution for release of theatrical titles moving forward. Upcoming titles under such partnership will include Walter Salles' *On the Road*, Adam Wingard's *You're Next* and *Postman Pat: The Movie*.

Lionsgate UK continues to release numerous direct-to-video titles per year, the majority of which are acquired in the open market. Elevation, our joint venture with Optimum Releasing/StudioCanal, handles the joint sales and distribution of DVD product for Lionsgate UK.

Television. We continue to expand our television business internationally through sales and distribution of original Lionsgate television series, third party television programming and format acquisitions.

Home entertainment distribution

Home entertainment distribution includes distribution of product to the home entertainment market, including home video, DVD, Blu-ray, VOD and digital/electronic distribution. Our U.S. video distribution operation aims to exploit our filmed and television content library of approximately 13,000 motion picture titles and television episodes and programs, consisting of titles from, among others, Lionsgate, Summit, Mandate Pictures, Artisan Entertainment, Trimark, Miramax, Modern Entertainment, Newmarket Films, Pantelion Films, Roadside Attractions, StudioCanal, Televisa, Wrekin Hill Entertainment, Zoetrope Corporation, Aardman Animations, Disney-ABC Domestic Television, HIT Entertainment, LeapFrog, The Jim Henson Company and Marvel.

In fiscal 2012, we continued to achieve one of the highest box office-to-DVD conversion rates in the industry, maintaining a rate of approximately 40% above that of the industry average. Box office-to-DVD conversion rate is calculated as the ratio of the total first cycle DVD release revenues for a theatrical release compared to the total box-office revenues from such theatrical

release. We also achieved a box office-to-VOD conversion rate of approximately double that of the industry average in the 2011 calendar year. Box office-to-VOD conversion rate is calculated as the ratio of total VOD revenues for a theatrical release compared to the total box-office revenues from such theatrical release.

For the 2011 calendar year, Blu-ray represented 19% of new release packaged media revenue from our new major theatrical releases. According to data from industry sources, in the 2011 calendar year, we held an approximately 6% market share of the Blu-ray packaged media market based on sales volume. We also maintained our overall market share of combined sell-through and rental consumer spend at approximately 6.4% for the 2011 calendar year (and, collectively with Summit, approximately a 9% market share for calendar year 2012 to date).

We distribute or sell our titles directly to mass merchandisers such as Wal-Mart, K-Mart, Best Buy, Target and Costco, and others who buy large volumes of our DVDs and Blu-ray discs to sell directly to consumers. Sales to Wal-Mart accounted for approximately 38% of net home entertainment packaged media revenue in fiscal 2012. No other customer accounted for more than 10% of our revenues in fiscal 2012. We also directly distribute our titles to the rental market through Netflix, Redbox, Blockbuster and Rentrak.

In fiscal 2012, we had two theatrical releases on DVD debut at number one with *Tyler Perry's Madea's Big Happy Family* and *The Twilight Saga: Breaking Dawn - Part 1*. Additionally, in fiscal 2012, we had five titles that debuted at either number one or number two on the Rentrak On-Demand VOD charts with *Tyler Perry's Madea's Big Happy Family*, *The Twilight Saga: Breaking Dawn - Part 1*, *Lincoln Lawyer*, *Conan the Barbarian* and *Abduction*.

In addition to our theatrical releases each year, we also acquire and distribute approximately 70 titles annually that have commercial potential in video and ancillary markets, and approximately 50 digital only titles. We also distribute television product on video, including seasons one through five of *Mad Men*, seasons one through eight of *Weeds*, seasons one through four of *Nurse Jackie*, the first season of *Boss*, certain *Saturday Night Live* product currently in our library, seasons one through three of *Blue Mountain State*, the entire catalog of the comedy series *Moonlighting*, the entire catalog of the comedy series *Will and Grace*, the entire catalog of *Little House on the Prairie* and certain Disney-ABC Domestic Television series.

In fiscal 2012, we also released several direct-to-video titles including two Tyler Perry titles, *Tyler Perry's Laugh to Keep from Crying* and *A Madea Christmas: The Play*, and *Set Up*, starring Bruce Willis, Curtis Jackson, and Ryan Phillippe, a title released through our wholly-owned subsidiary, Grindstone Entertainment. Grindstone Entertainment acquires approximately 30 to 35 motion pictures per year, both as finished pictures and as "pre-buys" based on script, cast and genres, and creates targeted key art, marketing materials and release plans for its acquisitions, which we then distribute on DVD, VOD and other media. We also continued our relationship with After Dark Films, releasing seven *After Dark Originals*, their first slate of all self-produced horror pictures.

We remain a leader in distribution of fitness product. For the 2011 calendar year, we had an approximate 30% market-share in fitness and ranked number two among all distributors. For the 2012 calendar year to date, we have an approximate 25% market share in fitness. Our fitness lineup includes popular series such as Denise Austin, Jillian Michaels, *The Biggest Loser* and *Dancing With The Stars*, as well as titles from Billy Blanks Jr., and Jane Fonda. We had four of the top nine fitness releases of the year in fiscal 2012, including *Jillian Michaels: 30 Day Shred* (which is the top selling fitness title of all time), *Jillian Michaels: 6 Week Six Pack*, *Jillian Michaels: Yoga Meltdown* and *Dancing with the Stars: Latin Cardio Dance*. Moreover, in January 2012, in partnership with Google, we launched Lionsgate BeFit, a dedicated fitness channel on YouTube headlined by new original programming and bestselling fitness content.

Our relationship with Tyler Perry, which has been the filmmaker's home since his breakthrough theatrical box office hit *Diary of a Mad Black Woman* in February 2005, continues. In fiscal 2012, we released on DVD the theatrical release of *Madea's Big Happy Family* as well as the direct-to-video releases *Tyler Perry's Laugh to Keep from Crying* and *A Madea Christmas: The Play*. To date, we have also released on DVD the first through eighth volumes of the TBS television series' *Tyler Perry's House of Payne* and the first four seasons of *Tyler Perry's Meet The Browns*. In March 2011, we announced that our first look partnership with Tyler Perry was extended through a new multi-year arrangement for films and home entertainment in which we will continue to distribute DVD's based on his hit films and from his catalog of plays and other material.

Our domestic family entertainment division continues to maintain its position as a leading distributor of children's product. In calendar 2011, according to Nielsen VideoScan, our children's non-theatrical DVD share was 14.4%, the second highest of all studios. This was driven, in part, by our continued distribution of product from HIT Entertainment, Aardman Animations, LeapFrog, The Jim Henson Company, Marvel and our catalog of premiere children's brands including *Bratz*, *Care Bears*, *Clifford the Big Red Dog*, *Speed Racer* and *Teenage Mutant Ninja Turtles*. HIT Entertainment's extensive portfolio of award-

winning children's programming distributed by us includes the children's DVD preschool franchises *Thomas & Friends*, *Barney*, *Bob the Builder*, *Angelina Ballerina* and *Fireman Sam*. Additionally, in fiscal 2012, we continued to produce and distribute direct-to-video family-oriented feature films for educational toy maker LeapFrog, successfully launched *Lost in Lalaloopsy Land: The Search for Pillow*, the first movie based on the MGA Entertainment toy line, Lalaloopsy, and distributed Fred Figglehorn's second movie, *Fred 2: Night of the Living Fred*.

We continue our distribution agreement with Disney-ABC Domestic Television under which we obtained the home entertainment distribution rights to select prime time series and library titles from ABC Studios, including *Boy Meets World*, *Felicity*, *Samantha Who?*, *Dirty Sexy Money*, *According to Jim*, *Hope & Faith*, *8 Simple Rules...for Dating My Teenage Daughter*, *My Wife & Kids*, *Dirt* and *Reaper*.

Our first-look partnership continues with Comcast, which operates Comcast's West Coast entertainment properties, under which we obtained the home entertainment distribution rights to series airing on E! Entertainment Television, The Style Network and G4 including *Keeping Up with the Kardashians*, *Kourtney and Khloe Take Miami*, *Sunset Tan*, *Snoop Dogg's Father Hood*, and *Kimora: Life In The Fab Lane*. We also maintain distribution rights for SyFy's (formerly known as the Sci-Fi Channel) *Alice* mini-series.

Recent developments

In May 2012, we announced that we extended and expanded our partnership with StudioCanal with a long-term renewal of the agreement under which we distribute the StudioCanal library of more than 2,000 titles as well as a new agreement for StudioCanal to distribute the next installment of *The Hunger Games* franchise, *The Hunger Games: Catching Fire*, in the German speaking territories.

In May 2012, we announced that we entered into a partnership with Jeff Clanagan, the founder of CodeBlack Enterprises, a company dedicated to producing, marketing, and distributing quality content, events and brands that appeal to the African American and urban consumer market. The partnership will focus on strengthening our leadership in the urban market on digital and traditional media platforms alike.

In March 2012, we entered into a multi-year licensing agreement with Saban Brands pursuant to which we obtained distribution rights on DVD and Blu-ray, as well as multiple digital rights, for the newly revamped Power Rangers television series, *Saban's Power Rangers Samurai* and *Saban's Power Rangers Super Samurai*, as well as to two Power Rangers' Christmas and Halloween specials, and a Power Rangers movie special. The first releases under the agreement, *Power Rangers Samurai: The Team Unites* and *Power Rangers Samurai: A New Enemy*, are expected to arrive on DVD and digital download for the first time in June 2012.

In January 2012, we entered into an exclusive distribution agreement with MGA Entertainment pursuant to which we acquired rights (for all packaged media and digital platforms in several territories, including the U.S., Canada and the U.K.) to the toy property Lalaloopsy. Our initial home entertainment feature release for this property, *Adventures in Lalaloopsy Land: The Search for Pillow*, launched in March 2012.

Television syndication

We syndicate television programming through our subsidiary, Debmar-Mercury. In fiscal 2012, Debmar-Mercury distributed approximately 1,100 hours and produced approximately 550 episodes of television programming. In fiscal 2013, Debmar-Mercury intends to distribute approximately 1,200 hours and produce approximately 550 episodes of television programming.

Currently, Debmar-Mercury produces and distributes *The Wendy Williams Show*, distributes the ITV Studios America produced *The Jeremy Kyle Show*, distributes *Tyler Perry's House of Payne* and its spinoff, *Meet the Browns*, and Revolution Studios' produced *Are We There Yet*, which will air simultaneously in broadcast syndication and on TBS starting in the fall of 2012. Debmar-Mercury also distributes the strips *Hell's Kitchen*, *South Park*, *True Hollywood Story* and *Family Feud*, which has had successful first run syndication and has been sold to various television stations through the fall of 2015. Debmar-Mercury continues to distribute a movie library featuring Lionsgate titles as well as those from Revolution Studios.

In July 2011, Debmar-Mercury announced that the first eight seasons of *Hell's Kitchen*, produced by ITV Studios America, will be exclusively available on the Hulu Plus subscription service beginning immediately, while current episodes from season nine and a rotating selection of library episodes will also be available on the free, ad-supported Hulu service.

In April 2011, Debmarm-Mercury announced that TBS ordered ten episodes of the new series *Tyler Perry's For Better or Worse*, a sitcom based on Tyler Perry's hit film *Why Did I Get Married?*. The series launched in November 2011. In February 2012, Debmarm-Mercury received an order from TBS for an additional 35 episodes of the new series. Overall, 439 episodes of Debmarm-Mercury's syndicated sitcoms with Tyler Perry have been ordered to-date.

In July 2011, we announced that FX had ordered Charlie Sheen's *Anger Management*. FX ordered the new sitcom under Debmarm-Mercury's unique syndication model, under which the first 10 episodes were ordered and, in success, FX will automatically pick up an additional 90 episodes. The series will air exclusively on FX beginning in June 2012, until the off-network episodes start airing in broadcast syndication beginning in the fall of 2014.

Pay and free television distribution

We currently have more than 1,000 titles in active distribution in the domestic cable, free and pay television markets. Pay television rights include rights granted to cable, direct broadcast satellite and other services paid for by subscribers. We sell our library titles and new product to major cable channels such as pay networks including EPIX, HBO, Starz and Showtime, as well as basic cable channels including USA Network, FX, Turner Networks, BET, ABC Family, SyFy, Lifetime, MTV, Comedy Central, Spike, AMC Networks, OWN, Reelz, Telemundo and Telefutera.

We also directly distribute pay-per-view and VOD to cable, satellite and internet providers such as Comcast, Time Warner, Cox Communications, through iN Demand, Charter Communications, AT&T Uverse and Verizon FIOS through Avail-TVN, Cablevision, DirecTV and DISH Network. During fiscal 2012, we completed multi-year licensing agreements with Starz (for greater than 500 titles) and Showtime (for greater than 250 titles). Additionally, we continue to distribute our library of motion picture titles and television episodes and programs through EPIX, our joint venture with Viacom, Paramount Pictures and MGM.

Digital distribution

We deliver content through a broad spectrum of digital media platforms. We distribute first run theatrical films, television series, our movie library, third party product and product not available on DVD to distribution outlets including iTunes, Amazon, Microsoft's Xbox, Sony's Playstation Network, Netflix, Best Buy/CinemaNow, Hulu, YouTube, and Wal-Mart/Vudu.

Through our partnership with EPIX, we offer product via the internet and to multiple devices for consumption "anytime/anywhere" by EPIX subscribers. In August 2010, EPIX announced an agreement through which Netflix members can instantly watch an array of new releases and library titles from EPIX streamed over the internet from Netflix beginning September 1, 2010. EPIX has subscription pay television rights to new releases and movies from the libraries of its partners and makes these movies available to Netflix 90 days after their premium pay television and subscription on demand debuts. Historically, the rights to distribute these films are pre-sold to pay television for as long as nine years after their theatrical release.

Additionally, our licensing relationship with Netflix continues. In April 2011, we announced a multiyear syndication deal with Netflix pursuant to which we licensed the first four seasons of *Mad Men* to be watched instantly by Netflix members beginning July 2011, with additional seasons being added annually after they air on their respective seasons on the AMC network.

We also operate FEARnet, a branded multiplatform programming and content service provider of horror genre films, in connection with partners Comcast and Sony, and own an interest in Break Media, a viral marketing company that creates new opportunities for showcasing our feature films and television programming. Additionally, we have partnered with YouTube to create branded "Lionsgate" channels which enable us to post full length films and television episodes and to post promotional scenes from our film and television libraries. In addition to sharing advertising revenue from the channel, a banner on the page leads to our online shop, where our films and shows highlighted in the promotional scenes are available for purchase as DVDs or Blu-ray discs in digital form.

More recently, we continue to position our content against a growing and expanding SVOD marketplace. We currently have over 2,000 films and television episodes in active distribution in the SVOD market and sell our library titles and television shows to established and emerging providers such as Amazon, DISH Network, EPIX, Hulu and Netflix. During the past fiscal year, we completed distribution licenses with Comcast to license HIT Entertainment properties (such as *Thomas & Friends* and *Barney*), Hulu (for *Hell's Kitchen*) and Netflix (for *Weeds*), as well as licenses for "television premiere" and direct-to-video content, such as a license to Netflix for *Fred 2: Night of the Living Fred* and *Setup*.

Ancillary markets

In addition to the distribution described above, we also license the right to non-theatrical uses of our films to distributors who, in turn, make a motion picture available to airlines, hotels, schools, oil rigs, public libraries, prisons, community groups, the armed forces, ships at sea and others.

Joint Ventures and Partnerships

Break Media. In June 2007, we acquired an interest in Break Media, a creator, publisher and distributor of digital entertainment content. The company's properties include the current number one online video humor site, Break.com (as measured by comScore for April 2012), as well as other properties such as MadeMan, Gamefront and DamnYouAutoCorrect. The company's content is available across multiple platforms through its relationships with partners such as Panasonic, Sony and Roku, as well as through its proprietary, top rated, mobile apps. Break Media's creative lab is an in-house production studio creating original videos that range from award-winning branded entertainment to popular original series. Break Media is recognized as a leader in pairing content and advertising and was named media partner of the year last year by ThinkLA, an advertising organization.

Celestial Tiger Entertainment. In December 2011, we announced that we had formed a partnership with SCG and Celestial Pictures to create Celestial Tiger Entertainment, a diversified media company dedicated to entertaining audiences in Asia and beyond. The company focuses on the operation of branded pay television channels, content creation and content distribution targeted at Asian consumers. Celestial Tiger Entertainment operates a bouquet of distinct pay television channels including: CELESTIAL MOVIES, one of the most broadly distributed 24-hour Chinese and Asian movies channel in the world; CELESTIAL CLASSIC MOVIES, the gateway to an array of Chinese movie masterpieces; CELESTIAL MOVIES ON DEMAND, Celestial's subscription video on demand service; KIX, the ultimate in action entertainment; THRILL, Asia's only horror and suspense movie channel; and KIX HD, featuring the best of action with a late-night dose of thrillers in high definition. As one of Asia's largest vertically integrated entertainment companies, Celestial Tiger Entertainment produces original content which complements its channels' business. Celestial Tiger Entertainment is also the exclusive sales agent of content from Lionsgate in all media in Southeast Asia and China.

EPIX. In April 2008, we formed a joint venture with Viacom, Paramount Pictures and MGM called EPIX, a premium entertainment service available on television, VOD, online and on consumer electronic devices. With access to more than 15,000 motion pictures spanning the vast libraries of its partners and other studios, EPIX provides a powerful entertainment experience with more feature films on demand and online and more HD movies than any other service. It is the only premium service providing its entire monthly line-up of new Hollywood hits, classic feature films, documentaries and original concerts, comedy and sporting events on all platforms. EPIX delivers more than 3,000 titles to authenticated subscribers on EpixHD.com and on hundreds of devices including Xbox consoles, Android tablets and mobile phones, Roku players, Samsung Smart TVs and Blu-ray players, iPads, iPhones and more. EPIX is available to over 30 million homes nationwide through distribution partners including Charter Communications, Cox Communications, DISH Network, Mediacom Communications, NCTC, Suddenlink Communications and Verizon FiOS.

FEARnet. In October 2006, along with Sony and Comcast, we formed FEARnet, a branded multiplatform programming and content service provider of horror, thriller, and suspense genre films and programming. FEARnet is a cutting-edge, multiplatform television network available in three formats - as a regular linear channel, as a separate on-demand channel, and online as fearnet.com, 24 hours per day, seven days per week. FEARnet launched its traditional linear cable channel in high definition on October 31, 2010 and is currently available nationally on linear and/or demand on AT&T U-Verse, Buckeye Cablevision, Comcast, Cox Communications, Frontier Communications, Glasgow Electric Plant Board, Guadalupe Valley Communications Systems, Shrewsbury Electric and Cable, Verizon FiOS and Time Warner Cable. According to Rentrak, FEARnet has generated over 629 million on-demand movie views since inception, and is a top free movie VOD channel. FEARnet has also been a top ten free VOD channel for 50 consecutive months and, according to comScore, is consistently a top genre website, ranking number one among unique visitors of horror sites. Moreover, FEARnet has enjoyed the longest visitor duration of any genre website for 27 months in a row.

During this past fiscal year, FEARnet produced its first original television series, the comedy series *Holliston*, which was recently renewed for a second season. *Holliston* was paired with FEARnet's television series acquisitions, *Todd and the Book of Pure Evil* (from Canada) and *Psychoville* (from the U.K.), as part of FEARnet's branded "Twisted Comedy" block of programming. Other branded stunts and interstitials included "Sinister Sundays," "Fearful First 5" and "Movies with More Brains." FEARnet also draws from all major and independent studios and includes targeted foreign language films for its motion picture programming. During the past fiscal year, television premieres included the theatrical hits *The Collector* (2009 version) and *Carriers*, starring Chris Pine, as well as made-for-television sequels in the popular *Rec*, *Hostel* and *30 Days Of Night* franchises. Broadcast premieres included the theatrical films *The Ruins* and *Quarantine*, among others.

Pantelion Films. In September 2010, we announced the launch of Pantelion Films, a joint venture with Televisa, designed to produce, acquire and distribute a slate of English and Spanish language feature films to target Hispanic moviegoers in the U.S. Pantelion Films is committed to release a theatrical slate of eight to ten films per year, as well as to offer a diverse slate of premier Spanish language films. In fiscal 2012, Pantelion Films released six titles theatrically, including the following:

- *Casa De Mi Padre*- Armando Alvarez has lived and worked on his father's ranch in Mexico his entire life. As the ranch faces financial strains, Armando's younger brother, Raul, shows up with his new fiancée, Sonia, and pledges to settle all his father's debts. It seems that Raul's success as an international businessman means the ranch's troubles are over, but when Armando falls for Sonia, and Raul's business dealings turn out to be less than legit, the Alvarez family finds themselves in a full-out war with Mexico's most feared drug lord, the mighty Onza (released in March 2012).
- *No Eres Tu Soy Yo* - Javier only wants one thing in life: to be happy with Maria, but shortly after their wedding, destiny changes his plans. What follows is a hilarious story about a man who rides an emotional rollercoaster through heart-break, ending up in unsuspecting places and circumstances (released in April 2011).
- *Saving Private Perez* - Julian Perez, Mexico's most notorious leader of organized crime, must embark on a mission given to him by the only authority he respects... his mother. Joined by a colorful band of infamous criminals, Julian must risk his life to fulfill his mother's wish and rescue his brother from the war-ridden bowels of the most treacherous land in the world, Iraq (released in September 2011).

In 2013, Pantelion Films intends to continue to expand its theatrical slate, and also launch a direct-to-video business. Pantelion Films' current slate includes release of the following:

- *Girl In Progress* - see summary above.
- *Aztec Warrior* - Lucha libre meets kung fu in this action comedy where a disgraced Mexican superhero and his uncomfortably loyal midget sidekick take on the evil masked villain, El Diablo. In the classic battle of good versus evil, can Aztec Warrior bring down his nemesis before his drinking, womanizing, and utter lack of self-respect bring him down?
- *El Cartel De Los Sapos* - Set within the power struggle that occurred between Colombia's powerful drug cartels after the death of "Cocaine King," Pablo Escobar, this true-life story follows Martin Gonzales and his meteoric rise and fall from the top of the most ruthless crime syndicate in the world.
- *El Infierno* - Benny Garcia is an unassuming, hardworking Mexican who is deported from the U.S. after 20 years of life as an illegal alien. Faced with no other choice, he returns to his poor rural hometown in northern Mexico and learns that most of his family and friends have either joined the local drug cartels or have been killed by them. Despite Benny's best efforts to remain on a straight path, he veers off course and embarks on a journey filled with violence, corruption and greed.
- *La Ultima Muerte* - Dr. Alexanderson finds an unconscious young man by the doorstep of his cabin. He will try to piece together the man's broken memory without knowing the dangers his family and friends will be exposed to in this psychological revenge thriller.

Roadside Attractions. In July 2007, we acquired an interest in Roadside Attractions, an independent theatrical distribution company. The company's 2009 release, *The Cove*, captured the Academy Award® for Best Feature Documentary, and in 2010, its six Academy Award® nominations - four, including Best Picture, for Debra Granik's *Winter's Bone*, and two, including Best Foreign Language Film, for Alejandro Gonzalez Inarritu's *Biutiful*, solidified its position on the distributor landscape. In calendar 2011 and in the first half of calendar 2012, Roadside Attractions released the following: J.C. Chandor's Academy Award® nominated *Margin Call* starring Kevin Spacey, Zachary Quinto, Paul Bettany and Jeremy Irons; Robert Redford's *The Conspirator* starring James McAvoy and Robin Wright; Academy Award® winning filmmaker James Marsh's *Project Nim*; Miranda July's *The Future*; Maryam Keshavarz's *Circumstance*; Academy Award® nominated *Albert Nobbs* starring Glenn Close and Janet McTeer; and *Friends With Kids* starring Adam Scott, Jennifer Westfeldt, Jon Hamm, Kristen Wiig, Maya Rudolph, Chris O'Dowd, Megan Fox and Edward Burns. Roadside Attractions' upcoming theatrical slate may include *Arbitrage*, starring Richard Gere, Susan Sarandon and Tim Roth.

TV Guide Network. In January 2009, we acquired TV Guide Network, and sold a 49% interest to OEP in May 2009. TV Guide Network is a full-screen entertainment destination with programming that celebrates Hollywood, its stars and shows that fans

love. Seen in more than 80 million homes nationwide, TV Guide Network delivers original series and specials that bring viewers closer to their favorite celebrities. TV Guide Network's programming includes: original reality series *Wilson Phillips: Still Holding On*, featuring the music trio's comeback, and *Nail Files* starring Hollywood's self-proclaimed Queen of Nails, Katie Cazorla; red carpet coverage at Hollywood galas such as the Academy Awards®, Primetime Emmy® Awards and Grammy® Awards; and specials that bring entertainment fans the latest news in Hollywood and pop culture.

TVGuide.com has set new records for traffic and revenue for the past three years, while consistently delivering market-leading innovation and highest user engagement metrics in the competitive category. TVGuide.com currently has 24 million monthly unique users and over 6.5 million mobile application installations. In 2012, TVGuide.com intends to integrate into its mobile applications mass market entertainment products such as personalized watchlists and social television check-ins.

Intellectual Property

We are currently using a number of trademarks including “LIONS GATE HOME ENTERTAINMENT,” “ARTISAN HOME ENTERTAINMENT,” “FAMILY HOME ENTERTAINMENT,” “DIRTY DANCING,” “THE BLAIR WITCH PROJECT,” “RESERVOIR DOGS” and “MAD MEN” in connection with our domestic home video distribution, “LIONS GATE FILMS,” “LGF FILMS,” “ARTISAN ENTERTAINMENT,” “TRIMARK PICTURES,” “GHOST HOUSE PICTURES,” “GRINDSTONE ENTERTAINMENT GROUP” and “MANDATE PICTURES” in connection with films distributed domestically and licensed internationally and “LIONS GATE TELEVISION,” “TRIMARK TELEVISION” and “DEBMAR/MERCURY” in connection with licenses to free, pay and cable television. Additionally, through Summit, we are using the trademarks “SUMMIT ENTERTAINMENT,” “TWILIGHT,” “NEW MOON,” “ECLIPSE,” and “BREAKING DAWN” as well as various other trademarks derived from and associated with the *Twilight* franchise.

The trademarks “LIONSGATE,” “LIONS GATE HOME ENTERTAINMENT,” “TV GUIDE,” “TV GUIDE NETWORK,” “LIONS GATE SIGNATURE SERIES,” “ARTISAN ENTERTAINMENT,” “TRIMARK PICTURES,” “DIRTY DANCING,” “THE BLAIR WITCH PROJECT,” “RESERVOIR DOGS,” “SAW,” “MAD MEN,” “SUMMIT ENTERTAINMENT,” “TWILIGHT,” “NEW MOON,” “ECLIPSE,” and “BREAKING DAWN,” among others, are registered with the U.S. Patent and Trademark Office and various international trademark authorities. We regard our trademarks as valuable assets and believe that our trademarks are an important factor in marketing our products.

Copyright protection is a serious problem in the DVD and Blu-ray distribution industry because of the ease with which DVDs and Blu-ray discs may be duplicated. In the past, certain countries permitted video pirating to such an extent that we did not consider these markets viable for distribution. Video piracy continues to be prevalent across the entertainment industry. We and other video distributors have taken legal actions to enforce copyright protection when necessary.

We also hold various domain names relating to our trademarks and service marks including lionsgate.com, summit-ent.com and tvguide.com.

Competition

Television and motion picture production and distribution are highly competitive businesses. We face competition from companies within the entertainment business and from alternative forms of leisure entertainment, such as travel, sporting events, outdoor recreation, video games, the internet and other cultural and computer-related activities. We compete with the major studios, numerous independent motion picture and television production companies, television networks, pay television systems and digital media platforms for the acquisition of literary and film properties, the services of performing artists, directors, producers and other creative and technical personnel and production financing, all of which are essential to the success of our entertainment businesses. In addition, our motion pictures compete for audience acceptance and exhibition outlets with motion pictures produced and distributed by other companies.

Likewise, our television product faces significant competition from independent distributors as well as major studios. As a result, the success of any of our motion pictures and television product is dependent not only on the quality and acceptance of a particular film or program, but also on the quality and acceptance of other competing motion pictures or television programs released into the marketplace at or near the same time.

Employees

As of May 25, 2012, we had 607 full-time employees in our worldwide operations. We also utilize many consultants in the ordinary course of our business and hire additional employees on a project-by-project basis in connection with the production of our motion pictures and television programming. We believe that our employee and labor relations are good.

Corporate History

We are a corporation organized under the laws of the Province of British Columbia, resulting from the merger of Lions Gate Entertainment Corp. and Beringer Gold Corp. on November 13, 1997. Beringer Gold Corp. was incorporated under the Business Corporation Act (British Columbia) on May 26, 1986 as IMI Computer Corp. Lions Gate Entertainment Corp. was incorporated under the Canada Business Corporations Act using the name 3369382 Canada Limited on April 28, 1997, amended its articles on July 3, 1997 to change its name to Lions Gate Entertainment Corp., and on September 24, 1997, continued under the Business Corporation Act (British Columbia).

Financial Information About Segments and Foreign and Domestic Operations

Financial and other information by reporting segment and geographic area as of March 31, 2012 and 2011 and for each of the three years in the period ended March 31, 2012 is set forth in Note 19 to our audited consolidated financial statements.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of Exchange Act, are available, free of charge, on our website at www.lionsgate.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "SEC"). The Company's *Disclosure Policy, Corporate Governance Guidelines, Standards for Director Independence, Code of Business Conduct and Ethics for Directors, Officers and Employees, Code of Ethics for Senior Financial Officers, Policy on Shareholder Communications, Related Person Transaction Policy, Charter of the Audit Committee, Charter of the Compensation Committee and Charter of the Nominating and Corporate Governance Committee* and any amendments thereto are also available on the Company's website, as well as in print to any stockholder who requests them. The information posted on our website is not incorporated into this Annual Report on Form 10-K.

We are filing as exhibits to this Annual Report on Form 10-K certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. We have also filed with the New York Stock Exchange (the "NYSE") the annual certification of our Chief Executive Officer for fiscal 2012, confirming that we were in compliance with NYSE corporate governance listing standards.

The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below as well as other information included in, or incorporated by reference into in this Form 10-K before making an investment decision. The following risks and uncertainties could materially adversely affect our business, results of operations and financial condition. The risks described below are not the only ones facing the Company. Additional risks that we are not presently aware of, or that we currently believe are immaterial, may also become important factors that affect us. All of these risks and uncertainties could adversely affect our business, financial condition and results of operations.

We have had losses, and we cannot assure future profitability.

We have reported operating income for fiscal years 2010, 2011 and 2012 and operating losses for fiscal years 2008 and 2009. We have reported net losses for the fiscal years 2008, 2009, 2010, 2011 and 2012. Our accumulated deficit was \$542.0 million at March 31, 2012. We cannot assure you that we will operate profitably in future periods and, if we do not, we may not be able to meet our debt service requirements, working capital requirements, capital expenditure plans, production slate, acquisition and releasing plans or other cash needs. Our inability to meet those needs could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We face substantial capital requirements and financial risks.

Our business requires a substantial investment of capital. The production, acquisition and distribution of motion pictures and television programs require a significant amount of capital. A significant amount of time may elapse between our expenditure of funds and the receipt of exploitation revenues from or government contributions to our motion pictures or television programs. This time lapse requires us to fund a significant portion of our capital requirements from our senior secured credit facility, Summit's senior secured term loan facility that we entered into in connection with our acquisition of Summit, our revolving film credit facility, and from other financing sources. Although we intend to continue to reduce the risks of our production exposure through financial contributions from broadcasters and distributors, tax credit programs, government and industry programs, other studios and co-financiers and other sources, we cannot assure you that we will continue to implement successfully these arrangements or that we will not be subject to substantial financial risks relating to the production, acquisition, completion and release of future motion pictures and television programs. In addition, if we increase (through internal growth or acquisition) our production slate or our production budgets, we may be required to increase overhead and/or make larger up-front payments to talent and, consequently, bear greater financial risks. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

The costs of producing and marketing feature films have steadily increased and may further increase in the future, which may make it more difficult for a film to generate a profit or compete against other films. The costs of producing and marketing feature films have generally increased from year to year. These costs may continue to increase, which may make it more difficult for our films to generate a profit or compete against other films. Historically, production costs and marketing costs have risen at a higher rate than increases in either the number of domestic admissions to movie theaters or admission ticket prices. A continuation of this trend would leave us more dependent on other media, such as home video, television, international markets and digital for revenue, which revenues may not be sufficient to offset an increase in the cost of motion picture production. If we cannot successfully exploit these other media, it could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Budget overruns may adversely affect our business. Our business model requires that we be efficient in the production of our motion pictures and television programs. Actual motion picture and television production costs often exceed their budgets, sometimes significantly. The production, completion and distribution of motion pictures and television productions are subject to a number of uncertainties, including delays and increased expenditures due to creative differences among key cast members and other key creative personnel or other disruptions or events beyond our control. Risks such as death or disability of star performers, technical complications with special effects or other aspects of production, shortages of necessary equipment, damage to film negatives, master tapes and recordings or adverse weather conditions may cause cost overruns and delay or frustrate completion of a production. If a motion picture or television production incurs substantial budget overruns, we may have to seek additional financing from outside sources to complete production or fund the overrun ourselves. We cannot make assurances regarding the availability of such financing on terms acceptable to us, and the lack of such financing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

In addition, if a motion picture or television production incurs substantial budget overruns, we cannot assure you that we will recoup these costs, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. Increased costs incurred with respect to a particular film may result in any such film not being ready for release at the intended time and the postponement to a potentially less favorable date, all of which could cause a decline in box office performance, and, thus, the overall financial success of such film. Budget overruns could also prevent a picture from being completed or released. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We may not be able to generate sufficient cash to service all of our indebtedness, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including our senior secured credit facility, Summit's senior secured term loan facility, and the indenture governing our senior secured notes. In the absence

of such cash flows or capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our senior secured credit facility, Summit's senior secured term loan facility, and the indenture governing our senior secured notes restrict our ability to dispose of assets and use the proceeds from such dispositions. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under our senior secured credit facility and the Summit senior secured term loan facility could terminate their commitments to lend us money;
- the holders of our secured debt could foreclose against the assets securing their borrowings; and/or
- we could be forced into bankruptcy or liquidation.

Our level of indebtedness could adversely affect our ability to raise additional capital to fund our operations, require us to dedicate substantial capital to servicing our debt obligations, expose us to interest rate risk, limit our ability to pursue strategic business opportunities, react to changes in the economy or our industry and prevent us from meeting our debt obligations.

Historically, we have been highly leveraged and may be highly leveraged in the future. As of March 31, 2012, our consolidated total indebtedness was \$1,622.0 million (carrying value - \$1,579.5 million), which includes the additional debt we incurred in connection with the acquisition of Summit. Our substantial degree of leverage could have important consequences, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, motion picture and television development, production and distribution, debt service requirements, acquisitions or general corporate or other purposes, or limit our ability to obtain such financing on terms acceptable to us;
- a substantial portion of our cash flows from operations will be dedicated to the payment of principal and interest on our indebtedness and will not be available for other purposes, including funding motion picture and television production, development and distribution and other operating expenses, capital expenditures and future business opportunities;
- the debt service requirements of our indebtedness could make it more difficult for us to satisfy our financial obligations;
- certain of our borrowings, including borrowings under our senior secured credit facility and Summit's senior secured term loan facility, are at variable rates of interest, exposing us to the risk of increased interest rates;
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt;
- it may limit our ability to pursue strategic acquisitions and other business opportunities that may be in our best interests;
- we may be vulnerable to a downturn in general economic conditions or in our business; and/or
- we may be unable to carry out capital spending that is important to our growth.

Despite our current indebtedness levels, we and our subsidiaries may be able to incur additional debt in the future, which could further exacerbate the risks described above in the foregoing risk factors.

Although each of our senior secured credit facility, Summit's senior secured term loan facility and the indenture governing our senior secured notes contains covenants that, among other things, limit our ability to incur additional indebtedness, including guarantees, make restricted payments and investments, and grant liens on our assets, the covenants contained in such debt documents provide a number of important exceptions and thus, do not prohibit us or our subsidiaries from doing so. Such exceptions will provide us substantial flexibility to incur indebtedness, grant liens and expend funds to operate our business. For example, under the terms of the indenture governing our senior secured notes (i) with few restrictions, we may incur indebtedness in connection with certain film and television financing arrangements, including without limitation, purchasing or acquiring rights in film or television productions or financing print and advertising expenses, and such indebtedness may be secured by liens senior to the liens in respect of our senior secured notes, and (ii) in limited circumstances, we may make investments in assets that are not included in the borrowing base supporting our senior secured notes, in each case, without having to meet the leverage ratio tests for debt incurrence or to fit such investments within the restricted payments "build-up basket" or within other categories of funds applicable to making investments and other restricted payments under the indenture governing our senior secured notes.

In addition, we may incur additional indebtedness through our \$340.0 million senior secured credit facility. At March 31, 2012, we have borrowed approximately \$99.8 million under our senior secured credit facility and have approximately \$10.0 million in letters of credit outstanding. We could borrow some or all of the remaining permitted amount in the future. The amount we have available to borrow under this facility depends upon our borrowing base, which in turn depends on the value of our existing library of films and television programs, as well as accounts receivable and cash held in collateral accounts.

If new debt is added to our and our subsidiaries' existing high debt levels, this has the potential to magnify the risks discussed above relating to our ability to service our indebtedness and the potential adverse impact our high level of indebtedness could have on us. See *"—We may not be able to generate sufficient cash to service all of our indebtedness, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful" and " Our level of indebtedness could adversely affect our ability to raise additional capital to fund our operations, require us to dedicate substantial capital to servicing our debt obligations, expose us to interest rate risk, limit our ability to pursue strategic business opportunities, react to changes in the economy or our industry and prevent us from meeting our debt obligations."*

An increase in the ownership of our common shares by certain shareholders could trigger a change in control under the agreements governing our long-term indebtedness.

The agreements governing certain of our long-term indebtedness contain change in control provisions that are triggered when any of our shareholders, directly or indirectly, acquires ownership or control in excess of a certain percentage of our common shares. As of May 25, 2012, three of our shareholders, Mark H. Rachesky, M.D., Capital Research Global Investors, and FMR LLC, and their respective affiliates, beneficially owned approximately 35.6%, 10.8% and 5.4%, respectively, of our outstanding common shares.

Under certain circumstances, including the acquisition of ownership or control by a person or group in excess of 50% of our common shares, the holders of our senior secured notes and our convertible senior subordinated notes may require us to repurchase all or a portion of such notes upon a change in control and the holders of our convertible senior subordinated notes may be entitled to receive a make whole premium based on the price of our common shares on the change in control date. We may not be able to repurchase these notes upon a change in control because we may not have sufficient funds. Further, we may be contractually restricted under the terms of our senior secured credit facility and our revolving film credit facility, from repurchasing all of the notes tendered by holders upon a change in control. Our failure to repurchase our senior secured notes upon a change in control would cause a default under the indentures governing the senior secured notes and the convertible senior subordinated notes and a cross-default under our senior secured credit facility and our revolving film credit facility.

Our senior secured credit facility and our revolving film credit facility also provide that a change in control, which includes a person or group acquiring ownership or control in excess of 50% of our outstanding common shares, will be an event of default that permits lenders to accelerate the maturity of borrowings thereunder and to enforce security interests in the collateral securing such debt, thereby limiting our ability to raise cash to purchase our outstanding senior secured notes and convertible senior subordinated notes. Summit's senior secured term loan facility also provides that a change of control, which includes a person or group acquiring ownership or control in excess of 90% of the membership interests in Summit, will be an event of default that permits lenders to accelerate the maturity of borrowings thereunder. Any of our future debt agreements may contain similar provisions.

Restrictive covenants may adversely affect our operations.

Our senior secured credit facility, Summit's senior secured term loan facility and the indenture governing our senior secured notes contain various covenants that, subject to certain exceptions, limit our ability to, among other things:

- incur or assume additional debt or provide guarantees in respect of obligations of other persons;
- issue redeemable stock and preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt that is junior in right of payment to our senior secured notes;
- make loans, investments and capital expenditures;
- incur liens;
- engage in sale/leaseback transactions;
- restrict dividends, loans or asset transfers from our subsidiaries;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- consolidate or merge with or into, or sell substantially all of our assets to, another person;
- enter into transactions with affiliates; and
- enter into new lines of business.

These covenants may prevent us from raising additional financing, competing effectively or taking advantage of new business opportunities. In addition, the restrictive covenants in our senior secured credit facility and Summit's senior secured term loan facility require us to maintain specified financial ratios and satisfy other financial condition tests and the indenture governing our senior secured notes, outside of specified exceptions, require us to satisfy certain financial tests in order to engage in activities such as incurring debt or making restricted payments. Our ability to comply with these covenants or meet those financial ratios and tests can be affected by events beyond our control (such as a change in control event), and we cannot assure you that we will meet them. See “-An increase in the ownership of our common shares by certain shareholders could trigger a change in control under the agreements governing our long-term indebtedness.” Upon the occurrence of an event of default under our senior secured credit facility, Summit's senior secured term loan facility, the indenture governing our senior secured notes or the agreements governing our other financing arrangements, the holders of such debt could elect to declare all amounts outstanding to be immediately due and payable and the lenders under our senior secured credit facility could terminate all commitments to extend further credit. Further, the holders of our secured debt that is secured by a first priority or other senior lien, could proceed against the collateral granted to them to secure that indebtedness, which collateral represents substantially all of our assets. If the holders of our debt accelerate the repayment of borrowings, we cannot assure you that we will have sufficient cash flow or assets to repay our debt, or borrow sufficient funds to refinance such indebtedness. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us.

Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Certain of our borrowings, primarily borrowings under our senior secured credit facility and Summit's senior secured term loan facility, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net loss would increase. The applicable margin with respect to loans under our senior secured credit facility is a percentage per annum equal to 2.50% plus an adjusted rate based on LIBOR. The applicable margin with respect to loans under Summit's senior secured term loan facility is a percentage per annum equal to 4.50% plus an adjusted rate based on Alternative Base Rate Loans (as defined therein) and 5.50% plus an adjusted rate based on LIBOR loans (subject to a LIBOR floor of 1.25%). The applicable margin with respect to loans under our film credit facility is a percentage per annum equal to 3.25% over the “LIBO” rate (as defined in the film credit facility).

Assuming our senior secured credit facility, Summit's senior secured term loan facility and our revolving film credit facility are fully drawn, based on the applicable LIBOR in effect as of March 31, 2012, each quarter point change in interest rates would result in a \$0.9 million change in annual interest expense on our senior secured credit facility, \$1.2 million change in annual interest expense on Summit's senior secured term loan facility, and \$0.3 million change in annual interest expense on our film credit facility. In the future, we may enter into interest rate swaps, involving the exchange of floating for fixed rate interest payments, to reduce interest rate volatility.

Our revenues and results of operations may fluctuate significantly.

Our results of operations are difficult to predict and depend on a variety of factors. Our results of operations depend significantly upon the commercial success of the motion pictures and television programming that we distribute, which cannot be predicted with certainty. In particular, the underperformance at the box office of one or more motion pictures in any period may cause our revenue and earnings results for that period (and potentially, subsequent periods) to be less than anticipated, in some instances to a significant extent. Accordingly, our results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future periods.

Our results of operations also fluctuate due to the timing, mix, number and availability of our theatrical motion picture and home entertainment releases, as well as license periods for our content. Our operating results may increase or decrease during a particular period or fiscal year due to differences in the number and/or mix of films released compared to the corresponding period in the prior year or prior fiscal year.

Moreover, our results of operations may be impacted by the success of critically acclaimed and award winning films, including Academy Award® winners and nominees. We cannot assure you that we will manage the production, acquisition and distribution of future motion pictures as successfully as we have done with these recent critically acclaimed, award winning and/or commercially popular films or that we will produce or acquire motion pictures that will receive similar critical acclaim or perform as well commercially. Any inability to achieve such commercial success could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Our operating results also fluctuate due to our accounting practices (which are standard for the industry) which may cause us to recognize the production and marketing expenses in different periods than the recognition of related revenues, which may occur in later periods. For example, in accordance with GAAP and industry practice, we are required to expense film advertising costs as incurred, but are also required to recognize the revenue from any motion picture or television program over the entire revenue stream expected to be generated by the individual picture or television program. In addition, we amortize film and television programming costs using the "individual-film-forecast" method. Under this accounting method, we amortize film and television programming costs for each film or television program based on the following ratio:

$$\frac{\text{Revenue earned by title in the current period}}{\text{Estimated total future revenues by title as of the beginning of the year}}$$

We regularly review, and revise when necessary, our total revenue estimates on a title-by-title basis. This review may result in a change in the rate of amortization and/or a write-down of the film or television asset to its estimated fair value. Results of operations in future years depend upon our amortization of our film and television costs. Periodic adjustments in amortization rates may significantly affect these results.

In addition, the comparability of our results may be affected by changes in accounting guidance or changes in our ownership of certain assets and businesses. For example, in fiscal 2011, we retrospectively deconsolidated our interest in TV Guide Network due to new accounting guidance and now account for our holding in that business under the equity method of accounting. Further, in August 2011, we sold our majority interest in Maple Pictures Corp. and therefore no longer include the results of operations of that business in our consolidated results of operations although we will record the amounts reported to us from the distribution of our products net of certain distribution fees and expenses, as revenue. Accordingly, our results of operations from year to year may not be directly comparable to prior reporting periods.

As a result of the foregoing and other factors, our results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for any future period.

Due to the difficulty of predicting our results of operations and the other factors, it is difficult for industry or financial analysts to accurately forecast our results. The trading market for our common shares is influenced by the research and reports that such industry or financial analysts publish about us or our business. If an analyst who covers us changes his or her financial estimates or investment recommendation, or if our results of operations fall short of their estimates, the price of our common shares could decline.

We have few output agreements with cable and broadcast channels. We distribute our library of motion picture titles and television episodes and programs through EPIX, certain broadcast channels such as TV Guide Network (which exhibit our films, but license such rights on a film-by-film, rather than an output basis) and, specifically, for certain Summit motion picture titles, through Showtime Networks and, commencing in January 2013, through HBO. We also cannot assure you that we will be able to secure other output agreements on acceptable terms, if at all. Without multiple output agreements that typically contain guaranteed minimum payments, our revenues may be subject to greater volatility, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We do not have long-term arrangements with many of our production partners. We typically do not enter into long term distribution contracts with the creative producers of the films we produce, acquire or distribute. For example, we have a "first-look" arrangement with Tyler Perry that gives us a right to negotiate for the purchase of distribution rights to films if certain criteria are met but, even if we negotiate for such purchase, we are not guaranteed to obtain such distribution rights. Further, we have an agreement with the creators of the Saw franchise that gives us the right to compel production through Saw IX under certain contractual conditions and, thereafter, the right to "opt in" under certain economic terms for future Saw films if our partner elects to produce such pictures. Additionally, Summit has agreements with Vendome International which give Summit the first opportunity to be the domestic distributor and to act as sales agent in the international territory for qualifying motion pictures. Summit also has an agreement with Participant Media which provides for the potential co-financing and/or distribution by Summit of certain qualifying motion pictures controlled by Participant Media. Moreover, we generally have certain derivative rights that provide us with distribution rights to, for example, prequels, sequels and remakes of certain films we produce, acquire or distribute. However, there is no guarantee that we will produce, acquire or distribute future films by any creative producer, and a failure to do so could adversely affect our business, financial condition, operating results, liquidity and prospects.

We rely on a few major retailers and distributors for a material portion of our business and the loss of any of those retailers or distributors could reduce our revenues and operating results. Wal-Mart represented approximately 12% of our revenues in fiscal 2012. In addition, a small number of other retailers and distributors account for a significant percentage of our revenues.

We do not have long-term agreements with retailers. We cannot assure you that we will continue to maintain favorable relationships with our retailers and distributors or that they will not be adversely affected by economic conditions. If any of these retailers or distributors reduces or cancels a significant order, it could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Our revenues and results of operations are vulnerable to currency fluctuations. We report our revenues and results of operations in U.S. dollars, but a significant portion of our revenues is earned outside of the U.S. Our principal currency exposure is between Canadian dollars, pounds sterling and U.S. dollars. We cannot accurately predict the impact of future exchange rate fluctuations on revenues and operating margins, and fluctuations could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. From time to time, we may experience currency exposure on distribution and production revenues and expenses from foreign countries, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Failure to manage future growth may adversely affect our business.

We are subject to risks associated with possible acquisitions, business combinations, or joint ventures. From time to time, we engage in discussions and activities with respect to possible acquisitions, sale of assets, business combinations, or joint ventures intended to complement or expand our business, some of which may be significant transactions for us. For instance, in January 2012 we acquired Summit, and in January 2012, we formed Celestial Tiger Entertainment with SCG and Celestial Pictures. We may not realize the anticipated benefit from any of the transactions we pursue. Regardless of whether we consummate any such transaction, the negotiation of a potential transaction (including associated litigation and proxy contests), as well as the integration of the acquired business, could require us to incur significant costs and cause diversion of management's time and resources. Any such transaction could also result in impairment of goodwill and other intangibles, development write-offs and other related expenses. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We may be unable to integrate any business that we acquire or have acquired or with which we combine or have combined. Integrating any business that we acquire or have acquired or with which we combine or have combined is distracting to our management and disruptive to our business and may result in significant costs to us. We could face challenges in consolidating functions and integrating procedures, information technology and accounting systems, personnel and operations in a timely and efficient manner. If any such integration is unsuccessful, or if the integration takes longer than anticipated, there could be a material adverse effect on our business, financial condition, operating results, liquidity and prospects. We may have difficulty managing the combined entity in the short term if we experience a significant loss of management personnel during the transition period after the significant acquisition.

Claims against us relating to any acquisition or business combination may necessitate our seeking claims against the seller for which the seller may not indemnify us or that may exceed the seller's indemnification obligations. There may be liabilities assumed in any acquisition or business combination that we did not discover or that we underestimated in the course of performing our due diligence investigation. Although a seller generally will have indemnification obligations to us under an acquisition or merger agreement, these obligations usually will be subject to financial limitations, such as general deductibles and maximum recovery amounts, as well as time limitations. We cannot assure you that our right to indemnification from any seller will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the amount of any undiscovered or underestimated liabilities that we may incur. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We may not be able to obtain additional funding to meet our requirements. Our ability to grow through acquisitions, business combinations and joint ventures, to maintain and expand our development, production and distribution of motion pictures and television programs, and to fund our operating expenses depends upon our ability to obtain funds through equity financing, debt financing (including credit facilities) or the sale or syndication of some or all of our interests in certain projects or other assets or businesses. If we do not have access to such financing arrangements, and if other funds do not become available on terms acceptable to us, there could be a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Our dispositions may not aid our future growth. If we determine to sell individual properties, libraries or other assets or businesses, we will benefit from the net proceeds realized from such sales. However, our revenues may suffer in the long term due to the disposition of a revenue generating asset, which may diminish our ability to service our indebtedness and repay our notes and our other indebtedness at maturity. In addition, the timing of such dispositions may be poor, causing us to fail to realize the full value of the disposed asset, which also may diminish our ability to service our indebtedness and repay our notes and our other indebtedness at maturity. Furthermore, our goal of building a diversified platform for future growth may be

inhibited if the disposed asset contributed in a significant way to the diversification of our business platform.

A significant portion of our filmed and television content library revenues comes from a small number of titles.

We depend on a limited number of titles in any given fiscal quarter for the majority of the revenues generated by our filmed and television content library. In addition, many of the titles in our library are not presently distributed and generate substantially no revenue. If we cannot acquire new product and the rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures or other strategic alliances, it could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We are limited in our ability to exploit a portion of our filmed and television content library.

Our rights to the titles in our filmed and television content library vary; in some cases, we have only the right to distribute titles in certain media and territories for a limited term. We cannot assure you that we will be able to renew expiring rights on acceptable terms and that any failure to renew titles generating a significant portion of our revenue would not have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Our success depends on external factors in the motion picture and television industry.

Our success depends on the commercial success of motion pictures and television programs, which is unpredictable. Operating in the motion picture and television industry involves a substantial degree of risk. Each motion picture and television program is an individual artistic work, and inherently unpredictable audience reactions primarily determine commercial success. Generally, the popularity of our motion pictures or television programs depends on many factors, including the critical acclaim they receive, the format of their initial release, for example, theatrical or direct-to-video, the actors and other key talent, their genre and their specific subject matter. The commercial success of our motion pictures or television programs also depends upon the quality and acceptance of motion pictures or programs that our competitors release into the marketplace at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions and other tangible and intangible factors, many of which we do not control and all of which may change. We cannot predict the future effects of these factors with certainty, any of which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. In addition, because a motion picture's or television program's performance in ancillary markets, such as home video and pay and free television, is often directly related to its box office performance or television ratings, poor box office results or poor television ratings may negatively affect future revenue streams. Our success will depend on the experience and judgment of our management to select and develop new investment and production opportunities. We cannot make assurances that our motion pictures and television programs will obtain favorable reviews or ratings, that our motion pictures will perform well at the box office or in ancillary markets or that broadcasters will license the rights to broadcast any of our television programs in development or renew licenses to broadcast programs in our library. The failure to achieve any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Global economic turmoil and regional economic conditions in the U.S. could adversely affect our business. The global economic turmoil of recent years has caused a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, an unprecedented level of intervention from the U.S. federal government and other foreign governments, decreased consumer confidence, overall slower economic activity and extreme volatility in credit, equity and fixed income markets. While the ultimate outcome of these events cannot be predicted, a decrease in economic activity in the U.S. or in other regions of the world in which we do business could adversely affect demand for our films, thus reducing our revenue and earnings. A decline in economic conditions could reduce performance of our theatrical, television and home entertainment releases. In addition, an increase in price levels generally, could result in a shift in consumer demand away from the entertainment we offer, which could also adversely affect our revenues and, at the same time, increase our costs. Moreover, financial institution failures may cause us to incur increased expenses or make it more difficult either to financing of any future acquisitions, or financing activities. We cannot predict the timing or the duration of this or any other downturn in the economy and we are not immune to the effects of general worldwide economic conditions.

Licensed distributors' failure to promote our programs may adversely affect our business. Licensed distributors' decisions regarding the timing of release and promotional support of our motion pictures, television programs and related products are important in determining the success of these pictures, programs and products. We do not control the timing and manner in which our licensed distributors distribute our motion pictures or television programs. Any decision by those distributors not to distribute or promote one of our motion pictures, television programs or related products or to promote our competitors' motion pictures, television programs or related products to a greater extent than they promote ours could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We could be adversely affected by strikes or other union job actions. We are directly or indirectly dependent upon highly specialized union members who are essential to the production of motion pictures and television programs. A strike by, or a lockout of, one or more of the unions that provide personnel essential to the production of motion pictures or television programs could delay or halt our ongoing production activities. Such a halt or delay, depending on the length of time, could cause a delay or interruption in our release of new motion pictures and television programs, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We face substantial competition in all aspects of our business.

We are smaller and less diversified than many of our competitors. As an independent distributor and producer, we constantly compete with major U.S. and international studios. Most of the major U.S. studios are part of large diversified corporate groups with a variety of other operations, including television networks and cable channels that can provide both the means of distributing their products and stable sources of earnings that may allow them to better offset fluctuations in the financial performance of their motion picture and television operations. In addition, the major studios have more resources with which to compete for ideas, storylines and scripts created by third parties as well as for actors, directors and other personnel required for production. The resources of the major studios may also give them an advantage in acquiring other businesses or assets, including film libraries, that we might also be interested in acquiring.

The motion picture industry is highly competitive and at times may create an oversupply of motion pictures in the market. The number of motion pictures released by our competitors, particularly the major studios, may create an oversupply of product in the market, reduce our share of box office receipts and make it more difficult for our films to succeed commercially. Oversupply may become most pronounced during peak release times, such as school holidays and national holidays, when theater attendance is expected to be highest. For this reason, and because of our more limited production and advertising budgets, we typically do not release our films during peak release times, which may also reduce our potential revenues for a particular release. Moreover, we cannot guarantee that we can release all of our films when they are otherwise scheduled. In addition to production or other delays that might cause us to alter our release schedule, a change in the schedule of a major studio may force us to alter the release date of a film because we cannot always compete with a major studio's larger promotion campaign. Any such change could adversely impact a film's financial performance. In addition, if we cannot change our schedule after such a change by a major studio because we are too close to the release date, the major studio's release and its typically larger promotion budget may adversely impact the financial performance of our film. The foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. The limited supply of motion picture screens compounds this product oversupply problem. Currently, a substantial majority of the motion picture screens in the U.S. typically are committed at any one time to approximately 10 to 15 films distributed nationally by major studio distributors. In addition, as a result of changes in the theatrical exhibition industry, including reorganizations and consolidations, and major studio releases occupying more screens, the number of screens available to us when we want to release a picture may decrease. If the number of motion picture screens decreases, box office receipts, and the correlating future revenue streams, such as from home entertainment and pay and free television, of our motion pictures may also decrease, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We must successfully respond to rapid technological changes and alternative forms of delivery or storage to remain competitive.

The entertainment industry in general and the motion picture and television industries in particular continue to undergo significant technological developments. Advances in technologies or new methods of product delivery or storage or certain changes in consumer behavior driven by these or other technologies and methods of delivery and storage could have a negative effect on our business. For example, the industry has been experiencing a decline in DVD sales both domestically and internationally as a result of several factors, including new methods of product delivery and storage such as VOD, including release of titles in Blu-ray, and downloading and streaming from the internet. An increase in VOD could decrease home video rentals and DVD sales. In addition, technologies that enable users to fast-forward or skip advertisements, such as digital video recorders, may cause changes in consumer behavior that could affect the attractiveness of our television programs to advertisers, and could therefore adversely affect our revenues. Similarly, further increases in the use of tablets or other portable digital devices that allow users to view content of their own choosing while avoiding traditional commercial advertisements could adversely affect our revenues. Other larger entertainment distribution companies will have larger budgets to exploit these growing trends. We cannot predict how we will financially participate in the exploitation of our motion pictures and television programs through these emerging technologies, or whether we have the right to do so for certain of our library titles or whether the revenues we generate through these emerging technologies will offset any future decline in DVD sales. If we cannot successfully exploit these and other emerging technologies, it could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

If TV Guide Network experiences a decline in the distribution of its network or the network's viewership ratings, or if its affiliation agreements are not renewed or terminated, its operating results may be materially adversely affected.

Revenues at TV Guide Network consist of affiliate fees and advertising revenues. Affiliate fees are dependent on affiliation agreements with cable, satellite and telecom operators for distribution of the network to consumers. These agreements generally provide for the network's level of carriage as well as for payment of a license fee to TV Guide Network based on the number of subscribers receiving the service. Since the majority of TV Guide Network's affiliates are contracted under long-term agreements which contain no or only cost-of-living increases, we do not expect significant growth in affiliate revenues in the future. Accordingly, TV Guide Networks' operating results are highly reliant upon advertising revenue. Advertising sales primarily depend on the extent to which the network is distributed and its viewership ratings, as well as the overall strength of the advertising market. TV Guide Network's ratings have come primarily from analog cable homes where scroll data is still used for guidance. As multi system operators reclaim analog bandwidth to launch more digital services and changes in government regulations result in less bandwidth for programming services, TV Guide Network's analog distribution and, consequently, its viewership ratings, may decline which, in turn, could negatively impact advertising sales. In addition, if TV Guide Network is unable to renew its affiliation agreements or renew them on terms that are as favorable as those currently in effect, or if consolidation of the cable and satellite broadcasting industry results in the termination of some of these agreements, TV Guide Network's affiliate fees may decline. If TV Guide experiences a decrease in advertising sales or affiliate fees, its operating results, and our share of those results, may be adversely affected.

Limitations on control of joint ventures may adversely impact our operations.

We hold our interests in certain businesses as a joint venture or in partnership with non-affiliated third parties. As a result of such arrangements, we may be unable to control the operations, strategies and financial decisions of such joint venture or partnership entities which could in turn result in limitations on our ability to implement strategies that we may favor. In addition, our ability to transfer our interests in businesses owned with third parties is limited under certain joint venture, partnership or similar agreements.

We face risks from doing business internationally.

We distribute motion picture and television productions outside the U.S., in the U.K. and Ireland through Lionsgate UK, and through various output agreement and third party licensees elsewhere, and derive revenues from these sources. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- laws and policies affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws;
- changes in local regulatory requirements, including restrictions on content; differing cultural tastes and attitudes;
- differing degrees of protection for intellectual property;
- financial instability and increased market concentration of buyers in foreign television markets, including in European pay television markets;
- the instability of foreign economies and governments;
- fluctuating foreign exchange rates;
- the spread of communicable diseases in such jurisdictions, which may impact business in such jurisdictions; and
- war and acts of terrorism.

Events or developments related to these and other risks associated with international trade could adversely affect our revenues from non-U.S. sources, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Protecting and defending against intellectual property claims may have a material adverse effect on our business.

Our ability to compete depends, in part, upon successful protection of our intellectual property. We do not have the financial resources to protect our rights to the same extent as major studios. We attempt to protect proprietary and intellectual property rights to our productions through available copyright and trademark laws and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries. We also distribute our products in other countries in which there is no copyright or trademark protection. As a result, it may be possible for unauthorized third parties to copy and distribute our productions or certain portions or applications of our intended productions, which could have

a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Litigation may also be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the diversion of resources and could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. We cannot assure you that infringement or invalidity claims will not materially adversely affect our business, financial condition, operating results, liquidity and prospects. Regardless of the validity or the success of the assertion of these claims, we could incur significant costs and diversion of resources in enforcing our intellectual property rights or in defending against such claims, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Others may assert intellectual property infringement claims against us.

One of the risks of the film and television production business is the possibility that others may claim that our productions and production techniques misappropriate or infringe the intellectual property rights of third parties with respect to their previously developed films and television series, stories, characters, other entertainment or intellectual property. We are likely to receive in the future claims of infringement or misappropriation of other parties' proprietary rights. Any such assertions or claims may materially adversely affect our business, financial condition, operating results, liquidity and prospects. Irrespective of the validity or the successful assertion of such claims, we could incur significant costs and diversion of resources in defending against them, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. If any claims or actions are asserted against us, we may seek to settle such claim by obtaining a license from the plaintiff covering the disputed intellectual property rights. We cannot provide any assurances, however, that under such circumstances a license, or any other form of settlement, would be available on reasonable terms or at all.

Our business involves risks of liability claims for media content, which could adversely affect our business, results of operations and financial condition.

As a distributor of media content, we may face potential liability for:

- defamation;
- invasion of privacy;
- negligence;
- copyright or trademark infringement (as discussed above); and
- other claims based on the nature and content of the materials distributed.

These types of claims have been brought, sometimes successfully, against producers and distributors of media content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Piracy of motion pictures, including digital and internet piracy, may reduce the gross receipts from the exploitation of our films.

Motion picture piracy is extensive in many parts of the world, including South America, Asia, and former Eastern bloc countries, and is made easier by technological advances and the conversion of motion pictures into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of motion pictures in theatrical release on DVDs, Blu-ray discs, from pay-per-view through set top boxes and other devices and through unlicensed broadcasts on free television and the internet. The proliferation of unauthorized copies of these products has had and will likely continue to have an adverse effect on our business, because these products reduce the revenue we receive from our products. Additionally, in order to contain this problem, we may have to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and losses of revenue. We cannot assure you that even the highest levels of security and anti-piracy measures will prevent piracy.

In particular, unauthorized copying and piracy are prevalent in countries outside of the U.S., Canada and Western Europe, whose legal systems may make it difficult for us to enforce our intellectual property rights. While the U.S. government has publicly considered implementing trade sanctions against specific countries that, in its opinion, do not make appropriate efforts to prevent copyright infringements of U.S. produced motion pictures, there can be no assurance that any such sanctions will be enacted or, if enacted, will be effective. In addition, if enacted, such sanctions could impact the amount of revenue that we realize from the international exploitation of motion pictures. If no embargoes or sanctions are enacted, or if other measures are not taken, we may lose revenue as a result of motion picture piracy.

Our success depends on certain key employees.

Our success depends to a significant extent on the performance of a number of senior management personnel and other key employees, including production and creative personnel. We do not currently have significant “key person” life insurance policies for any of our employees. We have entered into employment agreements with our top executive officers and production executives. However, although it is standard in the motion picture industry to rely on employment agreements as a method of retaining the services of key employees, these agreements cannot assure us of the continued services of such employees. In addition, competition for the limited number of business, production and creative personnel necessary to create and distribute our entertainment content is intense and may grow in the future. Our inability to retain or successfully replace where necessary members of our senior management and other key employees could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

To be successful, we need to attract and retain qualified personnel.

Our success continues to depend to a significant extent on our ability to identify, attract, hire, train and retain qualified professional, creative, technical and managerial personnel. Competition for the caliber of talent required to produce our motion pictures and television programs continues to increase. We cannot assure you that we will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If we were unable to hire, assimilate and retain qualified personnel in the future, such inability would have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

While we believe we currently have adequate internal control over financial reporting, we are required to assess our internal control over financial reporting on an annual basis and any future adverse results from such assessment could result in a loss of investor confidence in our financial reports and have an adverse effect on our securities.

Section 404 of the Sarbanes-Oxley Act of 2002 and the accompanying rules and regulations promulgated by the SEC to implement it require us to include in our Annual Report on Form 10-K an annual report by our management regarding the effectiveness of our internal control over financial reporting. The report includes, among other things, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year. This assessment must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. During this process, if our management identifies one or more material weaknesses in our internal control over financial reporting that cannot be remediated in a timely manner, we will be unable to assert such internal control is effective. While we currently believe our internal control over financial reporting is effective, the effectiveness of our internal controls in future periods is subject to the risk that our controls may become inadequate because of changes in conditions, and, as a result, the degree of compliance of our internal control over financial reporting with the applicable policies or procedures may deteriorate. If we are unable to conclude that our internal control over financial reporting is effective (or if our independent auditors disagree with our conclusion), we could lose investor confidence in the accuracy and completeness of our financial reports, which would have an adverse effect on our securities.

Changes in, or interpretations of, tax rules and regulations, and changes in geographic operating results, may adversely affect our effective tax rates.

We are subject to income taxes in the U.S. and foreign tax jurisdictions. Our future effective tax rates could be affected by changes in tax laws or the interpretation of tax laws, by changes in the amount of revenue or earnings that we derive from international sources in countries with high or low statutory tax rates, or by changes in the valuation of our deferred tax assets and liabilities. Unanticipated changes in our tax rates could affect our future results of operations.

In addition, we may be subject to examination of our income tax returns by federal, state, and foreign tax jurisdictions. We regularly assess the likelihood of outcomes resulting from possible examinations to determine the adequacy of our provision for income taxes. In making such assessments, we exercise judgment in estimating our provision for income taxes. While we believe our estimates are reasonable, we cannot assure you that final determinations from any examinations will not be materially different from that reflected in our historical income tax provisions and accruals. Any adverse outcome from any examinations may have an adverse effect on our business and operating results, which could cause the market price of our securities to decline.

We incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could affect our operating results.

We have incurred, and will continue to incur, significant legal, accounting and other expenses associated with corporate governance and public company reporting requirements, including requirements under the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and the NYSE. As long as the SEC requires the current level of compliance for public companies of our size, we expect these rules and regulations to require significant legal and financial compliance costs and to make some activities time-consuming and costly. These rules and regulations may make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage than was previously available. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board of Directors or as our executive officers.

Certain shareholders own a majority of our outstanding common shares.

As of May 25, 2012, three of our shareholders beneficially owned an aggregate of 74,697,437 of our common shares, or approximately 51.8% of the outstanding shares. In addition, one of these shareholders, Mark H. Rachesky, M.D., the beneficial owner of approximately 35.6% of our outstanding common shares, currently serves as the Chairman of our Board of Directors. Accordingly, these three shareholders, collectively, have the power to exercise substantial influence over us and on matters requiring approval by our shareholders, including the election of directors, the approval of mergers and other significant corporate transactions. This concentration of ownership may make it more difficult for other shareholders to effect substantial changes in our company and may also have the effect of delaying, preventing or expediting, as the case may be, a change in control of our company.

Sales of a substantial number of shares of our common shares, or the perception that such sales might occur, could have an adverse effect on the price of our common shares, and therefore our ability to raise additional capital to fund our operations.

As of May 25, 2012, over 51.8% of our common shares were held beneficially by certain individuals and institutional investors who each had ownership of greater than 5% of our common shares. We also recently filed a resale registration statement to enable certain shareholders who received our common shares in connection with our acquisition of Summit and certain holders of debt convertible into our common shares to resell our common shares. Sales by such individuals and institutional investors of a substantial number of shares of our common shares into the public market, or the perception that such sales might occur, could have an adverse effect on the price of our common shares, which could materially impair our ability to raise capital through the sale of common shares or debt that is convertible into our common shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Our corporate head office is located at 1055 West Hastings Street, Suite 2200, Vancouver, British Columbia V6E 2E9. Our principal executive offices are located at 1055 West Hastings Street, Suite 2200 and 2700 Colorado Avenue, Suite 200, Santa Monica, California, 90404. At the Santa Monica address, we occupy approximately 125,000 square feet, including an approximately 4,000 square foot screening room. Our lease expires in August 2015. In Santa Monica, California, we also lease a 4,389 square foot space, a 17,101 square foot space, a 30,107 square foot space and a 2,525 square foot space (which leases expire in March 2016, October 2013, October 2013 and September 2013, respectively).

We believe that our current facilities are adequate to conduct our business operations for the foreseeable future. We believe that we will be able to renew these leases on similar terms upon expiration. If we cannot renew, we believe that we could find other suitable premises without any material adverse impact on our operations.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, the Company is involved in certain claims and legal proceedings arising in the normal course of business. While the resolution of these matters cannot be predicted with certainty, we do not believe, based on current knowledge, that the outcome of any currently pending legal proceedings in which the Company is currently involved will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flow.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common shares are listed on the NYSE under the symbol "LGF."

On May 25, 2012, the closing sales price of our common shares on the NYSE was \$12.99.

The following table sets forth the range of high and low sale prices for our common shares, as reported by the NYSE in U.S. dollars, for our two most recent fiscal years:

	<u>High</u>	<u>Low</u>
<i>Year ended March 31, 2013</i>		
First Quarter (through May 25, 2012)	\$ 13.83	\$ 11.26
<i>Year ended March 31, 2012</i>		
Fourth Quarter	\$ 16.19	\$ 8.08
Third Quarter	8.87	6.67
Second Quarter	7.58	6.17
First Quarter	6.75	5.77
<i>Year ended March 31, 2011</i>		
Fourth Quarter	\$ 6.87	\$ 5.69
Third Quarter	7.84	6.40
Second Quarter	7.42	5.90
First Quarter	7.38	5.47

Holders

As of May 25, 2012, there were 874 registered holders of our common shares.

Dividend Policy

We have not paid any dividends on our outstanding common shares since our inception and do not anticipate doing so in the foreseeable future. The declaration of dividends on our common shares is restricted by our senior revolving credit facility and is within the discretion of our Board of Directors and will depend upon the assessment of, among other things, our earnings, financial requirements and operating and financial condition. At the present time, given our anticipated capital requirements, we intend to follow a policy of retaining earnings in order to finance further development of our business. We may be limited in our ability to pay dividends on our common shares by restrictions under the *Business Corporations Act* (British Columbia) relating to the satisfaction of solvency tests.

Securities Authorized for Issuance Under Equity Compensation Plans

We currently maintain one equity compensation plan, the Lions Gate Entertainment Corp. 2004 Performance Incentive Plan (the "2004 Plan"), which has been approved by our shareholders. In addition, as described below, we granted certain equity-based awards that were not under shareholder-approved plans in connection with our acquisition of Mandate Pictures in 2007.

The following table sets forth, for each of our equity compensation plans, the number of common shares subject to outstanding options and rights, the weighted-average exercise price of outstanding options, and the number of shares remaining available for future award grants as of March 31, 2012.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in the First Column)
Equity compensation plans approved by shareholders	5,743,357 (1)	\$ 10.29 (2)	1,983,583 (3)
Equity compensation plans not approved by shareholders	250,000 (4)	\$ 9.22 (4)	—
Total	5,993,357	\$ 9.75	1,983,583

- (1) Of these shares, 2,906,668 were subject to options then outstanding under the 2004 Plan. In addition, this number includes 2,836,689 shares that were subject to outstanding stock unit awards granted under the 2004 Plan. Of these stock unit awards, 970,027 represent units subject to satisfaction of certain performance targets.
- (2) This number does not reflect the 2,836,689 shares that were subject to outstanding stock unit awards granted under the 2004 Plan.
- (3) All of these shares were available for award grant purposes under the 2004 Plan. The shares available under the 2004 Plan are, subject to certain other limits under that plan, generally available for any type of award authorized under the 2004 Plan including options, stock appreciation rights, restricted stock, restricted share units, stock bonuses and performance shares. No new awards may be granted under the Equity Incentive Plan.
- (4) On September 10, 2007, pursuant to the acquisition of Mandate Pictures, Joseph Drake entered into an employment agreement with Lions Gate Films, Inc. (“LGF”), our wholly-owned subsidiary, to serve as its Co-Chief Operating Officer and President of the Motion Picture Group, and Nathan Kahane entered into an employment agreement with LGF to serve as the President of Mandate Pictures. Pursuant to the terms of his employment agreement, Mr. Drake was granted 525,000 restricted share units (payable upon vesting in an equal number of shares of our common stock) all of which have vested, and options to purchase 500,000 shares of our common stock, all of which have vested. Pursuant to the terms of his employment agreement, Mr. Kahane was granted 25,000 restricted share units (payable upon vesting in an equal number of shares of our common stock) and options to purchase 100,000 shares of our common stock, all of which have vested. The per share exercise price of each option is the closing price of our common stock on September 10, 2007, the date of grant of the options.

Taxation

The following is a general summary of certain Canadian income tax consequences to U.S. Holders (who, at all relevant times, deal at arm's length with the Company) of the purchase, ownership and disposition of common shares. For the purposes of this Canadian income tax discussion, a “U.S. Holder” means a holder of common shares who (1) for the purposes of the Income Tax Act (Canada) is not, has not, and will not be, or deemed to be, resident in Canada at any time while he, she or it holds common shares, (2) at all relevant times is a resident of the United States under the Canada-United States Income Tax Convention (1980) (the “Convention”) and is eligible for benefits under the Convention, and (3) does not and will not use or be deemed to use the common shares in carrying on a business in Canada. This summary does not apply to U.S. Holders who are insurers. Such U.S. Holders should seek tax advice from their advisors.

This summary is not intended to be, and should not be construed to be, legal or tax advice to any prospective investor and no representation with respect to the tax consequences to any particular investor is made. The summary does not address any aspect of any provincial, state or local tax laws or the tax laws of any jurisdiction other than Canada or the tax considerations applicable to non-U.S. Holders. Accordingly, prospective investors should consult with their own tax advisors for advice with respect to the income tax consequences to them having regard to their own particular circumstances, including any consequences of an investment in common shares arising under any provincial, state or local tax laws or the tax laws of any jurisdiction other than Canada.

This summary is based upon the current provisions of the Income Tax Act (Canada), the regulations thereunder and the proposed amendments thereto publicly announced by the Department of Finance, Canada before the date hereof and our understanding of the current published administrative and assessing practices of the Canada Revenue Agency. No assurance may be given that any proposed amendment will be enacted in the form proposed, if at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action.

The following summary applies only to U.S. Holders who hold their common shares as capital property. In general, common shares will be considered capital property of a holder where the holder is neither a trader nor dealer in securities, does not hold the common shares in the course of carrying on a business and is not engaged in an adventure in the nature of trade in respect thereof. This summary does not apply to holders who are “financial institutions” within the meaning of the mark-to-market rules contained in the Income Tax Act (Canada).

Amounts in respect of common shares paid or credited or deemed to be paid or credited as, on account or in lieu of payment of, or in satisfaction of, dividends to a shareholder who is not a resident of Canada within the meaning of the Income Tax Act (Canada) will generally be subject to Canadian non-resident withholding tax. Canadian withholding tax applies to dividends that are formally declared and paid by the Company and also to deemed dividends that may be triggered by a cancellation of common shares if the cancellation occurs otherwise than as a result of a simple open market transaction. For either deemed or actual dividends, withholding tax is levied at a basic rate of 25%, which may be reduced pursuant to the terms of an applicable tax treaty between Canada and the country of residence of the non-resident shareholder. Under the Convention, the rate of Canadian non-resident withholding tax on the gross amount of dividends received by a U.S. Holder, which is the beneficial owner of such dividends, is generally 15%. However, where such beneficial owner is a company that owns at least 10% of the voting shares of the company paying the dividends, the rate of such withholding is 5%.

In addition to the Canadian withholding tax on actual or deemed dividends, a U.S. Holder also needs to consider the potential application of Canadian capital gains tax. A U.S. Holder will generally not be subject to tax under the Income Tax Act (Canada) in respect of any capital gain arising on a disposition of common shares (including, generally, on a purchase by the Company on the open market) unless at the time of disposition such shares constitute taxable Canadian property of the holder for purposes of the Income Tax Act (Canada) and such U.S. Holder is not entitled to relief under the Convention. If the common shares are listed on a designated stock exchange (which includes the NYSE) at the time they are disposed of, they will generally not constitute taxable Canadian property of a U.S. Holder unless, at any time during the 60-month period immediately preceding the disposition of the common shares, the U.S. Holder, persons with whom he, she or it does not deal at arm's length, or the U.S. Holder together with such non-arm's length persons, owned 25% or more of the issued shares of any class or series of the capital stock of the Company and at any time during the immediately preceding 60-month period, the shares derived their value principally from one or any combination of (i) real or immovable property situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties, and (iv) options in respect of, or interests in, such properties. Assuming that the common shares have never derived their value principally from any of the items listed in (i)-(iv) above, gains derived by a U.S. Holder from the disposition of common shares will generally not be subject to tax in Canada.

Issuer Purchases of Equity Securities

On May 31, 2007, our Board of Directors authorized the repurchase of up to \$50 million of our common shares. Thereafter, on each of May 29, 2008 and November 6, 2008, as part of its regularly scheduled meetings, our Board of Directors authorized the repurchase up to an additional \$50 million of our common shares, subject to market conditions. The additional resolutions increased the total authorization to \$150 million. The common shares may be purchased, from time to time, at the Company's discretion, including the quantity, timing and price thereof. Such purchases will be structured as permitted by securities laws and other legal requirements. During the period from the authorization date through March 31, 2012, 6,787,310 shares have been repurchased at a cost of approximately \$65.2 million (including commission costs). The share repurchase program has no expiration date.

There were no purchases of shares of our common stock by us during the three months ended March 31, 2012.

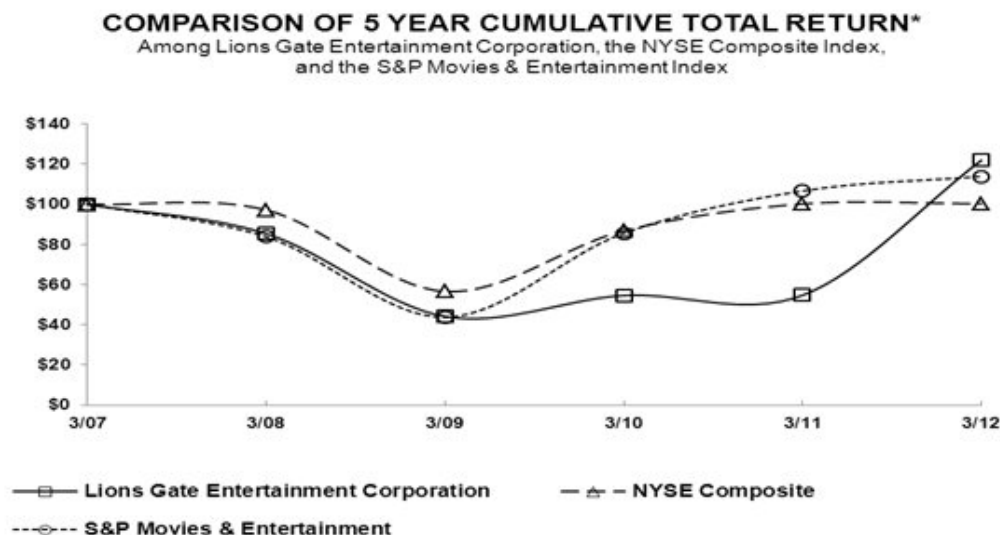
ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2012 — January 31, 2012	—	—	—	—
February 1, 2012 — February 29, 2012	—	—	—	—
March 1, 2012 — March 31, 2012	—	—	—	—
Total	—	—	—	\$ 85,080,000

Stock Performance Graph

The following graph compares our cumulative total shareholder return with those of the NYSE Composite Index and the S&P Movies & Entertainment Index for the period commencing March 31, 2007 and ending March 31, 2012. All values assume that \$100 was invested on March 31, 2007 in our common shares and each applicable index and all dividends were reinvested.

The comparisons shown in the graph below are based on historical data and we caution that the stock price performance shown in the graph below is not indicative of, and is not intended to forecast, the potential future performance of our common shares.



*\$100 invested on 3/31/07 in stock or index, including reinvestment of dividends. Fiscal year

	3/07	3/08	3/09	3/10	3/11	3/12
Lions Gate Entertainment Corporation	100.00	85.38	44.22	54.64	54.73	121.89
NYSE Composite	100.00	97.15	56.61	86.82	100.21	100.32
S&P Movies & Entertainment	100.00	83.85	43.81	85.66	106.67	113.89

The graph and related information are being furnished solely to accompany this Form 10-K pursuant to Item 201(e) of Regulation S-K. They shall not be deemed "soliciting materials" or to be "filed" with the SEC (other than as provided in Item 201), nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

ITEM 6. *SELECTED FINANCIAL DATA.*

The consolidated financial statements for all periods presented in this Form 10-K are prepared in conformity with U.S. GAAP.

The Selected Consolidated Financial Data below includes the results of Summit from its acquisition date of January 13, 2012 onwards. The Selected Consolidated Financial Data below also includes the results of Maple Pictures from the date of consolidation of July 18, 2007, through the date of sale of August 10, 2011. In addition, the selected consolidated historical financial data below includes the results of TV Guide Network from the acquisition date of February 28, 2009 until its deconsolidation on May 28, 2009, the date on which we sold a 49% interest in TV Guide Network to OEP. Due to the accounting standard pertaining to consolidation accounting for variable interest entities, TV Guide Network has been accounted for under the equity method of accounting since May 28, 2009. See Note 7 to our audited consolidated financial statements. Due to the acquisitions and the consolidation of Maple Pictures, and subsequent sale of our interest in Maple Pictures, and the deconsolidation of TV Guide Network, the Company's results of operations for the years ended March 31, 2012, 2011, 2010, 2009, and 2008 and financial positions as at March 31, 2012, 2011, 2010, 2009, and 2008 are not directly comparable to prior reporting periods. Additionally, in the quarter ended March 31, 2012, we eliminated the lag in recording our share of EPIX's results and, accordingly, prior period amounts have been adjusted to reflect the elimination of the lag in recording our share of EPIX's results under the equity method of accounting. See Note 7 to our audited consolidated financial statements.

Year Ended March 31,

	2012	2011	2010	2009	2008
		As adjusted	As adjusted	As adjusted	
	(Amounts in thousands, except per share amounts)				
Statement of Operations Data:					
Revenues	\$ 1,587,579	\$ 1,582,720	\$ 1,489,506	\$ 1,466,374	\$ 1,361,039
Expenses:					
Direct operating	908,402	795,746	777,969	793,816	660,924
Distribution and marketing	483,513	547,226	506,141	669,557	635,666
General and administration	168,864	171,407	143,060	136,563	119,080
Gain on sale of asset disposal group	(10,967)	—	—	—	—
Depreciation and amortization	4,276	5,811	12,455	7,657	5,500
Total expenses	1,554,088	1,520,190	1,439,625	1,607,593	1,421,170
Operating income (loss)	33,491	62,530	49,881	(141,219)	(60,131)
Other expenses (income):					
Interest expense					
Contractual cash based interest	62,430	38,879	27,461	15,131	12,851
Amortization of debt discount (premium) and deferred financing costs	15,681	16,301	19,701	19,144	17,048
Total interest expense	78,111	55,180	47,162	34,275	29,899
Interest and other income	(2,752)	(1,742)	(1,547)	(5,785)	(11,276)
Gain on sale of equity securities	—	—	—	—	(2,909)
Loss (gain) on extinguishment of debt	967	14,505	(5,675)	(3,023)	—
Total other expenses, net	76,326	67,943	39,940	25,467	15,714
Income (loss) before equity interests and income taxes	(42,835)	(5,413)	9,941	(166,686)	(75,845)
Equity interests income (loss)	8,412	(20,712)	(38,995)	(10,159)	(7,559)
Loss before income taxes	(34,423)	(26,125)	(29,054)	(176,845)	(83,404)
Income tax provision	4,695	4,256	1,218	2,724	4,031
Net loss	\$ (39,118)	\$ (30,381)	\$ (30,272)	\$ (179,569)	\$ (87,435)
Basic Net Loss Per Common Share	\$ (0.30)	\$ (0.23)	\$ (0.26)	\$ (1.54)	\$ (0.74)
Diluted Net Loss Per Common Share	\$ (0.30)	\$ (0.23)	\$ (0.26)	\$ (1.54)	\$ (0.74)
Weighted average number of common shares outstanding:					
Basic	132,226	131,176	117,510	116,795	118,427
Diluted	132,226	131,176	117,510	116,795	118,427
Balance Sheet Data (at end of period):					
Cash and cash equivalents	64,298	86,419	69,242	138,475	371,589
Investment in films and television programs	1,329,053	607,757	661,105	702,767	608,942
Total assets	2,787,995	1,569,153	1,516,361	1,666,135	1,536,927
Senior revolving credit facility	99,750	69,750	17,000	255,000	—
Senior secured second-priority notes	431,510	226,331	225,155	—	—
Term loan	477,514	—	—	—	—
Convertible senior subordinated notes and other financing obligations	108,276	110,973	192,036	281,521	261,519
Total liabilities	2,698,210	1,430,298	1,473,233	1,625,557	1,282,328
Total shareholders' equity	89,785	138,855	42,013	40,578	254,599

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

Lions Gate Entertainment Corp. ("Lionsgate," the "Company," "we," "us" or "our") is a leading global entertainment company with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, family entertainment, digital distribution, new channel platforms and international distribution and sales.

In fiscal 2012 (i.e., the twelve-month period ending March 31, 2012), Lionsgate released 14 motion pictures theatrically, which included films developed and produced in-house, films co-developed and co-produced and films acquired from third parties. On January 13, 2012, we acquired Summit Entertainment, LLC ("Summit"), an independent worldwide theatrical motion picture development, production, and distribution studio. In calendar 2011, Summit released 8 motion pictures theatrically, which included films developed and produced in-house, films co-developed and co-produced and films acquired from third parties. In fiscal 2013, we intend to release approximately 20 motion pictures theatrically, with a smaller theatrical slate of approximately 12 to 14 titles per year to follow for fiscal years thereafter.

Our television business consists of the development, production, syndication and distribution of television productions. We currently produce and syndicate 19 television shows, which air on 14 networks and distribute over 200 series worldwide. In fiscal 2013, we expect to grow our television business through continued production and distribution of original content.

We distribute our library of approximately 13,000 motion picture titles and television episodes and programs directly to retailers, rental kiosks, through various digital media platforms, and pay and free television channels in the United States (the "U.S."), the United Kingdom (the "U.K.") and Ireland, and indirectly to other international markets through our subsidiaries and various third parties. We also distribute product through the following joint ventures:

- Celestial Tiger Entertainment Limited ("Celestial Tiger Entertainment"), our joint venture with Saban Capital Group, Inc. ("SCG") and Celestial Pictures, a company wholly-owned by Astro Malaysia Holdings Sdn Bhd ("Celestial Pictures");
- Horror Entertainment, LLC ("FEARnet"), our joint venture with Sony Pictures Television Inc. ("Sony") and Comcast Corporation ("Comcast");
- Studio 3 Partners LLC ("EPIX"), our joint venture with Viacom Inc. ("Viacom"), its Paramount Pictures unit ("Paramount Pictures") and Metro-Goldwyn-Mayer Studios Inc. ("MGM"); and
- TV Guide Network, TV Guide Network On Demand and TV Guide Online (www.tvguide.com) (collectively, "TV Guide Network"), our joint ventures with One Equity Partners ("OEP"), the global private equity investment arm of JPMorgan Chase & Co.

In order to maximize our profit, we attempt to maintain a disciplined approach to acquisition, production and distribution of projects, including films and television programs, by balancing our financial risks against the probability of commercial success for each project. We also attempt to maintain the same disciplined approach to investments in, or acquisitions of, libraries or other assets complementary to our business, entertainment studios and companies that we believe will enhance our competitive position in the industry, generate significant long-term returns, represent an optimal use of our capital and build a diversified foundation for future growth.

Historically, we have made numerous acquisitions that are significant to our business and we may continue to make such acquisitions in the future. In this regard, we have acquired, integrated and/or consolidated into our business the following:

- Summit, an independent worldwide theatrical motion picture development, production, and distribution studio (acquired in January 2012);
- Mandate Pictures LLC ("Mandate Pictures"), a worldwide independent film producer, financier and distributor (acquired in September 2007);
- Debmar-Mercury, LLC ("Debmar-Mercury"), a media company specializing in syndication, network, cable and

ancillary markets (acquired in July 2006);

- Redbus Film Distribution Ltd. and Redbus Pictures, (collectively, “Redbus” and currently, Lions Gate UK Limited (“Lionsgate UK”), a U.K. based independent film distributor (acquired in October 2005);
- Certain of the film assets and accounts receivable of Modern Entertainment, Ltd. (“Modern Entertainment”), a licensor of film rights to distributors, broadcasters and cable networks (acquired in August 2005);
- Artisan Entertainment, Inc. (“Artisan Entertainment”), a diversified motion picture, family and home entertainment company (acquired in December 2003); and
- Trimark Holdings, Inc. (“Trimark”), a worldwide distributor of entertainment content (acquired in October 2000).

As part of this strategy, we also have acquired ownership interests in the following:

- Celestial Tiger Entertainment (a 16% interest), a diversified media company focusing on the operation of branded pay television channels, content creation and content distribution targeted at Asian consumers (entered into in December 2011);
- Pantelion Films (a 49% interest), a studio designed to produce and distribute a slate of English and Spanish language feature films to target Hispanic moviegoers in the U.S. (entered into in July 2010);
- TV Guide Network (a 51% interest), an entertainment channel featuring original and acquired programming (acquired in February 2009 and a 49% interest sold to OEP in May 2009);
- EPIX (a 31.2% interest), a premium entertainment service available on television, video-on-demand (“VOD”), online and consumer electronic devices (entered into in April 2008);
- Elevation Sales Limited (“Elevation”) (a 50% interest), a U.K. based home entertainment distributor (interest acquired in July 2007);
- Roadside Attractions, LLC (“Roadside Attractions”) (a 43.0% interest), an independent theatrical distribution company (interest acquired in July 2007);
- NextPoint, Inc. (“Break Media”) (a 42.6% interest), a creator, publisher, and distributor of digital entertainment content (interest acquired in June 2007); and
- FEARnet (a 34.5% interest), a multiplatform programming and content service provider (interest acquired in October 2006).

Revenues

Our revenues are derived from the Motion Pictures and Television Production segments, as described below. Our revenues are derived from the U.S., Canada, the U.K., Australia and other foreign countries. None of the non-U.S. countries individually comprised greater than 10% of total revenues for the years ended March 31, 2012 and 2011.

Motion Pictures. Motion Pictures includes “Theatrical,” “Home Entertainment,” “Television,” “International,” “Lionsgate UK,” and “Mandate Pictures” revenue.

Theatrical revenues are derived from the theatrical release of motion pictures in the U.S. and Canada which are distributed to theatrical exhibitors on a picture-by-picture basis. The financial terms that we negotiate with our theatrical exhibitors generally provide that we receive a percentage of the box office results and are negotiated on a picture-by-picture basis.

Home Entertainment revenues includes revenues from our own film and television productions and acquired or licensed films, including theatrical and direct-to-video releases, generated from the sale to retail stores and through digital media platforms. In addition, we have revenue sharing arrangements with certain rental stores which generally provide that in exchange for a nominal or no upfront sales price, we share in the rental revenues generated by each such store on a title-by-title basis. We categorized our Home Entertainment revenue as follows:

- *Packaged media revenue:* Packaged media revenue consists of the sale or rental of DVDs and Blu-ray discs.

- *Electronic media revenue:* Electronic media revenue consists of revenues generated from electronic sell-through or “EST,” digital rental, pay-per-view and video-on-demand platforms.

Television revenues are primarily derived from the licensing of our productions and acquired films to the domestic cable, satellite, and free and pay television markets.

International revenues include revenues from our international subsidiaries from the licensing and sale of our productions, acquired films, our catalog product or libraries of acquired titles and revenues from our distribution to international sub-distributors, on a territory-by-territory basis.

Lionsgate UK revenues include revenues from the licensing and sale of our productions, acquired films, our catalog product or libraries of acquired titles from our subsidiary located in the United Kingdom.

Mandate Pictures revenues include revenues from the sales and licensing of domestic and worldwide rights of titles developed or acquired by Mandate Pictures to third-party distributors and to international sub-distributors.

Television Production. Television Production includes the licensing and syndication to domestic and international markets of one-hour and half-hour drama series, television movies and mini-series and non-fiction programming, and home entertainment revenues consisting of television production movies or series.

Media Networks. Media Networks consists of TV Guide Network, including TV Guide Network On Demand, and TV Guide Online (www.tvguide.com), from the acquisition date of February 28, 2009 until its deconsolidation on May 28, 2009. We adopted the new accounting standard pertaining to consolidation accounting for variable interest entities on April 1, 2010 and applied the provisions of the new accounting standard retrospectively. Accordingly, we deconsolidated TV Guide Network on May 28, 2009, the date on which we sold a 49% interest in TV Guide Network to OEP, and retrospectively adjusted our financial statements to account for TV Guide Network under the equity method of accounting since that date. Media Networks revenue includes distribution revenue from multi-system cable operators and digital broadcast satellite providers (distributors generally pay a per subscriber fee for the right to distribute programming) and advertising revenue from the sale of advertising on its television channel and related online media platforms.

Expenses

Our primary operating expenses include direct operating expenses, distribution and marketing expenses and general and administration expenses.

Direct operating expenses include amortization of film and television production or acquisition costs, participation and residual expenses, provision for doubtful accounts, and foreign exchange gains and losses. Participation costs represent contingent consideration payable based on the performance of the film to parties associated with the film, including producers, writers, directors or actors, etc. Residuals represent amounts payable to various unions or “guilds” such as the Screen Actors Guild, Directors Guild of America, and Writers Guild of America, based on the performance of the film in certain ancillary markets or based on the individual’s (i.e., actor, director, writer) salary level in the television market.

Distribution and marketing expenses primarily include the costs of theatrical “prints and advertising” (“P&A”) and of DVD/Blu-ray duplication and marketing. Theatrical P&A includes the costs of the theatrical prints delivered to theatrical exhibitors and the advertising and marketing cost associated with the theatrical release of the picture. DVD/Blu-ray duplication represents the cost of the DVD/Blu-ray product and the manufacturing costs associated with creating the physical products. DVD/Blu-ray marketing costs represent the cost of advertising the product at or near the time of its release or special promotional advertising.

General and administration expenses include salaries and other overhead.

Recent Developments

Acquisition of Summit Entertainment, LLC. On January 13, 2012, the Company purchased all of the membership interests in Summit, a worldwide independent film producer and distributor. The aggregate purchase price was approximately \$412.1 million, which consisted of \$361.9 million in cash, 5,837,781 in the Company’s common shares (a part of which are included in escrow for indemnification purposes). Approximately \$279.4 million of the purchase price and acquisition costs were funded with cash on the balance sheet of Summit. The value assigned to the shares for purposes of recording the acquisition was \$50.2 million and was based on the closing price of the Company’s common shares on the date of closing of the acquisition. Additionally, the Company may be obligated to pay additional cash consideration of up to \$7.5 million pursuant to the purchase agreement, should the domestic theatrical receipts from certain films meet certain target performance thresholds.

In addition, on the date of the close, Summit's existing term loan of \$507.8 million was paid off with cash from Lionsgate and the net proceeds of \$476.2 million, after fees and expenses, from a new term loan with a principal amount of \$500.0 million, maturing on September 7, 2016.

Convertible Senior Subordinated Notes Issuance. On January 11, 2012, Lions Gate Entertainment Inc., a wholly-owned subsidiary of the Company ("LGEI"), sold \$45.0 million in aggregate principal amount of 4.00% Convertible Senior Subordinated Notes with a maturity date of January 11, 2017 (the "January 2012 4.00% Notes"). The proceeds were used to fund a portion of the acquisition of Summit discussed above. Interest on the January 2012 4.00% Notes is payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2012. The January 2012 4.00% Notes are convertible into common shares of the Company at any time prior to maturity or repurchase by the Company, at an initial conversion price of approximately \$10.50 per share, subject to adjustment in certain circumstances, as specified in the Indenture.

Secondary Public Offering. On October 18, 2011, pursuant to the terms of an underwriting agreement, certain selling shareholders sold an aggregate of 19,201,000 common shares of the Company, at a price of \$7.00 per share. The Company did not receive any proceeds from the sale of the shares in the offering. The Company paid an underwriting fee of approximately \$3.4 million at the close of the transaction.

Redemption of October 2004 2.9375% Notes. On October 15, 2011, certain holders of 2.9375% Convertible Senior Subordinated Notes issued in October 2004 (the "October 2004 2.9375% Notes") required LGEI to repurchase \$26.6 million in aggregate principal amount (carrying value - \$26.6 million) of the October 2004 2.9375% Notes, pursuant to the redemption terms of the October 2004 2.9375% Notes (see Note 9 of our consolidated financial statements). LGEI paid approximately \$27.0 million for the repurchase, representing a price equal to 100% of the principal amount on October 17, 2011, together with accrued and unpaid interest through October 17, 2011.

Share Repurchases. On August 30, 2011, the Company entered into an agreement with certain shareholders, whereby the Company repurchased 11,040,493 of its common shares at a price of \$7.00 per share, for aggregate cash consideration of \$77.1 million. The shares repurchased under the agreement are included in treasury shares in the accompanying unaudited consolidated balance sheets and statements of shareholders' equity.

Sale of Maple Pictures. On August 10, 2011, the Company sold its interest in Maple Pictures Corp. ("Maple Pictures") to Alliance Films Holdings Inc. ("Alliance"), a leading Canadian producer and distributor of motion pictures, television programming and home entertainment. The sales price was approximately \$35.3 million, net of a working capital adjustment. Alliance is now responsible for all of Maple Pictures' distribution, including Maple Pictures' exclusive five-year output deal for Canadian distribution of the Company's new motion picture and second window television product and Maple Pictures' exclusive long-term arrangement for distribution of Canadian rights of the Company's filmed entertainment library (i.e., distribution rights). The sales price was allocated between the fair value of the distribution rights and the fair value of Maple Pictures exclusive of the distribution rights. The fair value of the distribution rights of \$17.8 million was recorded as deferred revenue and will be recognized as revenue by the Company as the revenues are earned pursuant to the distribution rights. The sales proceeds less the fair value of the distribution rights constitutes the proceeds allocated to the sale of Maple Pictures exclusive of the distribution rights. The fair value of the distribution rights was determined based on an estimate of the cash flows to be generated by Alliance pursuant to the distribution agreements, discounted at risk-adjusted discount rates of the film categories between 10% and 11%.

Additional Issuance of Senior Secured Second-Priority Notes. On May 13, 2011, LGEI issued approximately \$200.0 million aggregate principal amount of senior secured second-priority notes due 2016 (the "May 2011 Senior Notes" and collectively with \$236.0 million aggregate principal amount of senior secured second-priority notes due 2016 (the "October 2009 Senior Notes"), the "Senior Notes") in a private offering conducted pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). The May 2011 Senior Notes have the same terms as the October 2009 Senior Notes, except for the issue date, issue price and first interest payment. The May 2011 Senior Notes were sold at 102.219% of the principal amount plus accrued interest thereon from May 1, 2011, resulting in gross proceeds of approximately \$204.4 million and net proceeds of approximately \$192.4 million after estimated fees and expenses, including \$5.6 million paid in connection with the consent solicitation of holders of the October 2009 Senior Notes. A portion of the proceeds were used to pay down amounts outstanding under our senior secured credit facility. The Senior Notes pay interest semi-annually on May 1 and November 1 of each year at a rate of 10.25% per year. The Senior Notes will mature on November 1, 2016.

Repurchase and Sale of a Portion of the Senior Secured Second-Priority Notes. In August 2011, a subsidiary of LGEI paid \$9.9 million to repurchase \$10.0 million of aggregate principal amount (carrying value — \$9.9 million) of the Senior Notes. We recorded a loss on extinguishment in the quarter ended September 30, 2011 of \$0.4 million, which includes \$0.5 million of deferred financing costs written off. In September 2011, in connection with the common shares repurchased as discussed in Note 14 to our consolidated financial statements, LGEI resold such Senior Notes at 99.0% of the \$10.0 million face amount

therof, plus accrued interest thereon from May 1, 2011, resulting in gross proceeds of approximately \$10.2 million, which were used to repurchase the common shares, as discussed in Note 14 to our consolidated financial statements.

May 2011 Repurchase of a Portion of the October 2004 2.9375% Notes. In May 2011, LGEI paid \$19.5 million to repurchase \$19.4 million of aggregate principal amount (carrying value — \$18.9 million) of the October 2004 2.9375% Notes.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The application of the following accounting policies, which are important to our financial position and results of operations, requires significant judgments and estimates on the part of management. As described more fully below, these estimates bear the risk of change due to the inherent uncertainty attached to the estimate. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates. For example, accounting for films and television programs requires us to estimate future revenue and expense amounts which, due to the inherent uncertainties involved in making such estimates, are likely to differ to some extent from actual results. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. For a summary of all of our accounting policies, including the accounting policies discussed below, see Note 2 to our audited consolidated financial statements.

Accounting for Films and Television Programs. We capitalize costs of production and acquisition, including financing costs and production overhead, to investment in films and television programs. These costs for an individual film or television program are amortized and participation and residual costs are accrued to direct operating expenses in the proportion that current year's revenues bear to management's estimates of the ultimate revenue at the beginning of the year expected to be recognized from exploitation, exhibition or sale of such film or television program over a period not to exceed ten years from the date of initial release. For previously released film or television programs acquired as part of a library, ultimate revenue includes estimates over a period not to exceed 20 years from the date of acquisition.

Due to the inherent uncertainties involved in making such estimates of ultimate revenues and expenses, these estimates have differed in the past from actual results and are likely to differ to some extent in the future from actual results. In addition, in the normal course of our business, some films and titles are more successful than anticipated and some are less successful than anticipated. Our management regularly reviews and revises when necessary its ultimate revenue and cost estimates, which may result in a change in the rate of amortization of film costs and participations and residuals and/or write-down of all or a portion of the unamortized costs of the film or television program to its estimated fair value. Our management estimates the ultimate revenue based on experience with similar titles or title genre, the general public appeal of the cast, actual performance (when available) at the box office or in markets currently being exploited, and other factors such as the quality and acceptance of motion pictures or programs that our competitors release into the marketplace at or near the same time, critical reviews, general economic conditions and other tangible and intangible factors, many of which we do not control and which may change.

An increase in the estimate of ultimate revenue will generally result in a lower amortization rate and, therefore, less film and television program amortization expense, while a decrease in the estimate of ultimate revenue will generally result in a higher amortization rate and, therefore, higher film and television program amortization expense, and also periodically results in an impairment requiring a write-down of the film cost to the title's fair value. These write-downs are included in amortization expense within direct operating expenses in our consolidated statements of operations.

Revenue Recognition. Revenue from the theatrical release of feature films is recognized at the time of exhibition based on our participation in box office receipts. Revenue from the sale of DVDs/Blu-ray discs in the retail market, net of an allowance for estimated returns and other allowances, is recognized on the later of receipt by the customer or "street date" (when it is available for sale by the customer). Under revenue sharing arrangements, rental revenue is recognized when we are entitled to receipts and such receipts are determinable. Revenues from television licensing are recognized when the feature film or television program is available to the licensee for telecast. For television licenses that include separate availability "windows" during the license period, revenue is allocated over the "windows." Revenue from sales to international territories are recognized when access to the feature film or television program has been granted or delivery has occurred, as required under the sales contract, and the right to exploit the feature film or television program has commenced. For multiple media rights contracts with a fee for a single film or television program where the contract provides for media holdbacks (defined as contractual media release restrictions), the fee is allocated to the various media based on our assessment of the relative fair value of the rights to exploit each media and is recognized as each holdback is released. For multiple-title contracts with a fee, the fee is allocated on a title-by-title basis, based on our assessment of the relative fair value of each title. The primary estimate

requiring the most subjectivity and judgment involving revenue recognition is the estimate of sales returns associated with our revenue from the sale of DVD's/Blu-ray discs in the retail market which is discussed separately below under the caption "Sales Returns Allowance."

Sales Returns Allowance. Revenues are recorded net of estimated returns and other allowances. We estimate reserves for DVD/Blu-ray returns based on previous returns experience, point-of-sale data available from certain retailers, current economic trends, and projected future sales of the title to the consumer based on the actual performance of similar titles on a title-by-title basis in each of the DVD/Blu-ray businesses. Factors affecting actual returns include, among other factors, limited retail shelf space at various times of the year, success of advertising or other sales promotions, and the near term release of competing titles. We believe that our estimates have been materially accurate in the past; however, due to the judgment involved in establishing reserves, we may have adjustments to our historical estimates in the future. Our estimate of future returns affects reported revenue and operating income. If we underestimate the impact of future returns in a particular period, then we may record less revenue in later periods when returns exceed the estimated amounts. If we overestimate the impact of future returns in a particular period, then we may record additional revenue in later periods when returns are less than estimated. An incremental change of 1% in our estimated sales returns rate (i.e., provisions for returns divided by gross sales of related product) for home entertainment products would have had an impact of approximately \$7.0 million and \$8.1 million on our total revenue in the fiscal years ended March 31, 2012 and March 31, 2011, respectively.

Provisions for Accounts Receivable. We estimate provisions for accounts receivable based on historical experience and relevant facts and information regarding the collectability of the accounts receivable. In performing this evaluation, significant judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for our larger customers and an analysis of the length of time receivables have been past due. The financial condition of a given customer and its ability to pay may change over time or could be better or worse than anticipated and could result in an increase or decrease to our allowance for doubtful accounts, which, when the impact of such change is material, is disclosed in our discussion on direct operating expenses elsewhere in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Income Taxes. We are subject to federal and state income taxes in the U.S., and in several foreign jurisdictions. We record deferred tax assets, net of applicable reserves, related to net operating loss carryforwards and certain temporary differences. We recognize a future tax benefit to the extent that realization of such benefit is more likely than not or a valuation allowance is applied. In order to realize the benefit of our deferred tax assets we will need to generate sufficient taxable income in the future. Because of our historical operating losses, we have provided a full valuation allowance against our net deferred tax assets. However, the assessment as to whether there will be sufficient taxable income to realize our net deferred tax assets is an estimate which could change in the future depending primarily upon the actual performance of our Company. When we have a history of profitable operations sufficient to demonstrate that it is more likely than not that our deferred tax assets will be realized, the valuation allowance or a portion of the valuation allowance will be reversed and reflected as a benefit in the income tax provision. After that, we will be required to continually evaluate the more likely than not assessment that our net deferred tax assets will be realized, and if operating results deteriorate, we may need to reestablish all or a portion of the valuation allowance through a charge to our income tax provision.

Goodwill. Goodwill is reviewed annually for impairment each fiscal year or between the annual tests if an event occurs or circumstances change that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying value. We perform our annual impairment test as of January 1 in each fiscal year. We performed our last annual impairment test on our goodwill as of January 1, 2012. No goodwill impairment was identified in any of our reporting units. Determining the fair value of reporting units requires various assumptions and estimates. The estimates of fair value include consideration of the future projected operating results and cash flows of the reporting unit. Such projections could be different than actual results. Should actual results be significantly less than estimates, the value of our goodwill could be impaired in the future.

Convertible Senior Subordinated Notes. We account for our convertible senior subordinated notes by separating the liability and equity components. The liability component is recorded at the date of issuance based on its fair value which is generally determined in a manner that will reflect an interest cost equal to our nonconvertible debt borrowing rate at the convertible senior subordinated notes issuance date. The amount of the proceeds, less the amount recorded as the liability component, is recorded as an addition to shareholders' equity reflecting the equity component (i.e., conversion feature). The difference between the principal amount and the amount recorded as the liability component represents the debt discount. The carrying amount of the liability is accreted up to the principal amount through the amortization of the discount, using the effective interest method, to interest expense over the expected life of the note. The determination of the fair value of the liability component is an estimate dependent on a number of factors, including estimates of market rates for similar nonconvertible debt instruments at the date of issuance. A higher value attributable to the liability component results in a lower value attributed to the equity component and therefore a smaller discount amount and lower interest cost as a result of amortization of the smaller discount. A lower value attributable to the liability component results in a higher value attributed to

the equity component and therefore a larger discount amount and higher interest cost as a result of amortization of the larger discount.

Business Acquisitions. We account for business acquisitions as a purchase, whereby the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair value. The excess of the purchase price over estimated fair value of the net identifiable assets is allocated to goodwill. Determining the fair value of assets and liabilities requires various assumptions and estimates. These estimates and assumptions are refined with adjustments recorded to goodwill as information is gathered and final appraisals are completed over a one-year allocation period. The changes in these estimates or different assumptions used in determining these estimates could impact the amount of assets, including goodwill and liabilities, ultimately recorded on our balance sheet and could impact our operating results subsequent to such acquisition. We believe that our assumptions and estimates have been materially accurate in the past.

Recent Accounting Pronouncements

We adopted Accounting Standards Update ("ASU") No. 2011-08 "Testing Goodwill for Impairment" for the fiscal year ending March 31, 2012. ASU 2011-08 simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The adoption of ASU 2011-08 did not have an impact on our consolidated financial statements.

In June 2011, the Financial Accounting Standards Board ("FASB") issued an accounting standard update relating to the presentation of other comprehensive income. The accounting update eliminates the option to present components of other comprehensive income as part of the statement of stockholders' equity. Instead, companies must report comprehensive income in either a single continuous statement of comprehensive income (which would contain the current income statement presentation followed by the components of other comprehensive income and a total amount for comprehensive income), or in two separate but consecutive statements. This guidance is effective for our fiscal year beginning April 1, 2012. We do not expect the guidance to have a material impact on our consolidated financial statements.

In May 2011, the FASB issued an accounting standard update related to fair value measurements and disclosures to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the intent about the application of existing fair value measurement requirements, while other amendments change a principle or requirement for measuring fair value or for disclosing information about fair value measurements. Specifically, the guidance requires additional disclosures for fair value measurements that are based on significant unobservable inputs. The updated guidance is to be applied prospectively and is effective for our interim and annual periods beginning April 1, 2012. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

RESULTS OF OPERATIONS

Fiscal 2012 Compared to Fiscal 2011

The following table sets forth the components of consolidated revenue by segment for the fiscal years ended March 31, 2012 and 2011:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2012	March 31, 2011	Amount	Percent
(Amounts in millions)				
Consolidated Revenue				
Motion Pictures	\$ 1,190.3	\$ 1,229.5	\$ (39.2)	(3.2)%
Television Production	397.3	353.2	44.1	12.5 %
	<u>\$ 1,587.6</u>	<u>\$ 1,582.7</u>	<u>\$ 4.9</u>	<u>0.3 %</u>

Our largest component of revenue comes from home entertainment. The following table sets forth total home entertainment revenue for both the Motion Pictures and Television Production reporting segments for the fiscal years ended March 31, 2012 and 2011:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2012	March 31, 2011	Amount	Percent
(Amounts in millions)				
Home Entertainment Revenue				
Motion Pictures	\$ 582.0	\$ 635.6	\$ (53.6)	(8.4)%
Television Production	101.5	54.4	47.1	86.6 %
	<u>\$ 683.5</u>	<u>\$ 690.0</u>	<u>\$ (6.5)</u>	<u>(0.9)%</u>

Motion Pictures Revenue

The table below sets forth the components of revenue and the changes in these components for the motion pictures reporting segment for the years ended March 31, 2012 and 2011. Due to the acquisition of Summit, motion pictures revenue for fiscal 2012 includes Summit revenue from the acquisition date of January 13, 2012 through March 31, 2012. We currently expect our motion pictures segment revenue for fiscal 2013 will exceed our fiscal 2012 motion picture segment revenue. However, actual motion pictures revenue will depend on the performance of our film and home entertainment titles across all media and territories and can vary materially from expectations.

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2012	March 31, 2011	Amount	Percent
(Amounts in millions)				
Motion Pictures (1)				
Theatrical	\$ 208.9	\$ 205.9	\$ 3.0	1.5 %
Home Entertainment	582.0	635.6	(53.6)	(8.4)%
Television	119.9	139.8	(19.9)	(14.2)%
International	112.9	126.5	(13.6)	(10.8)%
Lionsgate UK	101.5	79.2	22.3	28.2 %
Mandate Pictures	55.4	38.7	16.7	43.2 %
Other	9.7	3.8	5.9	155.3 %
	<u>\$ 1,190.3</u>	<u>\$ 1,229.5</u>	<u>\$ (39.2)</u>	<u>(3.2)%</u>

- (1) For the fiscal year ended March 31, 2012, Motion Pictures revenue includes Maple Pictures revenue of \$17.4 million through the date of sale of August 10, 2011, compared to Maple Pictures revenue of \$85.6 million for the fiscal year ended March 31, 2011. Subsequent to August 10, 2011, revenue generated pursuant to the distribution agreements with Alliance has been recorded net of fees and expenses.

Motion Pictures — Theatrical Revenue

The following table sets forth the titles contributing approximately five percent or more of theatrical revenue by fiscal years theatrical slate and the month of their release for the fiscal years ended March 31, 2012 and 2011:

Year Ended March 31,			
2012		2011	
	Theatrical Release Date		Theatrical Release Date
Fiscal 2012 Theatrical Slate:		Fiscal 2011 Theatrical Slate:	
<i>The Hunger Games</i>	March 2012	<i>For Colored Girls</i>	November 2010
<i>Good Deeds</i>	February 2012	<i>Saw 3D</i>	October 2010
<i>Abduction</i>	September 2011	<i>Alpha and Omega</i>	September 2010
<i>Madea's Big Happy Family</i>	April 2011	<i>The Expendables</i>	August 2010
		<i>The Last Exorcism</i>	August 2010
		<i>Killers</i>	June 2010
		<i>Why Did I Get Married Too?</i>	April 2010
		<i>Kick-Ass</i>	April 2010

Theatrical revenue of \$208.9 million increased \$3.0 million, or 1.5%, in fiscal 2012 as compared to fiscal 2011. The increase in theatrical revenue in fiscal 2012 as compared to fiscal 2011 is due to the successful box office performance of *The Hunger Games* in fiscal 2012, offset by only eight theatrical releases in fiscal 2012, as compared to twelve theatrical releases in fiscal 2011. *The Hunger Games* released on March 23, 2012 and includes eight days of theatrical rentals in fiscal 2012. Also, due to the January 2012 acquisition of Summit, theatrical revenue in fiscal 2012 includes revenue from the release of the Summit titles, *Gone* and *Man on a Ledge*, with no comparable revenue in fiscal 2011.

Motion Pictures — Home Entertainment Revenue

The following table sets forth the titles contributing approximately two percent or more of motion pictures home entertainment revenue for the fiscal years ended March 31, 2012 and 2011:

Year Ended March 31,			
2012		2011	
	DVD Release Date		DVD Release Date
Fiscal 2012 Theatrical Slate:		Fiscal 2011 Theatrical Slate:	
<i>Abduction</i>	January 2012	<i>The Next Three Days</i>	March 2011
<i>Warrior</i>	December 2011	<i>For Colored Girls</i>	February 2011
<i>Conan the Barbarian</i>	November 2011	<i>Saw 3D</i>	January 2011
<i>Madea's Big Happy Family</i>	August 2011	<i>Alpha and Omega</i>	January 2011
Fiscal 2011 Theatrical Slate:		<i>The Expendables</i>	November 2010
<i>The Lincoln Lawyer</i>	July 2011	<i>Killers</i>	September 2010
Summit Titles Released Theatrically Pre-Acquisition:		<i>Kick-Ass</i>	August 2010
<i>The Twilight Saga: Breaking Dawn - Part I</i>	February 2012	<i>Why Did I Get Married Too?</i>	August 2010
Managed Brands:		Fiscal 2010 Theatrical Slate:	
<i>50/50</i>	January 2012	<i>From Paris With Love</i>	June 2010
		<i>Daybreakers</i>	May 2010
		<i>The Spy Next Door</i>	May 2010
		<i>Precious</i>	March 2010
		Managed Brands:	
		<i>The Switch</i>	March 2011

The following table sets forth the components of home entertainment revenue by product category for the fiscal years ended March 31, 2012 and 2011:

	Year Ended March 31,					
	2012			2011		
	Packaged Media	Electronic Media	Total	Packaged Media	Electronic Media	Total
(Amounts in millions)						
Home entertainment revenues						
Fiscal 2012 Theatrical Slate	\$ 57.1	\$ 17.5	\$ 74.6	\$ —	\$ —	\$ —
Fiscal 2011 Theatrical Slate	46.9	36.5	83.4	192.9	38.7	231.6
Fiscal 2010 Theatrical Slate	5.1	0.9	6.0	74.4	42.3	116.7
Fiscal 2009 Theatrical Slate	3.7	1.4	5.1	10.0	1.2	11.2
Fiscal 2008 & Prior Theatrical Slate	15.3	3.6	18.9	22.8	4.2	27.0
Total Theatrical Slates	128.1	59.9	188.0	300.1	86.4	386.5
Summit Titles Released Theatrically Pre-Acquisition	142.9	7.1	150.0	—	—	—
Managed Brands (1)	193.0	45.0	238.0	201.2	32.7	233.9
Other	2.9	3.1	6.0	12.0	3.2	15.2
	<u>\$ 466.9</u>	<u>\$ 115.1</u>	<u>\$ 582.0</u>	<u>\$ 513.3</u>	<u>\$ 122.3</u>	<u>\$ 635.6</u>

(1) Managed Brands consists of Direct-to-DVD, acquired and licensed brands, acquired library and other product.

Home entertainment revenue of \$582.0 million decreased \$53.6 million, or 8.4%, in fiscal 2012 as compared to fiscal 2011. The decrease in home entertainment revenue is primarily due to a decrease in the contribution of revenue from the theatrical slates as listed above, offset in part by the contribution of packaged media revenue from Summit titles released theatrically pre-acquisition, with no comparable revenue in fiscal 2011, and to a lesser extent, an increase in the contribution of electronic media revenue from managed brands. The decrease in revenue contributed by the theatrical slates is primarily due to only five titles released on DVD in fiscal 2012 from our fiscal 2012 theatrical slate, as compared to ten titles released on DVD in fiscal 2011 from our fiscal 2011 theatrical slate, and also due to the performance of the titles released, and in particular, the significant home entertainment revenues generated by *The Expendables* in fiscal 2011.

Motion Pictures — Television Revenue

The following table sets forth the titles contributing significant motion pictures television revenue for the fiscal years ended March 31, 2012 and 2011:

Year Ended March 31,	
2012	2011
Fiscal 2012 Theatrical Slate:	Fiscal 2011 Theatrical Slate:
<i>Madea's Big Happy Family</i>	<i>Kick-Ass</i>
Fiscal 2011 Theatrical Slate:	<i>Killers</i>
<i>Alpha & Omega</i>	<i>Why Did I Get Married Too?</i>
<i>For Colored Girls</i>	Fiscal 2010 Theatrical Slate:
<i>Saw 3D</i>	<i>Brothers</i>
<i>The Expendables</i>	<i>Daybreakers</i>
<i>The Last Exorcism</i>	<i>From Paris With Love</i>
<i>The Lincoln Lawyer</i>	<i>I Can Do Bad All By Myself</i>
<i>The Next Three Days</i>	<i>Precious</i>
Fiscal 2009 Theatrical Slate:	<i>Saw VI</i>
<i>Madea Goes to Jail</i>	<i>The Spy Next Door</i>
	Fiscal 2009 Theatrical Slate:
	<i>The Forbidden Kingdom</i>

The following table sets forth the components of television revenue by product category for the fiscal years ended March 31, 2012 and 2011:

	Year Ended March 31,	
	2012	2011
(Amounts in millions)		
Television revenues		
Fiscal 2012 Theatrical Slate	\$ 9.8	\$ —
Fiscal 2011 Theatrical Slate	59.2	29.4
Fiscal 2010 Theatrical Slate	1.5	56.3
Fiscal 2009 Theatrical Slate	12.8	13.2
Fiscal 2008 & Prior Theatrical Slate	14.7	22.6
Total Theatrical Slates	98.0	121.5
Summit Titles Released Theatrically Pre-Acquisition	2.7	—
Managed Brands	18.0	16.2
Other	1.2	2.1
	\$ 119.9	\$ 139.8

Television revenue included in motion pictures revenue of \$119.9 million decreased \$19.9 million, or 14.2%, in fiscal 2012, as compared to fiscal 2011. The decrease in television revenue in fiscal 2012 compared to fiscal 2011, is mainly due to the number and performance of titles in the theatrical slates listed above with television availability windows opening in fiscal 2012. The contribution of television revenue from the titles listed above was \$72.7 million in fiscal 2012, compared to \$85.0 million in fiscal 2011, and the contribution of television revenue from titles not listed above was \$47.2 million in fiscal 2012, compared to \$54.8 million in fiscal 2011.

Motion Pictures — International Revenue

The following table sets forth the titles contributing significant motion pictures international revenue for the fiscal years ended March 31, 2012 and 2011:

Year Ended March 31,	
2012	2011
Fiscal 2012 Theatrical Slate:	Fiscal 2011 Theatrical Slate:
<i>Abduction</i>	<i>Alpha and Omega</i>
<i>The Hunger Games</i>	<i>Kick-Ass</i>
<i>Warrior</i>	<i>Killers</i>
Fiscal 2011 Theatrical Slate:	<i>Saw 3D</i>
<i>Kick-Ass</i>	<i>The Next Three Days</i>
Summit Titles Released Theatrically Pre-Acquisition:	
<i>The Twilight Saga: Breaking Dawn - Part 1</i>	

The following table sets forth the components of international revenue by product category for the fiscal years ended March 31, 2012 and 2011:

	Year Ended March 31,	
	2012	2011
(Amounts in millions)		
International revenues		
Fiscal 2012 Theatrical Slate	\$ 46.7	\$ —
Fiscal 2011 Theatrical Slate	13.1	86.8
Fiscal 2010 Theatrical Slate	2.0	14.4
Fiscal 2009 Theatrical Slate	1.8	4.7
Fiscal 2008 & Prior Theatrical Slate	6.0	7.4
Total Theatrical Slates	69.6	113.3
Summit Titles Released Theatrically Pre-Acquisition	21.3	—
Managed Brands	19.4	10.3
Other	2.6	2.9
	\$ 112.9	\$ 126.5

International revenue included in motion pictures revenue of \$112.9 million decreased \$13.6 million, or 10.8%, in fiscal 2012, as compared to fiscal 2011. The decrease in international revenue in fiscal 2012 compared to fiscal 2011, is mainly due to the revenues generated by the titles and product categories listed above.

Motion Pictures — Lionsgate UK Revenue

The following table sets forth the titles contributing significant Lionsgate UK revenue for the fiscal years ended March 31, 2012 and 2011:

Year Ended March 31,	
2012	2011
Fiscal 2012 Theatrical Slate:	Fiscal 2011 Theatrical Slate:
<i>The Hunger Games</i>	<i>Saw 3D</i>
Fiscal 2011 Theatrical Slate:	<i>The Expendables</i>
<i>The Expendables</i>	Fiscal 2010 Theatrical Slate:
Lionsgate UK and third party product:	<i>Daybreakers</i>
<i>Blitz</i>	Lionsgate UK and third party product:
	<i>Harry Brown</i>
	<i>The Hurt Locker</i>

The following table sets forth the components of Lionsgate UK revenue by product category for the fiscal years ended March 31, 2012 and 2011:

	Year Ended March 31,	
	2012	2011
(Amounts in millions)		
Lionsgate UK revenues		
Fiscal 2012 Theatrical Slate	\$ 14.9	\$ —
Fiscal 2011 Theatrical Slate	19.4	32.2
Fiscal 2010 Theatrical Slate	1.1	8.2
Fiscal 2009 Theatrical Slate	3.2	1.0
Fiscal 2008 & Prior Theatrical Slate	1.9	2.5
Total Theatrical Slates	40.5	43.9
Summit Titles Released Theatrically Pre-Acquisition	6.7	—
Lionsgate UK and third party product	38.6	22.1
Managed Brands	15.4	10.4
Other	0.3	2.8
	<u>\$ 101.5</u>	<u>\$ 79.2</u>

Lionsgate UK revenue of \$101.5 million increased \$22.3 million, or 28.2%, in fiscal 2012 as compared to fiscal 2011. The increase in Lionsgate UK revenue in fiscal 2012 compared to fiscal 2011 is mainly due to the revenue generated by the titles and product categories listed above.

Motion Pictures — Mandate Pictures Revenue

The following table sets forth the titles contributing significant Mandate Pictures revenue for the fiscal years ended March 31, 2012 and 2011:

Year Ended March 31,	
2012	2011
<i>50/50</i>	<i>Drag Me To Hell</i>
<i>A Very Harold & Kumar 3D Christmas</i>	<i>Juno</i>
<i>Juno</i>	<i>Peacock</i>
<i>Young Adult</i>	<i>The Switch</i>
	<i>Whip It</i>

Mandate Pictures revenue includes revenue from the sales and licensing of domestic and worldwide rights of titles developed or acquired by Mandate Pictures to third-party distributors or international sub-distributors. Mandate Pictures revenue of \$55.4 million increased \$16.7 million, or 43.2%, in fiscal 2012 as compared to fiscal 2011.

Television Production Revenue

Television production revenue of \$397.3 million increased \$44.1 million, or 12.5%, in fiscal 2012 as compared to fiscal 2011. The following table sets forth the components and the changes in the components of revenue that make up television production revenue for the fiscal years ended March 31, 2012 and 2011:

	Year Ended		Increase (Decrease)	
	March 31, 2012	March 31, 2011	Amount	Percent
(Amounts in millions)				
Television Production				
Domestic series licensing				
Lionsgate Television	\$ 118.0	\$ 123.0	\$ (5.0)	(4.1)%
Debmar-Mercury	133.8	136.5	(2.7)	(2.0)%
Total domestic series licensing	251.8	259.5	(7.7)	(3.0)%
International	37.2	37.1	0.1	0.3 %
Home entertainment releases of television production	101.5	54.4	47.1	86.6 %
Other	6.8	2.2	4.6	209.1 %
	<u>\$ 397.3</u>	<u>\$ 353.2</u>	<u>\$ 44.1</u>	<u>12.5 %</u>

Revenues included in television production increased in fiscal 2012, mainly due to higher revenue generated from the home entertainment category of television production, offset in part by lower revenue generated from domestic series licensing in fiscal 2012 as compared to fiscal 2011.

The following table sets forth the number of television episodes and hours included in Lionsgate Television domestic series licensing revenue in the fiscal years ended March 31, 2012 and 2011, respectively:

		Year Ended				Year Ended	
		March 31, 2012				March 31, 2011	
		Episodes	Hours			Episodes	Hours
<i>Weeds Season 7</i>	1/2hr	13	6.5	<i>Weeds Season 6</i>	1/2hr	13	6.5
<i>Blue Mountain State Season 3</i>	1/2hr	13	6.5	<i>Blue Mountain State Season 2</i>	1/2hr	13	6.5
<i>Bloomberg The Mentor Season 2</i>	1/2hr	8	4.0	<i>Running Wilde Season 1</i>	1/2hr	13	6.5
<i>Nurse Jackie Season 4</i>	1/2hr	10	5.0	<i>Nurse Jackie Season 3</i>	1/2hr	12	6.0
<i>Boss Season 1</i>	1hr	8	8.0	<i>Mad Men Season 4</i>	1hr	13	13.0
<i>Mad Men Season 5</i>	1hr	13	13.0	<i>Scream Queens Season 2</i>	1hr	8	8.0
<i>Pilots</i>	1/2hr & 1hr	2	1.5	<i>Pilots</i>	1/2hr & 1hr	3	2.0
		<u>67</u>	<u>44.5</u>			<u>75</u>	<u>48.5</u>

Revenues included in domestic series licensing from Lionsgate Television decreased in fiscal 2012, due to a decrease in the number of television episodes delivered as compared to fiscal 2011. Revenues included in domestic series licensing from Debmar-Mercury decreased in fiscal 2012, primarily because fiscal 2011 included revenue from *Weeds Seasons 1* through *5*, with only comparable revenue from *Weeds Season 6* in fiscal 2012.

International revenue in fiscal 2012 was comparable to fiscal 2011. International revenue in fiscal 2012 primarily included revenue from *Blue Mountain State Season 2*, *Mad Men Seasons 1, 2, 3, and 4*, and *Weeds Seasons 5 and 6*. International revenue in fiscal 2011 included revenue from *Blue Mountain State Season 1*, *Crash Season 2*, and *Mad Men Seasons 1, 2, 3, and 4*.

The increase in revenue from home entertainment releases of television production is primarily driven by electronic media revenue from *Mad Men Seasons 1, 2, 3, and 4*, as a result of a licensing contract, and *Weeds Seasons 1, 2, 3, 4 and 5*, primarily as a result of an extension of a licensing contract, and to a lesser extent, packaged media revenue from *Weeds Season 7* (released February 2012) in fiscal 2012.

Direct Operating Expenses

The following table sets forth direct operating expenses by segment for the fiscal years ended March 31, 2012 and 2011:

	Year Ended March 31, 2012			Year Ended March 31, 2011		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
(Amounts in millions)						
Direct operating expenses						
Amortization of films and television programs	\$ 415.5	\$ 188.2	\$ 603.7	\$ 354.4	\$ 175.0	\$ 529.4
Participation and residual expense	187.4	116.0	303.4	170.3	95.0	265.3
Other expenses	1.5	(0.2)	1.3	1.2	(0.2)	1.0
	<u>\$ 604.4</u>	<u>\$ 304.0</u>	<u>\$ 908.4</u>	<u>\$ 525.9</u>	<u>\$ 269.8</u>	<u>\$ 795.7</u>
Direct operating expenses as a percentage of segment revenues	50.8%	76.5%	57.2%	42.8%	76.4%	50.3%

Direct operating expenses of the motion pictures segment of \$604.4 million for fiscal 2012 were 50.8% of motion pictures revenue, compared to \$525.9 million, or 42.8% of motion pictures revenue for fiscal 2011. The increase in direct operating expense of the motion pictures segment as a percent of revenue in fiscal 2012 is primarily due to the aggregate increase in the film cost of the Summit film assets as a result of recording the film rights of Summit at their estimated fair values due to the application of purchase accounting under generally accepted accounting principles, which results in higher amortization cost in relation to revenue. Additionally, the increase is, to a lesser extent, due to the change in the mix of product generating revenue compared to fiscal 2011, and is primarily driven by the titles in our theatrical slates. Investment in film write-downs of the motion pictures segment during fiscal 2012 totaled approximately \$6.8 million, compared to \$6.6 million for fiscal 2011. In fiscal 2012 and in fiscal 2011, there was one write-down that individually exceeded \$1.0 million. Due to the January 2012 acquisition of Summit, we currently expect that direct operating expenses of the motion pictures segment for fiscal 2013 will increase as compared to fiscal 2012.

Direct operating expenses of the television production segment of \$304.0 million for fiscal 2012 were 76.5% of television revenue, compared to \$269.8 million, or 76.4%, of television revenue for fiscal 2011. The direct operating expenses as a percent of television revenue were comparable to fiscal 2011. In fiscal 2012, \$3.8 million of charges for write-downs of television film costs were included in the amortization of television programs, compared to charges of \$11.6 million in fiscal 2011. In fiscal 2012, there were no write-downs that individually exceeded \$1.0 million, and the fiscal 2011 write-downs included write-downs on three titles over \$1.0 million, which aggregated \$7.9 million, of which \$5.3 million related to one television series.

Distribution and Marketing Expenses

The following table sets forth distribution and marketing expenses by segment for the fiscal years ended March 31, 2012 and 2011:

	Year Ended March 31, 2012			Year Ended March 31, 2011		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
(Amounts in millions)						
Distribution and marketing expenses						
Theatrical	\$ 234.4	\$ —	\$ 234.4	\$ 267.1	\$ —	\$ 267.1
Home Entertainment	164.2	8.6	172.8	191.2	12.6	203.8
Television	2.0	14.6	16.6	1.6	14.8	16.4
International	5.0	3.8	8.8	5.3	5.3	10.6
Lionsgate UK	45.8	1.5	47.3	45.1	2.5	47.6
Other	3.6	0.1	3.7	1.5	0.2	1.7
	<u>\$ 455.0</u>	<u>\$ 28.6</u>	<u>\$ 483.6</u>	<u>\$ 511.8</u>	<u>\$ 35.4</u>	<u>\$ 547.2</u>

The majority of distribution and marketing expenses relate to the motion pictures segment. Theatrical prints and advertising (“P&A”) in the motion pictures segment in fiscal 2012 of \$234.4 million decreased \$32.7 million, compared to \$267.1 million in fiscal 2011, largely due to only eight theatrical releases in fiscal 2012 as compared to twelve theatrical releases in fiscal 2011. Domestic theatrical P&A from the motion pictures segment in fiscal 2012 included P&A incurred on the release of *Abduction*, *Conan the Barbarian*, *Good Deeds*, *Madea's Big Happy Family*, *The Hunger Games*, and *Warrior*. Also, due to the January 2012 acquisition of Summit, domestic theatrical P&A from the motion pictures segment in fiscal 2012 includes P&A incurred on the release of a Summit title, *Man on a Ledge*, with no comparable expense in fiscal 2011. Approximately \$125.1 million of P&A was incurred on titles that generated less than 5% of theatrical revenue in fiscal 2012, of which approximately \$15.5 million was P&A incurred in advance for films to be released in fiscal 2013, such as *The Cabin in the Woods*, *Safe* and *What to Expect When You're Expecting*. Domestic theatrical P&A from the motion pictures segment in fiscal 2011 included P&A incurred on the release of *Alpha and Omega*, *Buried*, *For Colored Girls*, *Kick-Ass*, *Killers*, *Saw 3D*, *The Expendables*, *The Last Exorcism*, *The Next Three Days*, and *Why Did I Get Married Too?*. Approximately \$58.7 million of P&A was incurred on titles that generated less than 5% of theatrical revenue in fiscal 2011, of which \$7.6 million was P&A incurred in advance for films to be released in fiscal 2012. Due to the January 2012 acquisition of Summit, we currently expect that distribution and marketing expenses of the motion pictures segment for fiscal 2013 will increase as compared to fiscal 2012.

Home entertainment distribution and marketing costs on motion pictures and television product in fiscal 2012 of \$172.8 million decreased \$31 million, or 15.2%, compared to \$203.8 million in fiscal 2011, primarily due to lower distribution and marketing costs associated with lower motion pictures home entertainment revenues. Home entertainment distribution and marketing costs as a percentage of home entertainment revenues was 25.3% and 29.5% in fiscal 2012 and fiscal 2011, respectively. The decrease in home entertainment distribution and marketing costs as a percentage of home entertainment revenues was primarily due to an increase in home entertainment revenue from electronic media, which requires substantially lower distribution and marketing costs as compared to packaged media, as compared to fiscal 2011.

Lionsgate UK distribution and marketing expenses in the motion pictures segment in fiscal 2012 of \$45.8 million increased slightly from \$45.1 million in fiscal 2011.

General and Administrative Expenses

The following table sets forth general and administrative expenses by segment for the fiscal years ended March 31, 2012 and 2011:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2012	March 31, 2011	Amount	Percent
(Amounts in millions)				
General and administrative expenses				
Motion Pictures	\$ 55.5	\$ 48.4	\$ 7.1	14.7 %
Television Production	10.9	11.5	(0.6)	(5.2)%
Shared services and corporate expenses, excluding items below	67.1	56.2	10.9	19.4 %
Total general and administrative expenses before share-based compensation expense, shareholder activist matter expenses, and acquisition related expenses	133.5	116.1	17.4	15.0 %
Share-based compensation expense	25.0	32.4	(7.4)	(22.8)%
Shareholder activist matter	(1.7)	22.9	(24.6)	(107.4)%
Severance and transaction costs related to the acquisition of Summit Entertainment, LLC	12.0	—	12.0	100.0 %
	35.3	55.3	(20.0)	(36.2)%
Total general and administrative expenses	\$ 168.8	\$ 171.4	\$ (2.6)	(1.5)%
Total general and administrative expenses as a percentage of revenue	10.6%	10.8%		
General and administrative expenses excluding share-based compensation expense, shareholder activist matter expenses, and acquisition related expenses, as a percentage of revenue	8.4%	7.3%		

Total General and Administrative Expenses

General and administrative expenses decreased by \$2.6 million, or 1.5%, as reflected in the table above and further discussed below.

Motion Pictures

General and administrative expenses of the motion pictures segment increased \$7.1 million, or 14.7%. The increase in motion pictures general and administrative expenses is primarily due to general and administrative expenses associated with Summit, acquired on January 13, 2012. Included in the motion pictures segment in fiscal 2012, is \$2.4 million in general and administrative expenses associated with Maple Pictures. Due to the sale of Maple Pictures, the Company will no longer incur general and administrative expenses associated with Maple Pictures. In fiscal 2012, \$11.4 million of motion pictures production overhead was capitalized compared to \$9.0 million in fiscal 2011.

Television Production

General and administrative expenses of the television production segment decreased \$0.6 million, or 5.2%. In fiscal 2012, \$5.8 million of television production overhead was capitalized compared to \$4.3 million in fiscal 2011.

Shared Services and Corporate Expenses

Shared services and corporate expenses excluding share-based compensation expense, shareholder activist matter costs and severance and transaction costs related to the acquisition of Summit, increased \$10.9 million, or 19.4%, mainly due to increases in incentive related compensation and to a lesser extent, rent and facilities expenses, partially offset by decreases in legal and professional fees.

Shareholder activist matter costs decreased \$24.6 million as a result of significantly less shareholder activist activity in fiscal 2012, as compared to fiscal 2011. Additionally, shareholder activist matter costs in fiscal 2012 include a \$3.9 million benefit, recorded in the quarter ended June 30, 2011, related to a negotiated settlement with a vendor of costs incurred and recorded in the prior fiscal year, and insurance recoveries of related litigation offset by other costs incurred.

Share-Based Compensation Expense. The following table sets forth share-based compensation expense included in shared services and corporate expenses for the fiscal years ended March 31, 2012 and 2011:

	Year Ended		Increase (Decrease)	
	March 31, 2012	March 31, 2011	Amount	Percent
(Amounts in millions)				
Share-Based Compensation Expense:				
Stock options (1)	\$ 0.2	\$ 2.6	\$ (2.4)	(92.3)%
Restricted share units and other share-based compensation (1)	9.5	26.0	(16.5)	(63.5)%
Stock appreciation rights (2)	15.3	3.8	11.5	302.6 %
	<u>\$ 25.0</u>	<u>\$ 32.4</u>	<u>\$ (7.4)</u>	<u>(22.8)%</u>

- (1) The decrease in share-based compensation from stock options and restricted share units is due to \$21.9 million of share-based compensation expense associated with the immediate vesting of equity awards of certain executive officers triggered by the “change in control” provisions in their respective employment agreements during the year ended March 31, 2011.
- (2) The increase in stock appreciation rights expense is primarily associated with the increase in the Company's stock price during the year ended March 31, 2012.

At March 31, 2012, as disclosed in Note 14 to the consolidated financial statements, there were unrecognized compensation costs of approximately \$12.0 million related to stock options and restricted share units previously granted, including annual installments of share grants that were subject to performance targets, which will be expensed over the remaining vesting periods. At March 31, 2012, 381,698 shares of restricted share units have been awarded to two key executive officers, the vesting of which will be subject to performance targets to be set annually by the Compensation Committee of the Board of Directors. These restricted share units will vest in two annual installments assuming annual performance targets have been met. The fair value of the 381,698 shares, whose future annual performance targets have not been set, was \$5.3 million, based on the market price of our common shares as of March 31, 2012. The market value will be remeasured when the annual performance criteria are set and the value will be expensed over the remaining vesting periods once it becomes probable that the performance targets will be satisfied.

Depreciation, Amortization and Other Expenses (Income)

Depreciation and amortization of \$4.3 million for fiscal 2012 decreased \$1.5 million from \$5.8 million in fiscal 2011.

Interest expense of \$78.1 million for fiscal 2012 increased \$22.9 million, or 41.5%, from \$55.2 million in fiscal 2011. The following table sets forth the components of interest expense for the fiscal years ended March 31, 2012 and 2011:

	Year Ended March 31, 2012	Year Ended March 31, 2011
(Amounts in millions)		
Interest Expense		
Cash Based:		
Senior revolving credit facility	\$ 4.1	\$ 6.8
Convertible senior subordinated notes	4.1	5.6
Senior secured second-priority notes	42.2	24.2
Term loan	6.9	—
Other	5.1	2.3
	<u>62.4</u>	<u>38.9</u>
Non-Cash Based:		
Amortization of discount (premium) on:		
Liability component of convertible senior subordinated notes	7.8	10.1
Senior secured second-priority notes	0.7	1.2
Term loan	0.4	—
Amortization of deferred financing costs	6.8	5.0
	<u>15.7</u>	<u>16.3</u>
	<u>\$ 78.1</u>	<u>\$ 55.2</u>

Interest and other income was \$2.8 million in fiscal 2012, compared to \$1.7 million in fiscal 2011.

The following table represents our portion of the income or (loss) of our equity method investees based on our percentage ownership for the fiscal years ended March 31, 2012 and 2011:

	March 31, 2012 Ownership Percentage	Year Ended March 31, 2012	Year Ended March 31, 2011 As adjusted (3)
(Amounts in millions)			
Horror Entertainment, LLC (“FEARnet”)	34.5%	\$ 0.1	\$ 0.7
NextPoint, Inc. (“Break Media”)	42.0%	(5.9)	(2.4)
Roadside Attractions, LLC	43.0%	0.6	0.8
Studio 3 Partners, LLC (“EPIX”) (1)	31.2%	24.4	(15.0)
TV Guide Network (2)	51.0%	(8.5)	(3.0)
Tiger Gate Entertainment Limited ("Tiger Gate") (4)	45.9%	(2.3)	(1.8)
		<u>\$ 8.4</u>	<u>\$ (20.7)</u>

- (1) We license certain of our theatrical releases and other films and television programs to EPIX. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by the venture (see Note 7 to our consolidated financial statements).
- (2) We license certain films and/or television programs to TV Guide Network. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest loss of the venture. These profits are recognized as they are realized by the venture (see Note 7 to our consolidated financial statements).
- (3) Due to the elimination of the one-quarter lag in reporting EPIX's results at March 31, 2012, equity interest income (loss) for EPIX for the year ended March 31, 2011 has been adjusted as shown above (see Note 7 to our consolidated financial statements).

statements for further information).

- (4) Our former joint venture with Saban Capital Group, Inc. (“SCG”). In January 2012, the assets of Tiger Gate were contributed to Celestial Tiger Entertainment Limited (“Celestial Tiger Entertainment”), our joint venture with SCG and Celestial Pictures, a company wholly-owned by Astro Malaysia Holdings Sdn Bhd., of which we own a 16% interest. Accordingly, our interest in Celestial Tiger Entertainment will be accounted under the cost method.

Income Tax Provision

We had an income tax expense of \$4.7 million, or (13.6%), of loss before income taxes in fiscal 2012, compared to an expense of \$4.3 million, or (16.3%), of loss before income taxes in fiscal 2011. The tax expense reflected in the fiscal year ended March 31, 2012 is primarily attributable to deferred U.S. income taxes and foreign withholding taxes. Our actual annual effective tax rate will differ from the statutory federal rate as a result of several factors, including changes in the valuation allowance against net deferred tax assets, non-temporary differences, foreign income taxed at different rates, and state and local income taxes. Income tax loss carryforwards, subject to certain limitations that may prevent us from fully utilizing them, amount to approximately \$187.8 million for U.S. federal income tax purposes available to reduce income taxes over twenty years, \$170.4 million for U.S. state income tax purposes available to reduce income taxes over future years with varying expirations, \$28.4 million for Canadian income tax purposes available to reduce income taxes over 20 years with varying expirations, and \$8.6 million for UK income tax purposes available indefinitely to reduce future income taxes.

Net Loss

Net loss for the fiscal year ended March 31, 2012 was \$39.1 million, or basic and diluted net loss per common share of \$0.30 on 132.2 million weighted average common shares outstanding. This compares to net loss for the fiscal year ended March 31, 2011 of \$30.4 million, or basic and diluted net loss per common share of \$0.23 on 131.2 million weighted average common shares outstanding.

Fiscal 2011 Compared to Fiscal 2010

The following table sets forth the components of consolidated revenue by segment for the fiscal years ended March 31, 2011 and 2010:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2011	March 31, 2010	Amount	Percent
(Amounts in millions)				
Consolidated Revenue				
Motion Pictures	\$ 1,229.5	\$ 1,119.3	\$ 110.2	9.8 %
Television Production	353.2	350.9	2.3	0.7 %
Media Networks	—	19.3	(19.3)	(100.0)%
	<u>\$ 1,582.7</u>	<u>\$ 1,489.5</u>	<u>\$ 93.2</u>	<u>6.3 %</u>

Our largest component of revenue comes from home entertainment. The following table sets forth total home entertainment revenue for both the Motion Pictures and Television Production reporting segments for the fiscal years ended March 31, 2011 and 2010:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2011	March 31, 2010	Amount	Percent
(Amounts in millions)				
Home Entertainment Revenue				
Motion Pictures	\$ 635.6	\$ 591.4	\$ 44.2	7.5 %
Television Production	54.4	67.8	(13.4)	(19.8)%
	<u>\$ 690.0</u>	<u>\$ 659.2</u>	<u>\$ 30.8</u>	<u>4.7 %</u>

Motion Pictures Revenue

The following table sets forth the components of revenue and the changes in these components for the motion pictures reporting segment for the fiscal years ended March 31, 2011 and 2010:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2011	March 31, 2010	Amount	Percent
(Amounts in millions)				
Motion Pictures (1)				
Theatrical	\$ 205.9	\$ 139.4	\$ 66.5	47.7 %
Home Entertainment	635.6	591.4	44.2	7.5 %
Television	139.8	135.8	4.0	2.9 %
International	126.5	73.4	53.1	72.3 %
Lionsgate UK	79.2	74.3	4.9	6.6 %
Mandate Pictures	38.7	99.1	(60.4)	(60.9)%
Other	3.8	5.9	(2.1)	(35.6)%
	<u>\$ 1,229.5</u>	<u>\$ 1,119.3</u>	<u>\$ 110.2</u>	<u>9.8 %</u>

(1) For the fiscal year ended March 31, 2011, Motion Pictures revenue includes Maple Pictures revenue of \$85.6 million, compared to Maple Pictures revenue of \$69.7 million for the fiscal year ended March 31, 2010. Subsequent to August 10, 2011, revenue generated pursuant to the distribution agreements with Alliance has been recorded net of fees and expenses.

Motion Pictures — Theatrical Revenue

The following table sets forth the titles contributing approximately five percent or more of theatrical revenue by fiscal years theatrical slate and the month of their release for the fiscal years ended March 31, 2011 and 2010:

Year Ended March 31,			
2011		2010	
	<u>Theatrical Release Date</u>		<u>Theatrical Release Date</u>
Fiscal 2011 Theatrical Slate:		Fiscal 2010 Theatrical Slate:	
<i>For Colored Girls</i>	November 2010	<i>From Paris With Love</i>	February 2010
<i>Saw 3D</i>	October 2010	<i>Daybreakers</i>	January 2010
<i>Alpha and Omega</i>	September 2010	<i>The Spy Next Door</i>	January 2010
<i>The Expendables</i>	August 2010	<i>Brothers</i>	December 2009
<i>The Last Exorcism</i>	August 2010	<i>Precious</i>	November 2009
<i>Killers</i>	June 2010	<i>Saw VI</i>	October 2009
<i>Why Did I Get Married Too?</i>	April 2010	<i>Gamer</i>	September 2009
<i>Kick-Ass</i>	April 2010	<i>I Can Do Bad All By Myself</i>	September 2009
		Fiscal 2009 Theatrical Slate:	
		<i>The Haunting in Connecticut</i>	March 2009

Theatrical revenue of \$205.9 million increased \$66.5 million, or 47.7%, in fiscal 2011, as compared to fiscal 2010. The decrease in theatrical revenue in fiscal 2011, as compared to fiscal 2010, is primarily due to higher box office receipts earned during fiscal 2011 as compared to fiscal 2010 on the theatrical releases listed in the table above. The contribution of theatrical revenue from the titles listed above was \$188.8 million in fiscal 2011 compared to \$126.4 million in fiscal 2010, representing an increase of \$62.4 million in revenue from titles individually contributing greater than 5% of theatrical revenue.

Motion Pictures — Home Entertainment Revenue

The following table sets forth the titles contributing approximately two percent or more of motion pictures home entertainment revenue for the fiscal years ended March 31, 2011 and 2010:

Year Ended March 31,

2011		2010	
	DVD Release Date		DVD Release Date
Fiscal 2011 Theatrical Slate:		Fiscal 2010 Theatrical Slate:	
<i>The Next Three Days</i>	March 2011	<i>Brothers</i>	March 2010
<i>For Colored Girls</i>	February 2011	<i>Precious</i>	March 2010
<i>Saw 3D</i>	January 2011	<i>Gamer</i>	January 2010
<i>Alpha and Omega</i>	January 2011	<i>I Can Do Bad All By Myself</i>	January 2010
<i>The Expendables</i>	November 2010	<i>Saw VI</i>	January 2010
<i>Killers</i>	September 2010	<i>Crank: High Voltage</i>	September 2009
<i>Kick-Ass</i>	August 2010	Fiscal 2009 Theatrical Slate:	
<i>Why Did I Get Married Too?</i>	August 2010	<i>The Haunting In Connecticut</i>	July 2009
Fiscal 2010 Theatrical Slate:		<i>Madea Goes to Jail</i>	June 2009
<i>From Paris With Love</i>	June 2010	<i>My Bloody Valentine 3-D</i>	May 2009
<i>Daybreakers</i>	May 2010	<i>New In Town</i>	May 2009
<i>The Spy Next Door</i>	May 2010	<i>The Spirit</i>	April 2009
<i>Precious</i>	March 2010		
Managed Brands:			
<i>The Switch</i>	March 2011		

The following table sets forth the components of home entertainment revenue by product category for the fiscal years ended March 31, 2011 and 2010:

	Year Ended March 31,					
	2011			2010		
	Packaged Media	Electronic Media	Total	Packaged Media	Electronic Media	Total
	(Amounts in millions)					
Home entertainment revenues						
Fiscal 2011 Theatrical Slate	\$ 192.9	\$ 38.7	\$ 231.6	\$ —	\$ —	\$ —
Fiscal 2010 Theatrical Slate	74.4	42.3	116.7	113.1	5.8	118.9
Fiscal 2009 Theatrical Slate	10.0	1.2	11.2	129.9	41.2	171.1
Fiscal 2008 & Prior Theatrical Slate	22.8	4.2	27.0	35.8	4.0	39.8
Total Theatrical Slates	300.1	86.4	386.5	278.8	51.0	329.8
Managed Brands (1)	201.2	32.7	233.9	225.2	14.8	240.0
Other	12.0	3.2	15.2	19.5	2.1	21.6
	<u>\$ 513.3</u>	<u>\$ 122.3</u>	<u>\$ 635.6</u>	<u>\$ 523.5</u>	<u>\$ 67.9</u>	<u>\$ 591.4</u>

(1) Managed Brands consists of Direct-to-DVD, acquired and licensed brands, acquired library and other product.

Home entertainment revenue of \$635.6 million increased \$44.2 million, or 7.5%, in fiscal 2011, as compared to fiscal 2010. The increase in home entertainment revenue is primarily due to an increase in revenue from electronic media from \$67.9 million in fiscal 2010 to \$122.3 million in fiscal 2011, offset by a slight decrease in revenue from packaged media. The increase in electronic media is primarily driven by an increase in revenue generated from the product categories listed in the table above. The slight decrease in revenue from packaged media results from a decrease in managed brands, partially offset by an increase in revenue from the theatrical slates and other products. The increase in revenue contributed by the theatrical slates is primarily due to higher box office receipts and the timing of theatrical releases. The decrease in managed brands is largely due to a decrease in packaged media revenue from fitness and family entertainment titles, as well as a decline in revenue from one previously acquired library.

Motion Pictures — Television Revenue

The following table sets forth the titles contributing significant motion pictures television revenue for the fiscal years ended March 31, 2011 and 2010:

Year Ended March 31,	
2011	2010
Fiscal 2011 Theatrical Slate:	Fiscal 2009 Theatrical Slate:
<i>Kick-Ass</i>	<i>Madea Goes to Jail</i>
<i>Killers</i>	<i>My Bloody Valentine 3-D</i>
<i>Why Did I Get Married Too?</i>	<i>Saw V</i>
Fiscal 2010 Theatrical Slate:	<i>The Family That Preys</i>
<i>Brothers</i>	<i>The Haunting In Connecticut</i>
<i>Daybreakers</i>	<i>Transporter 3</i>
<i>From Paris With Love</i>	<i>W.</i>
<i>I Can Do Bad All By Myself</i>	Fiscal 2008 Theatrical Slate:
<i>Precious</i>	<i>Why Did I Get Married? - Feature</i>
<i>Saw VI</i>	
<i>The Spy Next Door</i>	
Fiscal 2009 Theatrical Slate:	
<i>The Forbidden Kingdom</i>	

The following table sets forth the components of television revenue by product category for the fiscal years ended

March 31, 2011 and 2010:

	Year Ended March 31,	
	2011	2010
(Amounts in millions)		
Television revenues		
Fiscal 2011 Theatrical Slate	\$ 29.4	\$ —
Fiscal 2010 Theatrical Slate	56.3	3.5
Fiscal 2009 Theatrical Slate	13.2	89.0
Fiscal 2008 & Prior Theatrical Slate	22.6	26.8
Total Theatrical Slates	121.5	119.3
Managed Brands	16.2	13.5
Other	2.1	3.0
	<u>\$ 139.8</u>	<u>\$ 135.8</u>

Television revenue included in motion pictures revenue of \$139.8 million increased \$4.0 million, or 2.9%, in fiscal 2011 as compared to fiscal 2010. The increase in television revenue in fiscal 2011 compared to fiscal 2010 is mainly due to the revenue generated by the product categories listed above. The contribution of television revenue from the titles listed above was \$85.0 million in fiscal 2011, compared to \$68.1 million in fiscal 2010, and the contribution of television revenue from titles not listed above was \$54.8 million in fiscal 2011, compared to \$67.7 million in fiscal 2010.

Motion Pictures — International Revenue

The following table sets forth the titles contributing significant motion pictures international revenue for the fiscal years ended March 31, 2011 and 2010:

Year Ended March 31,	
2011	2010
Fiscal 2011 Theatrical Slate:	Fiscal 2010 Theatrical Slate:
<i>Alpha and Omega</i>	<i>Brothers</i>
<i>Kick-Ass</i>	<i>Saw VI</i>
<i>Killers</i>	Fiscal 2009 Theatrical Slate:
<i>Saw 3D</i>	<i>My Bloody Valentine 3-D</i>
<i>The Next Three Days</i>	<i>Saw V</i>

The following table sets forth the components of international revenue by product category for the fiscal years ended March 31, 2011 and 2010:

	Year Ended March 31,	
	2011	2010
(Amounts in millions)		
International revenues		
Fiscal 2011 Theatrical Slate	\$ 86.8	\$ 0.3
Fiscal 2010 Theatrical Slate	14.4	21.9
Fiscal 2009 Theatrical Slate	4.7	16.0
Fiscal 2008 & Prior Theatrical Slate	7.4	11.3
Total Theatrical Slates	113.3	49.5
Managed Brands	10.3	17.9
Other	2.9	6.0
	<u>\$ 126.5</u>	<u>\$ 73.4</u>

International revenue included in motion pictures revenue of \$126.5 million increased \$53.1 million, or 72.3%, in fiscal 2011, as compared to fiscal 2010. The increase in international revenue in fiscal 2011 compared to fiscal 2010 is mainly due to the revenues generated by the titles and product categories listed above.

Motion Pictures — Lionsgate UK Revenue

The following table sets forth the titles contributing significant Lionsgate UK revenue for the fiscal years ended March 31, 2011 and 2010:

Year Ended March 31,	
2011	2010
Fiscal 2011 Theatrical Slate:	Fiscal 2010 Theatrical Slate: :
<i>Saw 3D</i>	<i>Saw VI</i>
<i>The Expendables</i>	Fiscal 2009 Theatrical Slate:
Fiscal 2010 Theatrical Slate:	<i>My Bloody Valentine 3-D</i>
<i>Daybreakers</i>	LGUK Theatrical Slate:
LGUK Theatrical Slate:	<i>Harry Brown</i>
<i>Harry Brown</i>	<i>The Hurt Locker</i>
<i>The Hurt Locker</i>	Other:
	<i>Drag Me To Hell</i>

The following table sets forth the components of Lionsgate UK revenue by product category for the fiscal years ended March 31, 2011 and 2010:

	Year Ended March 31,	
	2011	2010
(Amounts in millions)		
Lionsgate UK revenues		
Fiscal 2011 Theatrical Slate	\$ 32.2	\$ —
Fiscal 2010 Theatrical Slate	8.2	10.4
Fiscal 2009 Theatrical Slate	1.0	10.0
Fiscal 2008 & Prior Theatrical Slate	2.5	8.9
Total Theatrical Slates	43.9	29.3
Lionsgate UK and third party product	22.1	25.2
Managed Brands	10.4	12.3
Other	2.8	7.5
	<u>\$ 79.2</u>	<u>\$ 74.3</u>

Lionsgate UK revenue of \$79.2 million increased \$4.9 million, or 6.6%, in fiscal 2011 as compared to fiscal 2010. The increase in Lionsgate UK revenue in fiscal 2011 compared to fiscal 2010 is mainly due to the revenue generated by the titles and product categories listed above.

Motion Pictures — Mandate Pictures Revenue

The following table sets forth the titles contributing significant Mandate Pictures revenue for the fiscal years ended March 31, 2011 and 2010:

Year Ended March 31,	
2011	2010
<i>Drag Me To Hell</i>	<i>Drag Me To Hell</i>
<i>Juno</i>	<i>Horsemen</i>
<i>Peacock</i>	<i>Juno</i>
<i>The Switch</i>	<i>Passengers</i>
<i>Whip It</i>	<i>Whip It</i>

Mandate Pictures revenue includes revenue from the sales and licensing of domestic and worldwide rights of titles developed or acquired by Mandate Pictures to third-party distributors or international sub-distributors. Mandate Pictures revenue of \$38.7 million decreased \$60.4 million, or 60.9%, in fiscal 2011, as compared to fiscal 2010. The decrease in Mandate Pictures revenue in fiscal 2011 compared to fiscal 2010 is mainly due to the revenue from *Drag Me To Hell* in fiscal 2010 as compared to fiscal 2011.

Television Production Revenue

Television production revenue of \$353.2 million increased \$2.3 million, or 0.7%, in fiscal 2011, as compared to fiscal 2010. The following table sets forth the components and the changes in the components of revenue that make up television production revenue for the fiscal years ended March 31, 2011 and 2010:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2011	March 31, 2010	Amount	Percent
(Amounts in millions)				
Television Production				
Domestic series licensing				
Lionsgate Television	\$ 123.0	\$ 128.8	\$ (5.8)	(4.5)%
Debmar-Mercury	136.5	92.2	44.3	48.0 %
Ish Entertainment	—	19.0	(19.0)	(100.0)%
Total domestic series licensing	259.5	240.0	19.5	8.1 %
International	37.1	42.3	(5.2)	(12.3)%
Home entertainment releases of television production	54.4	67.8	(13.4)	(19.8)%
Other	2.2	0.8	1.4	175.0 %
	<u>\$ 353.2</u>	<u>\$ 350.9</u>	<u>\$ 2.3</u>	<u>0.7 %</u>

Revenues included in domestic series licensing increased in fiscal 2011 mainly due to higher revenue generated from Debmar-Mercury in fiscal 2011 as compared to fiscal 2010, partially offset by no revenue generated from our former collaboration with Ish Entertainment Inc. (“Ish”) in fiscal 2011 compared to fiscal 2010 due to the collaboration ending in fiscal 2010, and slightly lower revenue generated from Lionsgate Television in fiscal 2011 compared to fiscal 2010.

The following table sets forth the number of television episodes and hours included in Lionsgate Television domestic series licensing revenue in the fiscal years ended March 31, 2011 and 2010, respectively:

		Year Ended				Year Ended	
		March 31, 2011				March 31, 2010	
		Episodes	Hours			Episodes	Hours
<i>Weeds Season 6</i>	1/2hr	13	6.5	<i>Nurse Jackie Season 2</i>	1/2hr	12	6.0
<i>Blue Mountain State Season 2</i>	1/2hr	13	6.5	<i>Nurse Jackie Season 1</i>	1/2hr	12	6.0
<i>Running Wilde Season 1</i>	1/2hr	13	6.5	<i>Blue Mountain State Season 1</i>	1/2hr	13	6.5
<i>Nurse Jackie Season 3</i>	1/2hr	12	6.0	<i>Weeds Season 5</i>	1/2hr	13	6.5
<i>Mad Men Season 4</i>	1hr	13	13.0	<i>Crash TV Series Season 2</i>	1hr	13	13.0
<i>Scream Queens Season 2</i>	1 hr	8	8.0	<i>Mad Men Season 3</i>	1 hr	13	13.0
<i>Pilots</i>	1/2hr & 1hr	3	2.0				
		<u>75</u>	<u>48.5</u>			<u>76</u>	<u>51.0</u>

Revenues included in domestic series licensing from Debmar-Mercury increased in fiscal 2011 due to increased revenue from the deliveries of the television series *Meet the Browns*, *Are We There Yet?*, *Big Lake* and *The Wendy Williams Show*.

Our reality television collaboration with Ish ended in fiscal 2010, resulting in no revenue generated in fiscal 2011. Revenue generated in fiscal 2010 resulted primarily from the production of the domestic series *Paris Hilton's My New BFF* and *My Antonio*.

International revenue decreased in fiscal 2011 due to an increase in episodes of programming delivered internationally and no international revenue generated from our former collaboration with Ish. International revenue in fiscal 2011 included revenue from *Blue Mountain State Season 1*, *Crash Season 2*, and *Mad Men Seasons 1, 2, 3 and 4*. International revenue in fiscal 2010 included revenue from *Mad Men Seasons 1, 2, and 3*, *Crash Season 1*, *Dead Zone Season 1*, and *Fear Itself*.

The decrease in revenue from home entertainment releases of television production is primarily driven by a decrease in revenue from *Weeds Seasons 4 and 5* (released June 2009 and January 2010, respectively) and *Mad Men Seasons 1 and 2* (released July 2008 and July 2009, respectively) in fiscal 2011 as compared to fiscal 2010, offset slightly by increases in revenue from the releases of *Mad Men Season 4* (released March 2011) and *Weeds Season 6* (released February 2011) in fiscal 2011.

Media Networks Revenue

Media Networks revenue for the fiscal years ended March 31, 2011 and 2010 are nil and \$19.3 million, respectively. The acquisition of TV Guide Network occurred on February 28, 2009. The results of operations of TV Guide Network are included in the Company's consolidated results from February 28, 2009 through May 27, 2009. A portion of the entity was sold on May 28, 2009. Subsequent to the sale of TV Guide Network, and pursuant to the new accounting guidance for accounting for variable interest entities effective April 1, 2010, which the Company has retrospectively applied, the Company's interest in TV Guide Network is being accounted for under the equity method of accounting.

Direct Operating Expenses

The following table sets forth direct operating expenses by segment for the fiscal years ended March 31, 2011 and 2010:

	Year Ended March 31, 2011			Year Ended March 31, 2010			
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Media Networks	Total
(Amounts in millions)							
Direct operating expenses							
Amortization of films and television programs	\$ 354.4	\$ 175.0	\$ 529.4	\$ 302.0	\$ 202.4	\$ 7.3	\$ 511.7
Participation and residual expense	170.3	95.0	265.3	188.8	75.9	0.2	264.9
Other expenses	1.2	(0.2)	1.0	0.8	0.7	(0.1)	1.4
	<u>\$ 525.9</u>	<u>\$ 269.8</u>	<u>\$ 795.7</u>	<u>\$ 491.6</u>	<u>\$ 279.0</u>	<u>\$ 7.4</u>	<u>\$ 778.0</u>
Direct operating expenses as a percentage of segment revenues	42.8%	76.4%	50.3%	43.9%	79.5%	38.3%	52.2%

Direct operating expenses of the motion pictures segment of \$525.9 million for fiscal 2011 were 42.8% of motion pictures revenue, compared to \$491.6 million, or 43.9% of motion pictures revenue for fiscal 2010. The decrease in direct operating expense of the motion pictures segment as a percent of revenue in fiscal 2011 is primarily due to the change in the mix of product generating revenue in fiscal 2011, as compared to fiscal 2010. Investment in film write-downs of the motion picture segment during fiscal 2011 totaled approximately \$6.6 million compared to \$12.5 million for fiscal 2010. In fiscal 2011, there was one write-down that individually exceeded \$1.0 million. In fiscal 2010, there were two write-downs that individually exceeded \$1.0 million, which totaled \$7.4 million in the aggregate.

Direct operating expenses of the television production segment of \$269.8 million for fiscal 2011 were 76.4% of television revenue, compared to \$279.0 million, or 79.5%, of television revenue for fiscal 2010. The decrease in direct operating expenses as a percent of television revenue is primarily due to the change in the mix of titles generating revenue compared to fiscal 2010, including the success of the *Mad Men* and *Weeds* series franchises relative to total television revenue. In fiscal 2011, \$11.6 million of charges for costs incurred in excess of contracted revenues for episodic television series or write-downs of television film costs were included in the amortization of television programs, compared to \$12.6 million in fiscal 2010. The fiscal 2011 write-downs included write-downs on three titles over \$1.0 million, which aggregated \$7.9 million, of which \$5.3 million related to one television series. The fiscal 2010 write-downs included write-downs on four titles over \$1.0 million, which aggregated \$10.5 million, of which \$4.9 million related to one television series.

Direct operating expenses of the Media Networks segment of \$7.4 million for fiscal 2010 consists primarily of programming expenses associated with the production of such programs as *Idol Tonight* and *Hollywood 411* from April 1, 2009 to May 27, 2009.

Distribution and Marketing Expenses

The following table sets forth distribution and marketing expenses by segment for the fiscal years ended March 31, 2011 and 2010:

	Year Ended March 31, 2011			Year Ended March 31, 2010			
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Media Networks	Total
(Amounts in millions)							
Distribution and marketing expenses							
Theatrical	\$ 267.1	\$ —	\$ 267.1	\$ 237.6	\$ 0.2	\$ —	\$ 237.8
Home Entertainment	191.2	12.6	203.8	195.7	18.7	—	214.4
Television	1.6	14.8	16.4	0.9	8.5	—	9.4
International	5.3	5.3	10.6	4.7	3.7	—	8.4
Lionsgate UK	45.1	2.5	47.6	31.1	1.1	—	32.2
Media Networks	—	—	—	—	—	2.0	2.0
Other	1.5	0.2	1.7	1.7	0.3	—	2.0
	<u>\$ 511.8</u>	<u>\$ 35.4</u>	<u>\$ 547.2</u>	<u>\$ 471.7</u>	<u>\$ 32.5</u>	<u>\$ 2.0</u>	<u>\$ 506.2</u>

The majority of distribution and marketing expenses relate to the motion pictures segment. Theatrical P&A in the motion pictures segment in fiscal 2011 of \$267.1 million increased \$29.5 million, compared to \$237.6 million in fiscal 2010. The increase is primarily driven by a higher average P&A expense for titles contributing greater than 5% of distribution and marketing expenses in fiscal 2011 as compared to fiscal 2010, as well as a higher number of theatrical releases in fiscal 2011 as compared to fiscal 2010. Domestic theatrical P&A from the motion pictures segment in fiscal 2011 included P&A incurred on the release of *Alpha and Omega*, *Buried*, *For Colored Girls*, *Kick-Ass*, *Killers*, *The Expendables*, *Saw 3-D*, *The Last Exorcism*, *The Next Three Days*, and *Why Did I Get Married Too?*, which individually represented between 2% and 16% of total theatrical P&A and, in the aggregate, accounted for 93% of the total theatrical P&A. Approximately \$58.7 million of P&A was incurred on titles that generated less than 5% of theatrical revenue in fiscal 2011, of which \$7.6 million was P&A incurred in advance for films to be released in fiscal 2012. Domestic theatrical P&A from the motion pictures segment in fiscal 2010 included P&A incurred on the release of *Brothers*, *Daybreakers*, *From Paris With Love*, *Gamer*, *I Can Do Bad All By Myself*, *Saw VI*, *Precious*, and *Spy Next Door*, which individually represented between 5% and 13% of total theatrical P&A and, in the aggregate, accounted for approximately 79% of the total theatrical P&A. Approximately \$48.0 million of P&A was incurred on titles that did not contribute significant revenue in fiscal 2010, of which \$31.9 million was P&A related to titles released in fiscal 2011 such as *Kick-Ass*, *Killers*, *The Expendables*, and *Why Did I Get Married Too?*.

Home entertainment distribution and marketing costs on motion pictures and television product in fiscal 2011 of \$203.8 million decreased \$10.6 million, or 4.9%, compared to \$214.4 million in fiscal 2010. Home entertainment distribution and marketing costs as a percentage of home entertainment revenues was 29.5% and 32.5% in fiscal 2011 and fiscal 2010, respectively. The decrease in home entertainment distribution and marketing costs as a percentage of home entertainment revenues was primarily due to an increase in home entertainment revenue from electronic media in fiscal 2011 as compared to fiscal 2010. In addition, the decrease was also in part due to an increase in revenue associated with new releases in fiscal 2011, such as *The Expendables*, which generated higher revenues in relation to marketing expense, as compared to fiscal 2010.

Lionsgate UK distribution and marketing expenses in the motion pictures segment in fiscal 2011 of \$45.1 million increased from \$31.1 million in fiscal 2010, primarily due to a higher number of theatrical releases in fiscal 2011 as compared to fiscal 2010.

Media Networks includes transmission and marketing and promotion expenses from April 1, 2009 to May 27, 2009.

General and Administrative Expenses

The following table sets forth general and administrative expenses by segment for the fiscal years ended March 31, 2011 and 2010:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2011	March 31, 2010	Amount	Percent
(Amounts in millions)				
General and administrative expenses				
Motion Pictures	\$ 48.4	\$ 47.3	\$ 1.1	2.3%
Television Production	11.5	9.7	1.8	18.6%
Shared services and corporate expenses, excluding items below	56.2	55.3	0.9	1.6%
Total general and administrative expenses before share-based compensation expense, shareholder activist matter expenses, and Media Networks	116.1	112.3	3.8	3.4%
Share-based compensation expense	32.4	18.8	13.6	72.3%
Shareholder activist matter	22.9	5.8	17.1	294.8%
Media Networks	—	6.2	(6.2)	100.0%
	55.3	30.8	24.5	79.5%
Total general and administrative expenses	\$ 171.4	\$ 143.1	\$ 28.3	19.8%
Total general and administrative expenses as a percentage of revenue	10.8%	9.6%		
General and administrative expenses excluding share-based compensation expense, shareholder activist matter expenses, and Media Networks, as a percentage of revenue	7.3%	7.5%		

Total General and Administrative Expenses

General and administrative expenses increased by \$28.3 million, or 19.8%, as reflected in the table above and further discussed below.

Motion Pictures

General and administrative expenses of the motion pictures segment increased \$1.1 million, or 2.3%, mainly due to an increase in salary and related expenses. In fiscal 2011, \$9.0 million of motion pictures production overhead was capitalized compared to \$7.9 million in fiscal 2010.

Television Production

General and administrative expenses of the television production segment increased \$1.8 million, or 18.6%, mainly due to an increase in salary and related expenses primarily associated with Debmar-Mercury. In fiscal 2011, \$4.3 million of television production overhead was capitalized compared to \$5.0 million in fiscal 2010.

Shared Services and Corporate Expenses

Shared services and corporate expenses excluding share-based compensation expense, shareholder activist matter costs and Media Networks increased \$0.9 million, or 1.6%.

Shareholder activist matter costs increased \$17.1 million as a result of legal and professional fees associated with a shareholder activist matter.

Share-based compensation expense increased \$13.6 million, which includes \$21.9 million of expense in fiscal 2011 associated with the immediate vesting of equity awards of certain executive officers triggered by the “change in control” provisions in their respective employment agreements.

Share-Based Compensation Expense. The following table sets forth share-based compensation expense included in shared services and corporate expenses for the fiscal years ended March 31, 2011 and 2010:

	Year Ended	Year Ended	Increase (Decrease)	
	March 31, 2011	March 31, 2010	Amount	Percent
(Amounts in millions)				
Share-Based Compensation Expense:				
Stock options	\$ 2.6	\$ 3.2	\$ (0.6)	(18.8)%
Restricted share units and other share-based compensation	26.0	14.4	11.6	80.6 %
Stock appreciation rights	3.8	1.2	2.6	216.7 %
	<u>\$ 32.4</u>	<u>\$ 18.8</u>	<u>\$ 13.6</u>	<u>72.3 %</u>

At March 31, 2011, there were unrecognized compensation costs of approximately \$7.8 million related to stock options and restricted share units previously granted, including annual installments of share grants that were subject to performance targets, which will be expensed over the remaining vesting periods. At March 31, 2011, 458,037 shares of restricted share units have been awarded to two key executive officers, the vesting of which will be subject to performance targets to be set annually by the Compensation Committee of the Board of Directors of the Company. These restricted share units will vest in two annual installments assuming annual performance targets have been met. The fair value of the 458,037 shares, whose future annual performance targets have not been set, was \$2.9 million, based on the market price of the Company's common shares as of March 31, 2011. The market value will be re-measured when the annual performance criteria are set and the value will be expensed over the remaining vesting periods once it becomes probable that the performance targets will be satisfied.

Depreciation, Amortization and Other Expenses (Income)

Depreciation and amortization of \$5.8 million in fiscal 2011 decreased \$6.7 million from \$12.5 million in fiscal 2010, primarily associated with \$3.2 million of depreciation and amortization recorded in fiscal 2010 from the Media Networks segment prior to its deconsolidation.

Interest expense of \$55.2 million in fiscal 2011 increased \$8.0 million, or 16.9%, from \$47.2 million in fiscal 2010. The following table sets forth the components of interest expense for the fiscal years ended March 31, 2011 and 2010:

	Year Ended	Year Ended
	March 31, 2011	March 31, 2010
(Amounts in millions)		
Interest Expense		
Cash Based:		
Senior revolving credit facility	\$ 6.8	\$ 5.8
Convertible senior subordinated notes	5.6	9.1
Senior secured second-priority notes	24.2	10.8
Other	2.3	1.8
	<u>38.9</u>	<u>27.5</u>
Non-Cash Based:		
Amortization of discount on:		
Liability component of convertible senior subordinated notes	10.1	16.1
Senior secured second-priority notes	1.2	0.4
Amortization of deferred financing costs	5.0	3.2
	<u>16.3</u>	<u>19.7</u>
	<u>\$ 55.2</u>	<u>\$ 47.2</u>

Interest and other income was \$1.7 million in fiscal 2011, compared to \$1.5 million in fiscal 2010.

Loss on extinguishment of debt was \$14.5 million in fiscal 2011, resulting from the July 2010 exchange and related conversion of approximately \$36.0 million in aggregate principal amount of the February 2005 3.625% Notes and approximately \$63.7 million in aggregate principal amount of the October 2004 2.9375% Notes. This compares to a gain of \$5.7 million in fiscal 2010, resulting from the April 2009 exchange of \$66.6 million of our February 2005 3.625% Notes, partially offset by a loss from the December 2009 repurchase of a portion of the October 2004 2.9375% Notes and February

2005 3.625% Notes.

The following table represents our portion of the income or (loss) of our equity method investees based on our percentage ownership for the fiscal years ended March 31, 2011 and 2010:

	March 31, 2011		
	Ownership Percentage	Year Ended March 31, 2011	Year Ended March 31, 2010
		As adjusted (3)	As adjusted (3)
(Amounts in millions)			
FEARnet	34.5%	\$ 0.7	\$ (0.6)
Break Media	42.0%	(2.4)	(0.8)
Roadside Attractions, LLC	43.0%	0.8	(0.1)
EPIX (1)	31.2%	(15.0)	(37.4)
TV Guide Network (2)	51.0%	(3.0)	(0.1)
Tiger Gate	45.5%	(1.8)	—
		<u>\$ (20.7)</u>	<u>\$ (39.0)</u>

- (1) We license certain of our theatrical releases and other films and television programs to EPIX. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by the venture (see Note 7 to our consolidated financial statements).
- (2) We license certain films and/or television programs to TV Guide Network. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest loss of the venture. These profits are recognized as they are realized by the venture (see Note 7 to our consolidated financial statements).
- (3) Due to the elimination of the one-quarter lag in reporting EPIX's results at March 31, 2012, equity interest loss for EPIX for the years ended March 31, 2011 and March 31, 2010 have been adjusted as shown above (see Note 7 to our consolidated financial statements for further information).

Income Tax Provision

We had an income tax expense of \$4.3 million, or (16.3%), of loss before income taxes in fiscal 2011, compared to an expense of \$1.2 million, or (4.2%), of loss before income taxes in fiscal 2010. The tax expense reflected in fiscal 2011 is primarily attributable to deferred U.S. income taxes and foreign withholding taxes. Our actual annual effective tax rate will differ from the statutory federal rate as a result of several factors, including changes in the valuation allowance against net deferred tax assets, non-temporary differences, foreign income taxed at different rates, and state and local income taxes. Income tax loss carryforwards, subject to certain limitations that may prevent us from fully utilizing them, amount to approximately \$179.0 million for U.S. federal income tax purposes available to reduce income taxes over twenty years, \$123.5 million for U.S. state income tax purposes available to reduce income taxes over future years with varying expirations, \$31.7 million for Canadian income tax purposes available to reduce income taxes over 20 years with varying expirations, and \$6.8 million for UK income tax purposes available indefinitely to reduce future income taxes.

Net Loss

Net loss for the fiscal year ended March 31, 2011 was \$30.4 million, or basic and diluted net loss per common share of \$0.23 on 131.2 million weighted average common shares outstanding. This compares to net loss for the fiscal year ended March 31, 2010 of \$30.3 million, or basic and diluted net loss per common share of \$0.26 on 117.5 million weighted average common shares outstanding.

Liquidity and Capital Resources

Our liquidity and capital resources have been provided principally through cash generated from operations, our senior revolving credit facility, senior secured second-priority notes, term loan, issuance of convertible senior subordinated notes, the Film Credit Facility (as hereafter defined), borrowings under individual production loans, and our Pennsylvania Regional Center credit facility.

Senior Revolving Credit Facility

Outstanding Amount. At March 31, 2012, we had borrowings of \$99.8 million (March 31, 2011 — \$69.8 million).

Availability of Funds. At March 31, 2012, there was \$230.2 million available (March 31, 2011 — \$255.2 million). The senior revolving credit facility provides for borrowings and letters of credit up to an aggregate of \$340 million. The availability of funds is limited by a borrowing base and also reduced by outstanding letters of credit which amounted to \$10.0 million at March 31, 2012 (March 31, 2011 — \$15.0 million).

Maturity Date. The senior revolving credit facility expires July 25, 2013.

Interest. As of March 31, 2012, the senior revolving credit facility bore interest of 2.5% over the “Adjusted LIBOR” rate (effective interest rate of 2.74% as of both March 31, 2012 and March 31, 2011).

Commitment Fee. We are required to pay a quarterly commitment fee based upon 0.5% per annum on the total senior revolving credit facility of \$340 million less the amount drawn.

Security. Obligations under the senior revolving credit facility are secured by collateral (as defined in the credit agreement) granted by us and certain of our subsidiaries, as well as a pledge of equity interests in certain of our subsidiaries.

Covenants. The senior revolving credit facility contains a number of affirmative and negative covenants that, among other things, require us to satisfy certain financial covenants and restrict our ability to incur additional debt, pay dividends and make distributions, make certain investments and acquisitions, repurchase its stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of our business, enter into sale-leaseback transactions, transfer and sell material assets and merge or consolidate.

Change in Control. Under the senior revolving credit facility, we may also be subject to an event of default upon a change in control (as defined in the credit agreement) which, among other things, includes a person or group acquiring ownership or control in excess of 50% (amended from 20% on June 22, 2010) of our common shares.

Senior Secured Second-Priority Notes

On October 21, 2009, LGEI, our wholly-owned subsidiary, issued \$236.0 million aggregate principal amount of senior secured second-priority notes due 2016 (the “October 2009 Senior Notes”) in a private offering conducted pursuant to Rule 144A and Regulation S under the Securities Act.

On May 13, 2011, LGEI issued approximately \$200.0 million aggregate principal amount of senior secured second-priority notes due 2016 (the “May 2011 Senior Notes”, and collectively with the October 2009 Senior Notes, the “Senior Notes”) in a private offering conducted pursuant to Rule 144A and Regulation S under the Securities Act. The May 2011 Senior Notes have the same terms as the October 2009 Senior Notes, except for the issue date, issue price and first interest payment.

In August 2011, a subsidiary of LGEI paid \$9.9 million to repurchase \$10.0 million of aggregate principal amount (carrying value — \$9.9 million) of the Senior Notes in the open market. We recorded a loss on extinguishment in the quarter ended September 30, 2011 of \$0.4 million, which included \$0.5 million of deferred financing costs written off. In September 2011, in connection with the common shares repurchased as discussed in Note 2 to our consolidated financial statements, LGEI resold such Senior Notes at 99.0% of the \$10.0 million face amount thereof, plus accrued interest thereon from May 1, 2011, resulting in gross proceeds of approximately \$10.2 million.

Outstanding Amount. The outstanding amount is set forth in the table below:

	March 31, 2012		
	Principal	Unamortized Premium/ (Discount)	Net Carrying Amount
	(Amounts in thousands)		
Senior Secured Second-Priority Notes	\$ 436,000	\$ (4,490)	\$ 431,510

Maturity Date. The Senior Notes are due November 1, 2016.

Original Issue Discount/Premium. The October 2009 Senior Notes were issued by LGEI at an initial price of 95.222% (original issue discount — 4.778%) of the principal amount. The May 2011 Senior Notes were issued by LGEI at an initial price of 102.219% (original issue premium — 2.219%) of the principal amount, plus accrued interest thereon from May 1, 2011, resulting in gross proceeds of approximately \$204.4 million and net proceeds of approximately \$192.4 million after fees and expenses, including \$5.6 million paid in connection with the consent solicitation of holders of the October 2009 Senior Notes. The original issue discount/premium, interest and deferred financing costs are being amortized through November 1,

2016 using the effective interest method. As of March 31, 2012, the remaining amortization period was 4.6 years.

Interest. The Senior Notes pay interest semi-annually on May 1 and November 1 of each year at a rate of 10.25% per year.

Security. The Senior Notes are guaranteed on a senior secured basis by us, and certain wholly-owned subsidiaries of both us and LGEI. The Senior Notes are ranked junior in right of payment to our senior revolving credit facility, ranked equally in right of payment to our subordinated notes, and ranked senior to any of our unsecured debt.

Covenants. The Senior Notes contain certain restrictions and covenants that, subject to certain exceptions, limit our ability to incur additional indebtedness, pay dividends or repurchase our common shares, make certain loans or investments, and sell or otherwise dispose of certain assets subject to certain conditions, among other limitations.

Under the terms of the Senior Notes, there are certain covenants which restrict our ability to incur certain additional indebtedness, make certain "restricted payments" as defined, and other items. These covenants require certain ratios, such as the Secured Leverage Ratio and Consolidated Leverage Ratio (as defined in the indentures), to meet certain specified thresholds before such additional indebtedness, restricted payments or other items are permitted under the terms of the indenture. These ratios are partially based on the net borrowing base amount, as calculated pursuant to the indenture. The following table sets forth the total gross and net borrowing base and certain components of the borrowing base as prescribed by the indenture to the Senior Notes:

Borrowing Base Definition Clause (2)	Category Name	March 31, 2012		
		Gross (1)	Rate	Net (1)
(Amounts in millions)				
(i)	Eligible Major Domestic Receivables	\$ 170.8	@ 100%	\$ 170.8
(ii)	Eligible Acceptable Domestic Receivables	172.8	@ 90%	155.5
(iii)	Eligible Acceptable Foreign Receivables	28.8	@ 85%	24.5
(iv)	Acceptable Tax Credits	42.6	@ 85%/75%	33.7
(v)	Other Domestic Receivables	43.4	@ 50%	21.7
(vi)	Other Foreign Receivables	18.2	@ 50%	9.1
	Borrowing Base from Receivables	\$ 476.6		\$ 415.3
(vii)	Eligible Film Library	596.6	@ 50%	298.3
(viii)	Eligible Video Cassette Inventory	30.5	lesser of 50% or \$10 million	10.0
(ix)	Total Home Video, Pay Television, Free Television Credits	158.3	Misc.	158.3
(xiii)	Cash Collateral Accounts	2.4	@ 100%	2.4
(xiv)	P&A Credit	10.4	@ 50%	5.2
	Borrowing Base at March 31, 2012	\$ 1,274.8		\$ 889.5

- (1) Gross amount represents the amount as of each applicable category and the net amount represents the acceptable portion of that amount permitted to be counted in the Borrowing Base (as defined) under the indenture.
- (2) The following numbered clauses from the Borrowing Base definition were either not applicable or not material as of March 31, 2012: (x) Direct to Video Credit; (xi) Foreign Rights Credit; (xii) Eligible L/C Receivables.

Term Loan

In connection with the acquisition of Summit (see Note 15 to our consolidated financial statements), the Company entered into a new \$500.0 million principal amount term loan agreement (the "Term Loan") and received net proceeds of \$476.2 million, after original issue discount and offering fees and expenses. The net proceeds were used in connection with the acquisition of Summit to pay off Summit's existing term loan.

Outstanding Amount. The outstanding amount of the Term Loan is set forth in the table below:

	March 31, 2012
	(Amounts in thousands)
Principal amount	\$ 484,664
Unamortized discount	(7,150)
Net carrying amount	<u>\$ 477,514</u>

Maturity Date. The Term Loan matures on September 7, 2016. The Term Loan is repayable in quarterly installments equal to \$13.75 million, with the balance payable on the final maturity date. The Term Loan is also repayable periodically to the extent of the excess cash flow, as defined, generated by Summit and its subsidiaries.

Interest. The Term Loan bears interest by reference to a base rate or the LIBOR rate (subject to a LIBOR floor of 1.25%), in either case plus an applicable margin of 4.50% in the case of base rate loans and 5.50% in the case of LIBOR loans (effective interest rate of 7.75% and 6.75%, respectively as of March 31, 2012).

Security. The Term Loan is secured by collateral of the Summit assets.

Covenants. The Term Loan contains a number of affirmative and negative covenants that, among other things, require Summit to satisfy certain financial covenants.

Convertible Senior Subordinated Notes

As of March 31, 2012, we have convertible senior subordinated notes outstanding of \$135.4 million in aggregate principal amount (carrying value — \$104.5 million). In October 2014, \$0.3 million of these convertible senior subordinated notes are redeemable by the holder and beginning in March 2015, an additional \$90.1 million of these convertible senior subordinated notes are redeemable by the holder.

January 2012 Convertible Senior Subordinated Notes Issuance. On January 11, 2012, LGEI sold \$45.0 million in aggregate principal amount of 4.00% Convertible Senior Subordinated Notes with a maturity date of January 11, 2017. The proceeds were used to fund a portion of the acquisition of Summit discussed in Note 15 to our consolidated financial statements. Interest on the January 2012 4.00% Notes is payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2012. The January 2012 4.00% Notes are convertible into common shares of the Company at any time prior to maturity or repurchase by the Company, at an initial conversion price of approximately \$10.50 per share, subject to adjustment in certain circumstances as specified in the Indenture.

October 2011 Repurchase of the October 2004 2.9375% Notes. On October 15, 2011, certain holders of the October 2004 2.9375% Notes required LGEI to repurchase \$26.6 million in aggregate principal amount (carrying value - \$26.6 million) of the October 2004 2.9375% Notes, pursuant to the redemption terms of the October 2004 2.9375% Notes. LGEI paid approximately \$27.0 million for the repurchase on October 17, 2011, representing a price equal to 100% of the principal amount, together with accrued and unpaid interest through October 17, 2011.

May 2011 Repurchase of a Portion of the October 2004 2.9375% Notes. In May 2011, LGEI paid \$19.5 million to repurchase \$19.4 million of aggregate principal amount (carrying value — \$18.9 million) of the October 2004 2.9375% Notes. We recorded a loss on extinguishment in the quarter ended June 30, 2011 of \$0.5 million, which includes \$0.1 million of deferred financing costs written off. The loss represented the excess of the fair value of the liability component of the October 2004 2.9375% Notes repurchased over their carrying values, plus the deferred financing costs written off. The amount of consideration recorded as a reduction of shareholders' equity represents the equity component of the October 2004 2.9375% Notes repurchased.

July 2010 Refinancing Exchange Agreement. On July 20, 2010, we entered into a Refinancing Exchange Agreement to exchange approximately \$36.0 million in aggregate principal amount of the February 2005 3.625% Notes and approximately \$63.7 million in aggregate principal amount of the October 2004 2.9375% Notes for equal principal amounts, respectively, of New 3.625% Convertible Senior Subordinated Notes due 2027 (the "New 3.625% Notes") and New 2.9375% Convertible Senior Subordinated Notes due 2026 (the "New 2.9375% Notes," and together with the New 3.625% Notes, the "New Notes"). The New Notes took effect immediately and all terms were identical to the February 2005 3.625% Notes and October 2004 2.9375% Notes except that the New Notes had an extended maturity date, extended put rights by two years, and were immediately convertible at an initial conversion rate of 161.2903 of our common shares per \$1,000 principal amount of New Notes (conversion price per share of \$6.20), subject to specified contingencies.

On July 20, 2010, the New Notes were converted into 16,236,305 of our common shares. As a result, the New Notes are no

longer outstanding as of July 20, 2010.

Key Terms of Convertible Senior Subordinated Notes:

October 2004 2.9375% Notes. In October 2004, LGEI sold \$150.0 million of the October 2004 2.9375% Notes.

Outstanding Amount: As of March 31, 2012, \$0.3 million of aggregate principal amount (carrying value — \$0.3 million) of the October 2004 2.9375% Notes remains outstanding.

Interest: Interest on the October 2004 2.9375% Notes is payable semi-annually on April 15 and October 15.

Maturity Date: The October 2004 2.9375% Notes mature on October 15, 2024.

Redeemable by LGEI: LGEI may redeem the October 2004 2.9375% Notes at 100% of the principal amount, together with accrued and unpaid interest up to, but excluding the date of redemption.

Repurchase Events: The holder may require LGEI to repurchase the October 2004 2.9375% Notes on October 15, 2014 and 2019 or upon a change in control or termination of trading at a price equal to 100% of the principal amount, together with accrued and unpaid interest up to, but excluding the date of repurchase. See above for further information on the October 2004 2.9375% Notes that were redeemed on October 17, 2011 due to the holders exercise of their right to require LGEI to repurchase the October 2004 2.9375% Notes on October 15, 2011.

Conversion Features: The holder may convert the October 2004 2.9375% Notes into our common shares prior to maturity only if the price of our common shares issuable upon conversion of a note reaches or falls below a certain specific threshold over a specified period, the notes have been called for redemption, a change in control occurs or certain other corporate transactions occur. Before the close of business on or prior to the trading day immediately before the maturity date, the holder may convert the notes into our common shares. The conversion rate is equal to 86.9565 shares per \$1,000 principal amount of the October 2004 2.9375% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately \$11.50 per share. Upon conversion of the October 2004 2.9375% Notes, we have the option to deliver, in lieu of common shares, cash or a combination of cash and our common shares.

Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of our notes or the holder converts the notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of our common shares on the effective date of the change in control. No make whole premium will be paid if the price of our common shares at such time is less than \$8.79 per share or exceeds \$50.00 per share.

February 2005 3.625% Notes. In February 2005, LGEI sold \$175.0 million of the February 2005 3.625% Notes.

Outstanding Amount: As of March 31, 2012, \$23.5 million of aggregate principal amount (carrying value — \$23.5 million) of the February 2005 3.625% Notes remains outstanding.

Interest: Interest on the February 2005 3.625% Notes is payable at 3.625% per annum semi-annually on March 15 and September 15 until March 15, 2012 and at 3.125% per annum thereafter until maturity.

Maturity Date: The February 2005 3.625% Notes will mature on March 15, 2025.

Redeemable by LGEI: LGEI may redeem all or a portion of the February 2005 3.625% Notes at its option on or after March 15, 2012 at 100% of their principal amount, together with accrued and unpaid interest up to, but excluding the date of redemption.

Repurchase Events: The holder may require LGEI to repurchase the February 2005 3.625% Notes on March 15, 2015 and 2020 or upon a change in control or termination of trading at a price equal to 100% of the principal amount, together with accrued and unpaid interest up to, but excluding the date of repurchase.

Conversion Features: The February 2005 3.625% Notes are convertible, at the option of the holder, at any time before the maturity date, if the notes have not been previously redeemed or repurchased, at a conversion rate equal to 70.0133 shares per \$1,000 principal amount of the February 2005 3.625% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately \$14.28 per share. Upon conversion of the February 2005 3.625% Notes, we have the option to deliver, in lieu of common shares, cash or a combination of cash and our common shares.

Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of their notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of our common shares on the effective date of the change in control. No make

whole premium will be paid if the price of our common shares at such time is less than \$10.35 per share or exceeds \$75.00 per share.

April 2009 3.625% Notes. In April 2009, LGEI issued approximately \$66.6 million of 3.625% Convertible Senior Subordinated Notes (the “April 2009 3.625% Notes”).

Outstanding Amount: As of March 31, 2012, \$66.6 million of aggregate principal amount (carrying value — \$45.5 million) of the April 2009 3.625% Notes remains outstanding.

Interest: Interest on the April 2009 3.625% Notes is payable at 3.625% per annum semi-annually on March 15 and September 15 of each year.

Maturity Date: The April 2009 3.625% Notes will mature on March 15, 2025.

Redeemable by LGEI: On or after March 15, 2015, LGEI may redeem the April 2009 3.625% Notes, in whole or in part, at a price equal to 100% of the principal amount of the April 2009 3.625% Notes to be redeemed, plus accrued and unpaid interest up to, but excluding the date of redemption.

Repurchase Events: The holder may require LGEI to repurchase the April 2009 3.625% Notes on March 15, 2015, 2018 and 2023 or upon a change in control or termination of trading at a price equal to 100% of the principal amount of the April 2009 3.625% Notes to be repurchased plus accrued and unpaid interest up to, but excluding the date of repurchase.

Conversion Features: The April 2009 3.625% Notes may be converted into our common shares at any time before maturity, redemption or repurchase. The initial conversion rate of the April 2009 3.625% Notes is 121.2121 common shares per \$1,000 principal amount of the April 2009 3.625% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately \$8.25 per share. Upon conversion of the April 2009 3.625% Notes, we have the option to deliver, in lieu of common shares, cash or a combination of cash and our common shares.

Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of their notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of our common shares on the effective date of the change in control. No make whole premium will be paid if the price of our common shares at such time is less than \$5.36 per share or exceeds \$50.00 per share.

January 2012 4.00% Notes. In January 2012, LGEI issued approximately \$45.0 million of January 2012 4.00% Notes.

Outstanding Amount: As of March 31, 2012, \$45.0 million of aggregate principal amount (carrying value — \$35.2 million) of the January 2012 4.00% Notes remains outstanding.

Interest: Interest on the January 2012 4.00% Notes is payable at 4.00% per annum semi-annually on January 15 and July 15 of each year, commencing on July 15, 2012.

Maturity Date: The January 2012 4.00% Notes will mature on January 11, 2017.

Conversion Features: The January 2012 4.00% Notes are convertible into common shares of the Company at any time prior to maturity or repurchase by the Company, at an initial conversion price of approximately \$10.50 per share, subject to adjustment in certain circumstances as specified in the Indenture. Upon conversion of the January 2012 4.00% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.

Repurchase Events: The holder may require LGEI to repurchase the January 2012 4.00% Notes on upon certain change in control, change of management or termination of trading at a price equal to 100% of the principal amount of the January 2012 4.00% Notes to be repurchased plus accrued and unpaid interest up to, but excluding the date of repurchase.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Production Loans and Participation Financing Arrangements

Individual Production Loans

As of March 31, 2012, amounts outstanding under individual production loans were \$353.0 million. Individual production loans represent individual loans for the production of film and television programs that we produce. Individual production loans have contractual repayment dates either at or near the expected completion date, with the exception of certain loans

containing repayment dates on a longer term basis. Individual production loans of \$338.0 million incur interest at rates ranging from 3.49% to 3.99%, and approximately \$15.0 million of production loans are non-interest bearing.

Film Credit Facility

On October 6, 2009, we entered into a revolving film credit facility agreement, as amended effective December 31, 2009 and June 22, 2010 (the “Film Credit Facility”), which provides for borrowings for the acquisition or production of motion pictures.

Outstanding Amount. At March 31, 2012, we had borrowings of \$43.9 million (March 31, 2011 — \$20.4 million).

Availability of Funds. Currently, the Film Credit Facility provides for total borrowings up to \$130 million, subject to a borrowing base, which can vary based on the amount of sales contracts in place on pictures financed under the facility. The Film Credit Facility can be increased to \$200 million if additional qualified lenders or financial institutions become a party to and provide a commitment under the facility.

Maturity Date. The Film Credit Facility has a maturity date of April 6, 2013. Borrowings under the Film Credit Facility are due the earlier of (a) nine months after delivery of each motion picture or (b) April 6, 2013.

Interest. As of March 31, 2012, the Film Credit Facility bore interest of 3.25% over the “LIBO” rate (as defined in the credit agreement). The weighted average interest rate on borrowings outstanding as of March 31, 2012 was 3.49% (March 31, 2011 — 3.49%).

Commitment Fee. We are required to pay a quarterly commitment fee of 0.75% per annum on the unused commitment under the Film Credit Facility.

Security. Borrowings under the Film Credit Facility are subject to a borrowing base calculation and are secured by interests in the related motion pictures, together with certain other receivables from other motion picture and television productions pledged by us, including a minimum pledge of such receivables of \$25 million. Receivables pledged to the Film Credit Facility must be excluded from the borrowing base calculation under our senior revolving credit facility as described in Note 9 to our consolidated financial statements.

Pennsylvania Regional Center

General. On April 9, 2008, we entered into a loan agreement with the Pennsylvania Regional Center which provides for the availability of production loans up to \$65.5 million on a five-year term for use in film and television productions in the State of Pennsylvania. The amount that was borrowed was limited to approximately one half of the qualified production costs incurred in the State of Pennsylvania through the two-year period ended April 2010, and is subject to certain other limitations. Under the terms of the loan, for every dollar borrowed, our production companies are required (within a two-year period) to either create a specified number of jobs, or spend a specified amount in certain geographic regions in the State of Pennsylvania.

Outstanding Amount. At March 31, 2012, we had borrowings of \$65.5 million.

Availability of Funds. At March 31, 2012, there were no amounts available under this agreement.

Maturity Date. All amounts borrowed under this loan agreement with the Pennsylvania Regional Center are due April 11, 2013, five years from the date that we began to borrow under this agreement.

Interest. Amounts borrowed under the agreement carry an interest rate of 1.5%, which is payable semi-annually.

Security. The loan is secured by a first priority security interest in our film library pursuant to an intercreditor agreement with our senior lender under our senior revolving credit facility. Pursuant to the terms of our senior revolving credit facility, we are required to maintain certain collateral equal to the loans outstanding plus 5% under this facility. Such collateral can consist of cash, cash equivalents or debt securities, including our convertible senior subordinated notes repurchased. As of March 31, 2012, \$72.8 million principal value (fair value — \$83.1 million) of our convertible senior subordinated notes repurchased in December 2009 (see Note 9 to our consolidated financial statements) was held as collateral under our senior revolving credit facility.

Filmed Entertainment Backlog

Filmed Entertainment Backlog. Backlog represents the amount of future revenue not yet recorded from contracts for the licensing of films and television product for television exhibition and in international markets. Backlog at March 31, 2012 and March 31, 2011 was \$999.7 million (\$400.5 million of which related to Summit) and \$532.0 million, respectively.

Discussion of Operating, Investing, Financing Cash Flows

Cash Flows Used in Operating Activities. Cash flows used in operating activities for the year ended March 31, 2012 were \$163.5 million compared to cash flows provided by operating activities for the year ended March 31, 2011 of \$42.3 million, and cash flows used in operating activities for the year ended March 31, 2010 of \$135.0 million. The increase in cash used in operating activities was primarily due to increases in investment in films and television programs, increases in accounts receivable, and equity interest income for the year ended March 31, 2012, offset by increases in cash provided by changes in restricted cash, accounts payable and accrued liabilities, participations and residuals, film obligations, deferred revenue, and an increase in amortization of films and television programs. The decrease in cash used in operating activities in fiscal 2011 of \$42.3 million, as compared to \$135.0 million in fiscal 2010, was primarily due to increases in cash provided by changes in accounts receivable, accounts payable and accrued liabilities, participations and residuals, film obligations and deferred revenues, increases in non-cash stock-based compensation, loss on extinguishment of debt and equity interest loss, offset by a higher net loss generated in the year ended March 31, 2011 compared to the year ended March 31, 2010, and increases in restricted cash and investment in films and television programs

Cash Flows Used in Investing Activities. Cash flows used in investing activities of \$552.2 million for the year ended March 31, 2012 consisted of \$553.7 million for the acquisition of Summit, net of cash acquired, \$1.9 million for purchases of property and equipment, \$1.0 million of capital contributions to companies accounted for as equity method investments, and \$4.7 million for an increase in loans made to Break Media, offset by \$9.1 million of proceeds from the sale of asset disposal group from the sale of Maple Pictures, net of transaction costs and cash disposed of \$3.9 million. Cash flows used in investing activities of \$28.4 million for the year ended March 31, 2011 consisted of \$15.0 million for the buy-out of the earn-out associated with the acquisition of Debmar-Mercury, \$2.8 million for purchases of property and equipment and \$24.7 million of capital contributions to companies accounted for as equity method investments, partially offset by \$8.1 million repayments on loans made to a third-party producer and net proceeds of \$7.0 million from the sale of restricted investments. Cash flows used in investing activities of \$43.9 million for the year ended March 31, 2010 consisted of \$3.7 million for purchases of property and equipment, \$47.1 million for the investment in equity method investees, offset by \$8.3 million of repayments on loans made to a third-party producer.

Cash Flows Provided by/Used in Financing Activities. Cash flows provided by financing activities of \$696.7 million for the year ended March 31, 2012 resulted from the receipt of net proceeds of \$202.0 million from the sale of \$200.0 million of Senior Notes in May 2011, borrowings of \$390.7 million under the senior revolving credit facility and \$331.2 million under production loans, borrowings of \$476.2 million under the Term Loan associated with the acquisition of Summit, \$45.0 million of proceeds from the issuance of convertible senior subordinated notes, and \$3.5 million from the exercise of stock options partially offset by \$360.7 million repayment on the senior revolving credit facility, \$238.7 million repayment of production loans, \$77.1 million payment for the repurchase of common shares, \$46.1 million payment for the repurchase of convertible senior subordinated notes, \$9.9 million payment for the repurchase of Senior Notes, \$15.1 million repayment of the Term Loan associated with the acquisition of Summit, and \$4.3 million paid for tax withholding requirements associated with our equity awards. Cash flows used in financing activities of \$1.5 million for the year ended March 31, 2011 resulted from borrowings of \$525.3 million under the senior revolving credit facility, \$138.0 million under production loans, and \$3.1 million decrease in restricted cash collateral requirement under the Film Credit Facility, partially offset by \$472.5 million repayment on the senior revolving credit facility, \$181.9 million repayment of production loans, and \$13.5 million paid for tax withholding requirements associated with our equity awards. Cash flows provided by financing activities of \$108.5 million for the year ended March 31, 2010 resulted from the receipt of net proceeds of \$214.7 million from the sale of \$236.0 million of Senior Notes in October 2009, borrowings of \$302.0 million under the senior revolving credit facility, increased production loans of \$238.3 million and proceeds of \$109.8 million from the issuance of mandatorily redeemable preferred stock units and common stock units related to the sale of our 49% interest in TV Guide Network, net of unrestricted cash deconsolidated, offset by \$540.0 million repayment on the senior revolving credit facility, \$139.0 million repayment of production loans, \$75.2 million repayment on the repurchase of convertible senior subordinated notes, \$2.0 million paid for tax withholding requirements associated with our equity awards, and \$0.1 million repayment of other financing obligations.

Anticipated Cash Requirements. The nature of our business is such that significant initial expenditures are required to produce, acquire, distribute and market films and television programs, while revenues from these films and television programs are earned over an extended period of time after their completion or acquisition. We believe that cash flow from operations, cash on hand, senior revolving credit facility availability, tax-efficient financing, and available production financing will be adequate to meet known operational cash and debt service (i.e. principal and interest payments) requirements for the foreseeable future, including the funding of future film and television production, film rights acquisitions and theatrical and video release schedules, and future equity method investment funding requirements. We monitor our cash flow liquidity, availability, fixed charge coverage, capital base, film spending and leverage ratios with the long-term goal of maintaining our credit worthiness.

Our current financing strategy is to fund operations and to leverage investment in films and television programs through our cash flow from operations, our senior revolving credit facility, single-purpose production financing, the Film Credit Facility, government incentive programs, film funds, and distribution commitments. In addition, we may acquire businesses or assets, including individual films or libraries that are complementary to our business. Any such transaction could be financed through our cash flow from operations, credit facilities, equity or debt financing. If additional financing beyond our existing cash flows from operations and credit facilities cannot fund such transactions, there is no assurance that such financing will be available on terms acceptable to us. We may also dispose of businesses or assets, including individual films or libraries, and use the net proceeds from such dispositions to fund operations or such acquisitions, or to repay debt.

Table of Debt and Other Financing Obligations and Contractual Commitments

The following table sets forth our future annual repayment of debt and other financing obligations outstanding, and our contractual commitments as of March 31, 2012:

	Year Ended March 31,							Total
	2013	2014	2015	2016	2017	Thereafter		
Future annual repayment of debt and other financing obligations recorded as of March 31, 2012								
Senior revolving credit facility	\$ —	\$ 99,750	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 99,750
Principal amount of senior secured second-priority notes, due November 2016 (carrying value of \$431.5 million at March 31, 2012)	—	—	—	—	436,000	—	—	436,000
Principal amount of Term loan (carrying value of \$477.5 million at March 31, 2012)	55,000	55,000	55,000	55,000	264,664	—	—	484,664
Film obligations(1)	59,638	19,409	14,493	9,662	—	—	—	103,202
Production loans(1)								
Individual production loans	285,567	67,393	—	—	—	—	—	352,960
Pennsylvania Regional Center production loans	—	65,500	—	—	—	—	—	65,500
Film Credit Facility	43,940	—	—	—	—	—	—	43,940
Principal amounts of convertible senior subordinated notes and other financing obligations (2)								
October 2004 2.9375% Notes (carrying value of \$0.3 million at March 31, 2012)	—	—	348	—	—	—	—	348
February 2005 3.625% Notes (carrying value of \$23.5 million at March 31, 2012)	—	—	23,464	—	—	—	—	23,464
April 2009 3.625% Notes (carrying value of \$45.5 million at March 31, 2012)	—	—	66,581	—	—	—	—	66,581
January 2012 4.00% Notes (carrying value of \$35.2 million at March 31, 2012)	—	—	—	—	45,000	—	—	45,000
Other financing obligations	3,778	—	—	—	—	—	—	3,778
	447,923	307,052	159,886	64,662	745,664	—	—	1,725,187
Contractual commitments by expected repayment date								
Distribution and marketing commitments (3)	122,140	52,000	—	—	—	—	—	174,140
Minimum guarantee commitments (4)	164,392	38,161	250	250	—	—	—	203,053
Production loan commitments (4)	93,290	—	—	—	—	—	—	93,290
Cash interest payments on subordinated notes and other financing obligations	5,120	5,074	5,074	1,800	1,800	—	—	18,868
Cash interest payments on senior secured second priority notes	44,690	44,690	44,690	44,690	44,690	—	—	223,450
Operating lease commitments	11,470	10,485	8,423	3,499	—	—	—	33,877
Other contractual obligations	140	—	—	—	—	—	—	140
Employment and consulting contracts	47,854	26,446	11,258	2,622	—	—	—	88,180
	489,096	176,856	69,695	52,861	46,490	—	—	834,998
Total future commitments under contractual obligations (5)	\$ 937,019	\$ 483,908	\$ 229,581	\$ 117,523	\$ 792,154	\$ —	\$ —	\$2,560,185

(1) Film obligations include minimum guarantees and theatrical marketing obligations. Production loans represent loans for the production of film and television programs that we produce. Repayment dates are based on anticipated delivery or

release date of the related film or contractual due dates of the obligation.

- (2) The future repayment dates of the convertible senior subordinated notes represent the next possible redemption date by the holder for each note respectively.
- (3) Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which we will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film.
- (4) Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future. Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or release dates of the related film or contractual due dates of the commitment. The amounts include future interest payments associated with the commitment.
- (5) Excludes the interest payments on the senior revolving credit facility and Term Loan as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

Off-Balance Sheet Arrangements

We do not have any transactions, arrangements and other relationships with unconsolidated entities that will affect our liquidity or capital resources. We have no special purpose entities that provided off-balance sheet financing, liquidity or market or credit risk support, nor do we engage in leasing, hedging or research and development services, that could expose us to liability that is not reflected on the face of our consolidated financial statements. Our commitments to fund operating leases, minimum guarantees, production loans, equity method investment funding requirements and all other contractual commitments not reflected on the face of our audited consolidated financial statements are presented in the above table.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Currency and Interest Rate Risk Management

Market risks relating to our operations result primarily from changes in interest rates and changes in foreign currency exchange rates. Our exposure to interest rate risk results from the financial debt instruments that arise from transactions entered into during the normal course of business. As part of our overall risk management program, we evaluate and manage our exposure to changes in interest rates and currency exchange risks on an ongoing basis. Hedges and derivative financial instruments will be used in the future in order to manage our interest rate and currency exposure. We have no intention of entering into financial derivative contracts, other than to hedge a specific financial risk.

Currency Rate Risk. We enter into forward foreign exchange contracts to hedge our foreign currency exposures on future production expenses denominated in various foreign currencies. As of March 31, 2012, we had outstanding forward foreign exchange contracts to sell British Pound Sterling £10.7 million in exchange for US\$16.9 million over a period of six months at a weighted average exchange rate of one British Pound Sterling equals US\$1.58. Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that qualified as effective hedge contracts outstanding during the year ended March 31, 2012 amounted to less than \$0.1 million and are included in accumulated other comprehensive loss, a separate component of shareholders' equity. These contracts are entered into with a major financial institution as counterparty. We are exposed to credit loss in the event of nonperformance by the counterparty, which is limited to the cost of replacing the contracts, at current market rates. We do not require collateral or other security to support these contracts.

Interest Rate Risk. Certain of our borrowings, primarily borrowings under our senior revolving credit facility, Term Loan, certain production loans and the Film Credit Facility, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net loss would increase. The applicable margin with respect to loans under the senior revolving credit facility is a percentage per annum equal to 2.50% plus an adjusted rate based on LIBOR. The applicable margin with respect to loans under the Term Loan is a percentage per annum equal to 4.50% plus an adjusted rate based on Alternative Base Rate Loans (as defined therein) and 5.50% plus an adjusted rate based on LIBOR loans (subject to a LIBOR floor of 1.25%). The applicable margin with respect to loans under the Film Credit Facility is a percentage per annum equal to 3.25% over the "LIBO" rate (as defined in the Film Credit Facility agreement). Assuming the senior revolving credit facility and the Film Credit Facility are fully drawn, based on the applicable LIBOR in effect as of March 31, 2012, each quarter point change in interest rates would result in a \$0.9 million change in annual interest expense on the senior revolving credit facility and \$0.3 million change in annual interest expense on the Film Credit Facility. Assuming the Term Loan outstanding balance and based on the applicable LIBOR in effect as of March 31, 2012, a quarter point change in interest rates would result in a \$1.2 million change in annual interest expense. The variable interest production loans incur interest at rates ranging from approximately 3.49% to 3.99% and applicable margins ranging from 3.00% over the one, three, or six-month LIBOR to 3.25% over the one, three or six month LIBOR. A quarter point increase of the interest rates on the outstanding principal amount of our variable rate production loans would result in \$0.8 million in additional costs capitalized to the respective film or television asset.

The following table presents our financial instruments that are sensitive to changes in interest rates. The table also presents the cash flows of the principal amounts of the financial instruments with the related weighted-average interest rates by expected maturity dates and the fair value of the instrument as of March 31, 2012:

	Year Ended March 31,						Fair Value
	2013	2014	2015	2016	2017	Thereafter	March 31, 2012
Variable Rates:							
Senior Revolving Credit Facility (1)	\$ —	\$ 99,750	\$ —	\$ —	\$ —	\$ —	\$ 99,750
Average Interest Rate	—	2.74%	—	—	—	—	
Principal Amount of Senior Secured Second-Priority Notes (2)	—	—	—	—	436,000	—	436,000
Average Interest Rate	—	—	—	—	10.25%	—	479,055
Term Loan (3)	55,000	55,000	55,000	55,000	264,664	—	484,664
Average Interest Rate	7.25%	7.25%	7.25%	7.25%	7.25%	—	480,423
Production Loans (4):							
Individual production loans	285,567	52,393	—	—	—	—	337,960
Average Interest Rate	3.77%	3.73%	—	—	—	—	337,960
Film Credit Facility	43,942	—	—	—	—	—	43,942
Average Interest Rate	3.49%	—	—	—	—	—	43,942
Fixed Rates:							
Production Loans (5):							
Pennsylvania Regional Center production loans	—	65,500	—	—	—	—	65,500
Average Interest Rate	—	1.50%	—	—	—	—	63,679
Principal Amounts of Convertible Senior Subordinated Notes (6):							
October 2004 2.9375% Notes	—	—	348	—	—	—	348
Average Interest Rate	—	—	2.94%	—	—	—	237
February 2005 3.625% Notes	—	—	23,464	—	—	—	23,464
Average Interest Rate	—	—	3.63%	—	—	—	19,295
April 2009 3.625% Notes	—	—	66,581	—	—	—	66,581
Average Interest Rate	—	—	3.63%	—	—	—	59,083
January 2012 4.00% Notes	—	—	—	—	45,000	—	45,000
Average Interest Rate	—	—	—	—	4.00%	—	35,619
Other Financing Obligations (7)	3,778	—	—	—	—	—	3,778
Average Interest Rate	8.02%	—	—	—	—	—	3,778
	<u>\$ 388,287</u>	<u>\$ 272,643</u>	<u>\$ 145,393</u>	<u>\$ 55,000</u>	<u>\$745,664</u>	<u>\$ —</u>	<u>\$ 1,606,987</u>
							<u>\$ 1,622,821</u>

- (1) Senior revolving credit facility, which expires July 25, 2013 bears interest of 2.50% over the Adjusted LIBOR rate.
- (2) Senior secured second-priority notes with a fixed interest rate equal to 10.25%.
- (3) The Term Loan matures on September 7, 2016. The Term Loan is repayable in quarterly installments equal to \$13.75 million, with the balance payable on the final maturity date. The Term Loan is also repayable periodically to the extent of the excess cash flow, as defined, generated by Summit and its subsidiaries (see Note 9 to the audited consolidated financial statements). The Term Loan bears interest by reference to a base rate or the LIBOR rate (subject to a LIBOR floor of 1.25%), in either case plus an applicable margin of 4.50% in the case of base rate loans and 5.50% in the case of LIBOR loans.
- (4) Amounts owed to film production entities on anticipated delivery date or release date of the titles or the contractual due

dates of the obligation. Production loans of \$338 million incur interest at rates ranging from approximately 3.49% to 3.99%. Not included in the table above are approximately \$15.0 million of production loans which are non-interest bearing.

- (5) Long term production loans with a fixed interest rate equal to 1.5%.
- (6) The future repayment dates of the convertible senior subordinated notes represent the next possible redemption date by the holder for each note respectively.
- (7) Other financing obligation with fixed interest rate equal to 8.02%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Auditors' Report and our Consolidated Financial Statements and Notes thereto appear in a separate section of this report (beginning on page F-1 following Part IV). The index to our Consolidated Financial Statements is included in Item 15.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We periodically review the design and effectiveness of our disclosure controls and internal control over financial reporting. We make modifications to improve the design and effectiveness of our disclosure controls and internal control structure, and may take other corrective action, if our reviews identify a need for such modifications or actions.

As of March 31, 2012, the end of the period covered by this report, the Company's management had carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective.

Internal Control Over Financial Reporting

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that (a) transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and (b) that our receipts and expenditures are being recorded and made only in accordance with management's authorizations; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management has made an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2012. Management based its assessment on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our evaluation and conclusion on the effectiveness of internal control over financial reporting as of March 31, 2012 did not include the internal controls of Summit because of the timing of this acquisition, which was completed on January 13, 2012. As of March 31, 2012, Summit represented \$965.9 million of total assets,

\$186.0 million of revenues and \$27.1 million of net loss for the year then ended.

Based on this assessment, our management has concluded that, as of March 31, 2012, the Company maintained effective internal control over financial reporting. The effectiveness of the Company's internal control over financial reporting has been audited by the Company's independent auditor, Ernst & Young LLP, a registered public accounting firm. Their report is included below.

Changes in Internal Control over Financial Reporting

We acquired Summit on January 13, 2012, and the addition of Summit's financial systems and processes represent a change in our internal controls over financial reporting. There were no other changes in internal control over financial reporting during the fiscal fourth quarter ended March 31, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Lions Gate Entertainment Corp.

We have audited Lions Gate Entertainment Corp.'s internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Lions Gate Entertainment Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Summit Entertainment, which is included in the 2012 consolidated financial statements of Lions Gate Entertainment Corp. and constituted \$965.9 million of total assets as of March 31, 2012 and \$186.0 million and \$27.1 million of revenues and net loss, respectively, for the year then ended. Our audit of internal control over financial reporting of Lions Gate Entertainment Corp. also did not include an evaluation of the internal control over financial reporting of Summit Entertainment.

In our opinion, Lions Gate Entertainment Corp. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lions Gate Entertainment Corp. as of March 31, 2012 and 2011, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2012 of Lions Gate Entertainment Corp. and our report dated May 30, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
May 30, 2012

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this item is incorporated by reference to our Proxy Statement for our 2012 Annual General Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2012.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference to our Proxy Statement for our 2012 Annual General Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2012.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS.

The information required by this item is incorporated by reference to our Proxy Statement for our 2012 Annual General Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2012.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item is incorporated by reference to our Proxy Statement for our 2012 Annual General Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2012.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this item is incorporated by reference to our Proxy Statement for our 2012 Annual General Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2012.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) Financial Statements

The financial statements listed on the accompanying Index to Financial Statements are filed as part of this report at pages F-1 to F-68.

(2) Financial Statement Schedules

Schedule II. Valuation and Qualifying Accounts

All other Schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

(3) and (b) Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed as part of this report.

Item 15(a).

Schedule II. Valuation and Qualifying Accounts

Lions Gate Entertainment Corp.

March 31, 2012

(In Thousands)

COL. A.	COL. B.	COL. C.		COL. D.	COL. E.
Description	Balance at Beginning of Period	Additions		Deductions - Describe	Balance at End of Period
		Charged to Costs and Expenses (1)	Charged to Other Accounts - Describe		
Year Ended March 31, 2012:					
Reserves:					
Video returns and allowances	\$ 90,715	\$ 153,430	\$ 14,940	(2) \$ (165,225)	(3) \$ 93,860
Provision for doubtful accounts	2,427	1,986	168	(2) (30)	(4) 4,551
Total	\$ 93,142	\$ 155,416	\$ 15,108	\$ (165,255)	\$ 98,411
Year Ended March 31, 2011:					
Reserves:					
Video returns and allowances	\$ 87,978	\$ 203,086	\$ 478	(2) \$ (200,827)	(3) \$ 90,715
Provision for doubtful accounts	7,676	(922)	300	(2) (4,627)	(4) 2,427
Total	\$ 95,654	\$ 202,164	\$ 778	\$ (205,454)	\$ 93,142
Year Ended March 31, 2010:					
Reserves:					
Video returns and allowances	\$ 98,947	\$ 178,865	\$ 1,103	(2) \$ (190,937)	(3) \$ 87,978
Provision for doubtful accounts	9,847	1,412	624	(2) (4,207)	(4) 7,676
Total	\$ 108,794	\$ 180,277	\$ 1,727	\$ (195,144)	\$ 95,654

- (1) Charges for video returns and allowances are charges against revenue.
- (2) Opening balances due to acquisitions, including the acquisition of Summit Entertainment, LLC in the year ended March 31, 2012, and fluctuations in foreign currency exchange rates.
- (3) Actual video returns and fluctuations in foreign currency exchange rates. The year ended March 31, 2011 includes a reclassification of video returns and allowances due to the sale of Maple Pictures.
- (4) Uncollectible accounts written off and fluctuations in foreign currency exchange rates. The year ended March 31, 2011 includes a reclassification of the provision for doubtful accounts due to the sale of Maple Pictures. Additionally, the year ended March 31, 2010 includes a reclassification of the provision for doubtful accounts due to the deconsolidation of TV Guide Network.

Item 15(b).

INDEX TO EXHIBITS

Exhibit Number	Description of Documents
3.1(3)	Articles
3.2(29)	Notice of Articles
3.3(6)	Vertical Short Form Amalgamation Application
3.4(6)	Certificate of Amalgamation
4.4(1)	Indenture dated as of October 4, 2004 among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp. and J.P. Morgan Trust Company, National Association
4.5(1)	Form of 2.9375% Convertible Senior Subordinated Notes due 2024
4.6(1)	Form of Guaranty of 2.9375% Convertible Senior Subordinated Notes due 2024
4.7(2)	Indenture dated as of February 24, 2005 among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp. and J.P. Morgan Trust Company, National Association
4.8(2)	Form of 3.625% Convertible Senior Subordinated Notes due 2025
4.9(2)	Form of Guaranty of 3.625% Convertible Senior Subordinated Notes due 2025
4.10(10)	Form of Refinancing Exchange Agreement dated April 27, 2009
4.11(10)	Form of Indenture dated as of April 27, 2009 among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp. and The Bank of New York Mellon Trust Company, N.A.
4.12(10)	Form of 3.625% Convertible Senior Subordinated Notes Due 2025 dated as of April 27, 2009
4.13(10)	Form of Guaranty of 3.625% Convertible Senior Subordinated Notes due 2025 dated as of April 27, 2009
4.16(25)	Form of Lions Gate Entertainment Inc. 3.625% Convertible Senior Subordinated Note due 2027
4.17(26)	Form of Lions Gate Entertainment Inc. 2.9375% Convertible Senior Subordinated Note due 2026
4.16(30)	Supplemental Indenture dated May 13, 2011 among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee.
4.17(37)	Indenture, dated January 11, 2012 by and among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp., and The Bank of New York Mellon Trust Company, N.A., as Trustee
10.3(3)*	2004 Performance Plan Restricted Share Unit Agreement
10.4(5)*	2004 Performance Incentive Plan
10.5(3)*	Form of 2004 Performance Incentive Plan Nonqualified Stock Option Agreement
10.7*x	Director Compensation Summary
10.29(4)	Agreement dated as of December 6, 2005 between Lions Gate Film, Inc. and Sobini Films, with respect to the distribution rights to the motion picture entitled "The Prince and Me II."
10.30(4)	Agreement dated as of March 24, 2005 between Lions Gate Films Inc. and Sobini Films, with respect to the distribution rights to the motion picture entitled "Streets of Legend."
10.31(4)	Agreement dated as of December 6, 2005 between Lions Gate Films Inc. and Sobini Films, with respect to the distribution rights to the motion picture entitled "Peaceful Warrior."
10.32(4)	Purchase Agreement dated March 17, 2006 between Lions Gate Entertainment Corp. and Icon International, Inc.
10.33(4)	Vendor Subscription Agreement dated March 17, 2006 between Lions Gate Entertainment Corp. and Icon International, Inc.
10.34(4)	Agreement, by and between Ignite, LLC and Lions Gate Films Inc., entered into June 13, 2006 and dated and effective as of March 13, 2006
10.36(6)+	Master Covered Picture Purchase Agreement, by and between LG Film Finance I, LLC and Lions Gate Films Inc., dated as of May 25, 2007
10.37(6)+	Master Distribution Agreement, by and between Lions Gate Films Inc. and LG Film Finance I, LLC, dated as of May 25, 2007
10.38(6)+	Limited Liability Company Agreement for LG Film Finance I, LLC, dated as of May 25, 2007
10.40(7)+	Revenue Participation Purchase Agreement dated as of July 25, 2007 among Lions Gate Entertainment Inc., Lions Gate Films Inc., Lions Gate Television Inc., MQP, LLC and SGF Entertainment, Inc.
10.41(7)+	Master Distribution Agreement (Film Productions) dated as of July 25, 2007 between MQP LLC and Lions Gate Films Inc.
10.42(7)+	Master Distribution Agreement (Television Productions) dated as of July 25, 2007 between MQP LLC and Lions Gate Television Inc.

Exhibit

Number	Description of Documents
10.43(8)	Purchase Agreement by and among the Sellers, Lions Gate Entertainment Corp., Lions Gate Entertainment Inc., Mandate Pictures, LLC and Joseph Drake dated September 10, 2007.
10.49(9)+	First Amendment dated January 30, 2008 to Master Covered Picture Purchase Agreement by and between LG Film Finance I, LLC and Lions Gate Films, Inc. dated as of May 25, 2007
10.51(11)+	Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement by and among Lions Gate Entertainment Inc., Lions Gate UK Limited, Lions Gate Australia Pty Limited, the Guarantors referred to therein, the Lenders referred to therein, JPMorgan Chase Bank, N.A. and Wachovia Bank, N.A., dated of July 25, 2008
10.52(12)*	Amendment of Employment Agreement between the Company and Jon Feltheimer dated September 18, 2008
10.53(12)*	Amendment of Employment Agreement between the Company and Michael Burns dated September 22, 2008
10.54(13)*	Amendment of Employment Agreement between the Company and Jon Feltheimer dated October 8, 2008
10.55(14)	Equity Purchase Agreement dated January 5, 2009, by and among Lions Gate Entertainment, Inc., Gemstar-TV Guide International, Inc., TV Guide Entertainment Group, Inc., UV Corporation and Macrovision Solutions Corporation
10.56(15)*	Employment Agreement between the Company and James Keegan dated January 14, 2009
10.57(16)*	Amended and Restated Employment Agreement between the Company and Jon Feltheimer dated December 15, 2008
10.58(16)*	Amended and Restated Employment Agreement between the Company and Michael Burns dated December 15, 2008
10.60(16)*	Amended and Restated Employment Agreement between the Company and James Keegan dated December 15, 2008
10.61(16)*	Amended and Restated Employment Agreement between the Company and Wayne Levin dated December 15, 2008
10.62(16)	Form of Director Indemnity Agreement
10.64(17)*	Employment Agreement between Lions Gate Films, Inc. and Wayne Levin dated April 6, 2009
10.65(19)+	Equity Purchase Agreement between TVGN Holdings, LLC, Lionsgate Channels, Inc. and Lions Gate Entertainment Inc. dated May 28, 2009
10.66(19)+	Amended and Restated Operating Agreement of TV Guide Entertainment Group, LLC dated as of May 28, 2009
10.67(20)	Letter Agreement between Mark H. Rachesky and Lions Gate Entertainment Corp. dated July 9, 2009
10.68(21)	Registration Rights Agreement, dated as of October 22, 2009, by and among Lions Gate Entertainment Corp. and the persons listed on the signature pages thereto.
10.69(22)*	Amendment of Employment Agreement, dated as of November 2, 2009, by and between the Company and Michael Burns.
10.70(18)+	Amendment No. 1 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008, with the guarantors and lenders referred to therein, JP Morgan ChaseBank, N.A., as administrative agent and issuing bank, and Wachovia Bank, N.A., as syndication agent.
10.71(23)	Amendment No. 2 dated as of November 24, 2009 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008 among Lions Gate Entertainment Inc., Lions Gate UK Limited and Lions Gate Australia Pty Limited, as Borrowers, the guarantors and lenders referred to therein, JPMorgan Chase Bank, N.A., as Administrative Agent and as Issuing Bank and Wachovia Bank, N.A., as Syndication Agent.
10.72(24)+	Credit, Security, Guaranty and Pledge Agreement dated as of October 6, 2009, among Lions Gate Mandate Financing Vehicle Inc., the guarantors and lenders referred to therein, JPMorgan Chase Bank, N.A., as administrative agent and issuing bank, Union Bank, N.A., as co-administrative agent, syndication agent and joint lead arranger, and Wells Fargo Bank, National Association as documentation agent.
10.73(24)	Indenture dated as of October 21, 2009 among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp., the guarantors referred to therein and U.S. Bank National Association.
10.74(24)	Pledge and Security Agreement dated as of October 21, 2009 among Lions Gate Entertainment, Inc., the grantors listed therein and U.S. Bank National Association.
10.75(24)	Intercreditor Agreement dated as of October 21, 2009 among JPMorgan Chase Bank, N.A., as administrative agent, U.S. Bank National Association, as collateral agent, Lions Gate Entertainment, Inc. and the loan parties referred to therein.
10.76(24)+	Amendment No. 1, executed on January 22, 2010 and dated as of December 31, 2009, to Credit, Security, Guaranty and Pledge Agreement dated as of October 6, 2009, among Lions Gate Mandate Financing Vehicle Inc., the guarantors and lenders referred to therein, JPMorgan Chase Bank, N.A., as administrative agent and issuing bank, Union Bank, N.A., as co-administrative agent, syndication agent and joint lead arranger, and Wells Fargo Bank, National Association as documentation agent.
10.77 (27)	Amendment No.3 dated as of June 22, 2010 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008 among Lions Gate Entertainment Inc., Lions Gate UK Limited and Lions Gate Australia Pty Limited, as Borrowers, the guarantors and lenders referred to therein, JP Morgan Chase Bank, N.A., as Administrative Agent and as Issuing Bank and Wachovia Bank, N.A., as Syndication Agent
10.78 (27)	Amendment No.2 dated as of June 22, 2010 to the Credit, Security, Guaranty and Pledge Agreement dated as of October 6, 2009, among Lions Gate Mandate Financing Vehicle Inc., the guarantors and lenders referred to therein, JPMorgan Chase Bank, N.A., as administrative agent and issuing bank, Union Bank, N.A., as co-administrative agent, syndication agent and joint lead arranger, and Wells Fargo Bank, National Association as documentation agent

Exhibit Number	Description of Documents
10.80 (28)	Refinancing Exchange Agreement, dated July 20, 2010, by Lions Gate Entertainment Inc. and Kornitzer Capital Management, Inc.
10.81(31)	Agreement, dated as of August, 30, 2011, by and among Lions Gate Entertainment Corp., 0918988 B.C. Ltd, 0918989 B.C. Ltd, Carl C. Icahn and Brett Icahn
10.82(32)	Underwriting Agreement, dated October 13, 2011, by and among Lions Gate Entertainment Corp., the selling shareholders named therein and Piper Jaffray & Co., as underwriter
10.83(33)	Membership Interest Purchase Agreement, dated as of January 13, 2012, among Lions Gate Entertainment Corp., LGAC 1, LLC, LGAC 3, LLC, Summit Entertainment, LLC, S Representative, LLC and the several sellers party thereto
10.84(34)	Purchase Agreement, dated January 11, 2012 by and among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp. and Kornitzer Capital Management, Inc.
10.85(35) +	Credit, Security, Guaranty and Pledge Agreement dates as of January 13, 2012 among Summit Entertainment, LLC, as Borrower, the Guarantors referred to therein, the Lenders referred to therein, and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders
10.86(36)*	Amendment of Employment Agreement between the Company and James Keegan dated February 23, 2012
10.87++x	Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated February 21, 2012 among Summit, certain of its subsidiaries as guarantors, certain lenders specified therein, and JPMorgan Chase Bank, N.A. as administrative agent, amending the Credit, Security, Guaranty and Pledge Agreement dated January 13, 2012
10.88*x	Employment Agreement between Lions Gate Films, Inc. and Steve Beeks dated March 5, 2012
10.89*x	Confidential Agreement and General Release between Joseph Drake and Lions Gate Films, Inc. dated April 27, 2012
10.90++x	Amendment No.4 dated as of May11, 2012 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008 among Lions Gate Entertainment Inc., Lions Gate UK Limited and Lions Gate Australia Pty Limited, as Borrowers, the guarantors and lenders referred to therein, JP Morgan Chase Bank, N.A., as Administrative Agent and as Issuing Bank and Wachovia Bank, N.A., as Syndication Agent
18.1x	Preferability Letter dated May 30, 2012
21.1x	Subsidiaries of the Company
23.1x	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
24.1x	Power of Attorney (Contained on Signature Page)
31.1x	Certification of CEO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2x	Certification of CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1x	Certification of CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002
99.1(38)	Studio 3 Partners L.L.C. Audited Financial Statements for the year ended September 30, 2011, nine months ended September 30, 2010, and year ended December 31, 2009
99.2x	TV Guide Entertainment Group, LLC Audited Consolidated Financial Statements for the fiscal years ended March 31, 2012 and 2011
99.3x	TV Guide Entertainment Group, LLC Audited Consolidated Financial Statements for the fiscal years ended March 31, 2011 and 2010
101x	The following materials from the Company's Annual Report on Form 10-K for the year ended March 31, 2012 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Shareholder's Equity, (iv) the Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements

-
- (1) Incorporated by reference to the Company's Current Report on Form 8-K as filed on October 4, 2004.
 - (2) Incorporated by reference to the Company's Current Report on Form 8-K as filed on February 25, 2005.
 - (3) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2005 as filed on June 29, 2005.
 - (4) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2006 as filed on June 14, 2006.
 - (5) Incorporated by reference to the Company's Definitive Proxy Statement dated July 28, 2006.
 - (6) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007 as filed on May 30, 2007.
 - (7) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007.
 - (8) Incorporated by reference to the Company's Current Report on Form 8-K as filed on September 10, 2007.
 - (9) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2006.
 - (10) Incorporated by reference to the Company's Form T-3 filed on April 20, 2009, as amended on April 22, 2009.
 - (11) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2008.
 - (12) Incorporated by reference to the Company's Current Report on Form 8-K filed on September 23, 2008.
 - (13) Incorporated by reference to the Company's Current Report on Form 8-K filed on October 14, 2008.

- (14) Incorporated by reference to the Company's Current Report on Form 8-K filed on January 9, 2009 (filed as Exhibit 10.54).
- (15) Incorporated by reference to the Company's Current Report on Form 8-K filed on January 16, 2009 (filed as Exhibit 10.55).
- (16) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2008.
- (17) Incorporated by reference to the Company's Current Report on Form 8-K as filed on April 10, 2009.
- (18) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2009 as filed on November 9, 2009.
- (19) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009 as filed on August 10, 2009.
- (20) Incorporated by reference as Exhibit 10.65 to the Company's Current Report on Form 8-K as filed on July 10, 2009.
- (21) Incorporated by reference to the Company's Current Report on Form 8-K as filed on October 23, 2009.
- (22) Incorporated by reference to the Company's Current Report on Form 8-K as filed on November 6, 2009.
- (23) Incorporated by reference to the Company's Current Report on Form 8-K as filed on December 1, 2009.
- (24) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2009 as filed on February 9, 2010.
- (25) Incorporated by reference as Exhibit 4.15 to the Company's Current Report on Form 8-K as filed on July 21, 2010.
- (26) Incorporated by reference as Exhibit 4.16 to the Company's Current Report on Form 8-K as filed on July 21, 2010.
- (27) Incorporated by reference to the Company's Current Report on Form 8-K as filed on June 25, 2010.
- (28) Incorporated by reference to the Company's Current Report on Form 8-K as filed on July 21, 2010.
- (29) Incorporated by reference as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010 as filed on February 9, 2011.
- (30) Incorporated by reference as Exhibit 4.1 to the Company's Current Report on Form 8-K as filed on May 13, 2011.
- (31) Incorporated by reference to the Company's Current Report on Form 8-K as filed on August 30, 2011.
- (32) Incorporated by reference as Exhibit 1.1 to the Company's Current Report on Form 8-K as filed on October 13, 2011.
- (33) Incorporated by reference as Exhibit 2.1 to the Company's Current Report on Form 8-K as filed on January 17, 2012.
- (34) Incorporated by reference as Exhibit 4.1 to the Company's Current Report on Form 8-K as filed on January 17, 2012.
- (35) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2011 as filed on February 9, 2012.
- (36) Incorporated by reference to the Company's Current Report on Form 8-K as filed on February 27, 2012.
- (37) Incorporated by reference to Exhibit 4.3 to the Company's Registration Statement (File No: 333-181371) as filed on May 11, 2012.
- (38) Incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on March 22, 2012.

* Management contract or compensatory plan or arrangement.

x Filed herewith

+ Confidential treatment has been granted for portions of this exhibit. Portions of this document have been omitted and submitted separately to the Securities and Exchange Commission.

++ Confidential treatment has been requested for portions of this exhibit. Portions of this document have been omitted and submitted separately to the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 30, 2012.

LIONS GATE ENTERTAINMENT CORP.

By: /s/ James Keegan
 James Keegan
 Chief Financial Officer

DATE: May 30, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates so indicated.

Each person whose signature appears below authorizes each of Jon Feltheimer, Michael Burns, Wayne Levin and James Keegan, severally and not jointly, to be his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in such person's name, place and stead, in any and all capacities, to sign any amendments to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2012; granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, shall lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
<u>/s/ NORMAN BACAL</u> Norman Bacal	Director	May 30, 2012
<u>/s/ MICHAEL BURNS</u> Michael Burns	Director	May 30, 2012
<u>/s/ ARTHUR EVRENSEL</u> Arthur Evrensel	Director	May 30, 2012
<u>/s/ JON FELTHEIMER</u> Jon Feltheimer	Chief Executive Officer (<i>Principal Executive Officer</i>) and Director	May 30, 2012
<u>/s/ FRANK GIUSTRA</u> Frank Giustra	Director	May 30, 2012
<u>/s/ JAMES KEEGAN</u> James Keegan	Chief Financial Officer (<i>Principal Financial Officer and Principal Accounting Officer</i>)	May 30, 2012
<u>/s/ MORLEY KOFFMAN</u> Morley Koffman	Director	May 30, 2012
<u>/s/ HAROLD LUDWIG</u> Harald Ludwig	Director	May 30, 2012
<u>/s/ G.SCOTT PATERSON</u> G. Scott Paterson	Director	May 30, 2012

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ MARK H. RACHESKY, M.D.</u> Mark H. Rachesky, M.D.	Chairman of the Board of Directors	May 30, 2012
<u>/s/ DARYL SIMM</u> Daryl Simm	Director	May 30, 2012
<u>/s/ HARDWICK SIMMONS</u> Hardwick Simmons	Director	May 30, 2012
<u>/s/ PHYLLIS YAFFE</u> Phyllis Yaffe	Director	May 30, 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Lions Gate Entertainment Corp.

We have audited the accompanying consolidated balance sheets of Lions Gate Entertainment Corp. as of March 31, 2012 and 2011, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lions Gate Entertainment Corp. at March 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 7, Lions Gate Entertainment Corp. has elected to change its method of accounting for reporting its equity interest of one of its equity method investments in the year ended March 31, 2012.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lions Gate Entertainment Corp.'s internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 30, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
May 30, 2012

**LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED BALANCE SHEETS**

	March 31, 2012	March 31, 2011
		As adjusted (Note 7)
	(Amounts in thousands, except share amounts)	
ASSETS		
Cash and cash equivalents	\$ 64,298	\$ 86,419
Restricted cash	11,936	43,458
Accounts receivable, net of reserves for returns and allowances of \$93,860 (March 31, 2011 - \$90,715) and provision for doubtful accounts of \$4,551 (March 31, 2011 - \$2,427)	784,530	330,624
Investment in films and television programs, net	1,329,053	607,757
Property and equipment, net	9,772	9,089
Equity method investments	171,262	161,894
Goodwill	326,633	239,254
Other assets	90,511	46,322
Assets held for sale	—	44,336
Total assets	\$ 2,787,995	\$ 1,569,153
LIABILITIES		
Senior revolving credit facility	\$ 99,750	\$ 69,750
Senior secured second-priority notes	431,510	226,331
Term loan	477,514	—
Accounts payable and accrued liabilities	371,092	230,989
Participations and residuals	420,325	297,482
Film obligations and production loans	561,150	326,440
Convertible senior subordinated notes and other financing obligations	108,276	110,973
Deferred revenue	228,593	150,937
Liabilities held for sale	—	17,396
Total liabilities	2,698,210	1,430,298
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common shares, no par value, 500,000,000 shares authorized, 143,980,754 and 136,839,445 shares issued at March 31, 2012 and 2011, respectively	712,623	643,200
Accumulated deficit	(542,039)	(502,921)
Accumulated other comprehensive loss	(3,711)	(1,424)
	166,873	138,855
Treasury shares, no par value, 11,040,493 shares and nil at March 31, 2012 and 2011, respectively	(77,088)	—
Total shareholders' equity	89,785	138,855
Total liabilities and shareholders' equity	\$ 2,787,995	\$ 1,569,153

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
		As adjusted (Note 7)	As adjusted (Note 7)
	(Amounts in thousands, except per share amounts)		
Revenues	\$ 1,587,579	\$ 1,582,720	\$ 1,489,506
Expenses:			
Direct operating	908,402	795,746	777,969
Distribution and marketing	483,513	547,226	506,141
General and administration	168,864	171,407	143,060
Gain on sale of asset disposal group	(10,967)	—	—
Depreciation and amortization	4,276	5,811	12,455
Total expenses	<u>1,554,088</u>	<u>1,520,190</u>	<u>1,439,625</u>
Operating income	<u>33,491</u>	<u>62,530</u>	<u>49,881</u>
Other expenses (income):			
Interest expense			
Contractual cash based interest	62,430	38,879	27,461
Amortization of debt discount (premium) and deferred financing costs	15,681	16,301	19,701
Total interest expense	<u>78,111</u>	<u>55,180</u>	<u>47,162</u>
Interest and other income	(2,752)	(1,742)	(1,547)
Loss (gain) on extinguishment of debt	967	14,505	(5,675)
Total other expenses, net	<u>76,326</u>	<u>67,943</u>	<u>39,940</u>
Income (loss) before equity interests and income taxes	<u>(42,835)</u>	<u>(5,413)</u>	<u>9,941</u>
Equity interests income (loss)	8,412	(20,712)	(38,995)
Loss before income taxes	<u>(34,423)</u>	<u>(26,125)</u>	<u>(29,054)</u>
Income tax provision	4,695	4,256	1,218
Net loss	<u>\$ (39,118)</u>	<u>\$ (30,381)</u>	<u>\$ (30,272)</u>
Basic Net Loss Per Common Share	<u>\$ (0.30)</u>	<u>\$ (0.23)</u>	<u>\$ (0.26)</u>
Diluted Net Loss Per Common Share	<u>\$ (0.30)</u>	<u>\$ (0.23)</u>	<u>\$ (0.26)</u>
Weighted average number of common shares outstanding:			
Basic	132,226	131,176	117,510
Diluted	132,226	131,176	117,510

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Shares		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Comprehensive Loss	Total
	Number	Amount			Number	Amount		
(Amounts in thousands, except share amounts)								
Balance at March 31, 2009, as previously reported	116,950,512	\$ 494,724	\$ (441,153)	\$ (11,878)	—	\$ —		\$ 41,693
Impact of retrospective application of EPIX reporting lag elimination (see Note 7)			(1,115)					(1,115)
Balance at March 31, 2009, as adjusted	116,950,512	494,724	(442,268)	(11,878)	—	—		40,578
Stock based compensation, net of withholding tax obligations of \$2,030	900,577	15,444						15,444
Issuance of common shares to directors for services	100,665	573						573
Sale of TV Guide Network common stock units to noncontrolling interest		(167)						(167)
April 2009 Exchange Transaction — equity component of April 2009 3.625% Notes issued, net of \$1,324 reduction for February 2005 3.625% Notes extinguished		14,761						14,761
December 2009 Repurchase — reduction of equity component of October 2004 2.9375% Notes and February 2005 3.625% Notes extinguished		(4,171)						(4,171)
Comprehensive loss								
Net loss			(30,272)				\$ (30,272)	(30,272)
Foreign currency translation adjustments				4,849			4,849	4,849
Net unrealized gain on foreign exchange contracts				418			418	418
Comprehensive loss							\$ (25,005)	
Balance at March 31, 2010, as adjusted	117,951,754	521,164	(472,540)	(6,611)	—	—		42,013
Stock based compensation, net of withholding tax obligations of \$13,476	2,539,603	15,202						15,202
Issuance of common shares to directors for services	111,783	811						811
Conversion of \$63,709 (principal) of October 2004 2.9375% Notes (see Note 9)	10,355,299	67,620						67,620
Conversion of \$36,009 (principal) of February 2005 3.625% Notes (see Note 9)	5,881,006	38,403						38,403
Comprehensive loss								
Net loss			(30,381)				\$ (30,381)	(30,381)
Foreign currency translation adjustments				5,756			5,756	5,756
Net unrealized loss on foreign exchange contracts				(569)			(569)	(569)
Comprehensive loss							\$ (25,194)	
Balance at March 31, 2011, as adjusted	136,839,445	643,200	(502,921)	(1,424)	—	—		138,855
Exercise of stock options	403,332	3,520						3,520
Stock based compensation, net of withholding tax obligations of \$4,320	821,929	5,167						5,167
Issuance of common shares to directors for services	78,267	531						531
Issuance of common shares related to the Summit acquisition	5,837,781	50,205						50,205
May 2011 Repurchase - reduction of equity component of October 2004 2.9375% Notes extinguished		(125)						(125)
Equity component of January 2012 4.00% Notes		10,125						10,125
Repurchase of common shares, no par value					11,040,493	(77,088)		(77,088)
Comprehensive loss								
Net loss			(39,118)				\$ (39,118)	(39,118)
Foreign currency translation adjustments				(2,249)			(2,249)	(2,249)
Net unrealized loss on foreign exchange contracts				(38)			(38)	(38)
Comprehensive loss							\$ (41,405)	
Balance at March 31, 2012	143,980,754	\$ 712,623	\$ (542,039)	\$ (3,711)	11,040,493	\$ (77,088)		\$ 89,785

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
		As adjusted (Note 7)	As adjusted (Note 7)
	(Amounts in thousands)		
Operating Activities:			
Net loss	\$ (39,118)	\$ (30,381)	\$ (30,272)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation of property and equipment	3,023	4,837	7,526
Amortization of intangible assets	1,253	974	4,929
Amortization of films and television programs	603,660	529,428	511,658
Amortization of debt discount (premium) and deferred financing costs	15,681	16,301	19,701
Accreted interest payment from equity method investee TV Guide	—	10,200	—
Non-cash stock-based compensation	9,957	29,204	17,875
Gain on sale of asset disposal group	(10,967)	—	—
Loss (gain) on extinguishment of debt	967	14,505	(5,675)
Equity interests (income) loss	(8,412)	20,712	38,995
Changes in operating assets and liabilities:			
Restricted cash	37,636	(43,067)	(187)
Accounts receivable, net	(256,208)	(64,203)	(79,392)
Investment in films and television programs	(690,304)	(487,391)	(471,087)
Other assets	1,298	(298)	(4,443)
Accounts payable and accrued liabilities	29,558	3,869	(22,769)
Participations and residuals	19,813	(1,369)	(69,574)
Film obligations	87,726	19,154	(48,786)
Deferred revenue	30,969	19,852	(3,459)
Net Cash Flows Provided By (Used In) Operating Activities	(163,468)	42,327	(134,960)
Investing Activities:			
Purchases of restricted investments	—	(13,993)	(13,994)
Proceeds from the sale of restricted investments	—	20,989	13,985
Purchase of Summit, net of unrestricted cash acquired of \$315,932 (see Note 15)	(553,732)	—	—
Buy-out of the earn-out associated with the acquisition of Debmar-Mercury, LLC	—	(15,000)	—
Proceeds from the sale of asset disposal group, net of transaction costs, and cash disposed of \$3,943 (see Note 15)	9,119	—	—
Investment in equity method investees	(1,030)	(24,677)	(47,129)
Increase in loans receivable	(4,671)	(1,042)	(1,418)
Repayment of loans receivable	—	8,113	8,333
Purchases of property and equipment	(1,885)	(2,756)	(3,684)
Net Cash Flows Used In Investing Activities	(552,199)	(28,366)	(43,907)
Financing Activities:			
Exercise of stock options	3,520	—	—
Tax withholding requirements on equity awards	(4,320)	(13,476)	(2,030)
Repurchase of common shares	(77,088)	—	—
Proceeds from the issuance of mandatorily redeemable preferred stock units and common stock units related to the sale of 49% interest in TV Guide Network, net of unrestricted cash deconsolidated	—	—	109,776
Borrowings under senior revolving credit facility	390,650	525,250	302,000
Repayments of borrowings under senior revolving credit facility	(360,650)	(472,500)	(540,000)
Borrowings under individual production loans	276,886	118,589	144,741
Repayment of individual production loans	(207,912)	(147,102)	(136,261)
Production loan borrowings under Pennsylvania Regional Center credit facility	—	—	63,133
Production loan borrowings under film credit facility	54,325	19,456	30,469
Production loan repayments under film credit facility	(30,813)	(34,762)	(2,718)
Change in restricted cash collateral associated with financing activities	—	3,087	—
Proceeds from Term Loan associated with the acquisition of Summit, net of debt discount of \$7,500 and deferred financing costs of \$16,350	476,150	—	—
Repayments of borrowings under Term Loan associated with the acquisition of Summit	(15,066)	—	—
Proceeds from sale of senior secured second-priority notes, net of deferred financing costs	201,955	—	214,727
Repurchase of senior secured second-priority notes	(9,852)	—	—
Proceeds from the issuance of convertible senior subordinated notes	45,000	—	—
Repurchase of convertible senior subordinated notes	(46,059)	—	(75,185)
Repayment of other financing obligations	—	—	(134)
Net Cash Flows Provided By (Used In) Financing Activities	696,726	(1,458)	108,518
Net Change In Cash And Cash Equivalents	(18,941)	12,503	(70,349)
Foreign Exchange Effects on Cash	(3,180)	4,674	1,116
Cash and Cash Equivalents - Beginning Of Period	86,419	69,242	138,475
Cash and Cash Equivalents - End Of Period	\$ 64,298	\$ 86,419	\$ 69,242

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations

Lions Gate Entertainment Corp. (the “Company,” “Lionsgate,” “we,” “us” or “our”) is a leading global entertainment company with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, family entertainment, digital distribution and new channel platforms.

2. Significant Accounting Policies

(a) Generally Accepted Accounting Principles

These consolidated financial statements have been prepared in accordance with United States (the “U.S.”) generally accepted accounting principles (“GAAP”). The Canadian dollar and the U.S. dollar are the functional currencies of the Company’s Canadian and U.S. based businesses, respectively.

(b) Principles of Consolidation

The accompanying consolidated financial statements of the Company include the accounts of Lionsgate and all of its majority-owned and controlled subsidiaries. The Company reviews its relationships with other entities to identify whether it is the primary beneficiary of a variable interest entity (“VIE”). If the determination is made that the Company is the primary beneficiary, then the entity is consolidated in accordance with accounting guidance.

Investments in which the Company exercises significant influence, but does not control, are accounted for using the equity method of accounting. Investments in which there is no significant influence are accounted for using the cost method of accounting.

All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Revenue Recognition

Revenue from the theatrical release of feature films is recognized at the time of exhibition based on our participation in box office receipts. Revenue from the sale of DVDs/Blu-ray discs in the retail market, net of an allowance for estimated returns and other allowances, is recognized on the later of receipt by the customer or “street date” (when it is available for sale by the customer). Under revenue sharing arrangements, rental revenue is recognized when we are entitled to receipts and such receipts are determinable. Revenues from television licensing are recognized when the feature film or television program is available to the licensee for telecast. For television licenses that include separate availability “windows” during the license period, revenue is allocated over the “windows.” Revenue from sales to international territories are recognized when access to the feature film or television program has been granted or delivery has occurred, as required under the sales contract, and the right to exploit the feature film or television program has commenced. For multiple media rights contracts with a fee for a single film or television program where the contract provides for media holdbacks (defined as contractual media release restrictions), the fee is allocated to the various media based on our assessment of the relative fair value of the rights to exploit each media and is recognized as each holdback is released. For multiple-title contracts with a fee, the fee is allocated on a title-by-title basis, based on our assessment of the relative fair value of each title.

Cash payments received are recorded as deferred revenue until all the conditions of revenue recognition have been met. Long-term, non-interest bearing receivables are discounted to present value. At March 31, 2012, \$131.9 million of accounts receivable are due beyond one year. The accounts receivable are due as follows: \$53.1 million in fiscal 2014, \$38.9 million in fiscal 2015, \$16.9 million in fiscal 2016, \$13.1 million in fiscal 2017, \$7.9 million in fiscal 2018, and \$2.0 million thereafter.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits at financial institutions and investments in money market mutual funds.

(e) Restricted Cash

Restricted cash represents amounts held as collateral required under our revolving film credit facility, amounts that are contractually designated for certain theatrical marketing obligations, and amounts held in a trust to fund the Company’s cash severance obligations that would be due to certain executive officers should their employment be terminated “without cause”, in connection with a “change in control” of the Company (in each case, as defined in each of their respective employment contracts).

(f) Investment in Films and Television Programs

LIONS GATE ENTERTAINMENT CORP.**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Investment in films and television programs includes the unamortized costs of completed films and television programs which have been produced by the Company or for which the Company has acquired distribution rights, libraries acquired as part of acquisitions of companies, films and television programs in progress and in development and home entertainment product inventory.

For films and television programs produced by the Company, capitalized costs include all direct production and financing costs, capitalized interest and production overhead. For acquired films and television programs, these capitalized costs consist of minimum guarantee payments to acquire the distribution rights.

Costs of acquiring and producing films and television programs and of acquired libraries are amortized using the individual-film-forecast method, whereby these costs are amortized and participations and residuals costs are accrued in the proportion that current year's revenue bears to management's estimate of ultimate revenue at the beginning of the current year expected to be recognized from the exploitation, exhibition or sale of the films or television programs.

Ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release or from the date of delivery of the first episode for episodic television series. For titles included in acquired libraries, ultimate revenue includes estimates over a period not to exceed twenty years following the date of acquisition.

Investment in films and television programs is stated at the lower of amortized cost or estimated fair value. The valuation of investment in films and television programs is reviewed on a title-by-title basis, when an event or change in circumstances indicates that the fair value of a film or television program is less than its unamortized cost. During the years ended March 31, 2012 and 2011, the Company recorded impairment charges of \$10.6 million and \$18.2 million, respectively, on film and television programs. In determining the fair value of its films and television programs, the Company employs a discounted cash flows ("DCF") methodology with assumptions for cash flows. Key inputs employed in the DCF methodology include estimates of a film's ultimate revenue and costs as well as a discount rate. The discount rate utilized in the DCF analysis is based on the weighted average cost of capital of the Company plus a risk premium representing the risk associated with producing a particular film or television program. The fair value of any film costs associated with a film or television program that management plans to abandon is zero. As the primary determination of fair value is determined using a DCF model, the resulting fair value is considered a Level 3 measurement. Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film or television program. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in management's future revenue estimates.

Films and television programs in progress include the accumulated costs of productions which have not yet been completed.

Films and television programs in development include costs of acquiring film rights to books, stage plays or original screenplays and costs to adapt such projects. Such costs are capitalized and, upon commencement of production, are transferred to production costs. Projects in development are written off at the earlier of the date they are determined not to be recoverable or when abandoned, or three years from the date of the initial investment.

Home entertainment product inventory consists of DVDs/Blu-ray discs and is stated at the lower of cost or market value (first-in, first-out method).

(g) Property and Equipment, net

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided for using the following rates and methods:

Computer equipment and software	2 — 5 years straight-line
Furniture and equipment	2 — 10 years straight-line
Leasehold improvements	Over the lease term or the useful life, whichever is shorter
Land	Not depreciated

LIONS GATE ENTERTAINMENT CORP.**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company periodically reviews and evaluates the recoverability of property and equipment. Where applicable, estimates of net future cash flows, on an undiscounted basis, are calculated based on future revenue estimates. If appropriate and where deemed necessary, a reduction in the carrying amount is recorded.

(h) Equity Method Investments

The Company uses the equity method of accounting for investments in companies in which it has a minority equity interest and the ability to exert significant influence over operating decisions of the companies. The Company's equity method investees are periodically reviewed to determine whether there has been a loss in value that is other than a temporary decline.

(i) Goodwill

Goodwill represents the excess of acquisition costs over the tangible and intangible assets acquired and liabilities assumed in various business acquisitions by the Company. The Company has two reporting units with goodwill within its businesses: Motion Pictures and Television Production. Goodwill is not amortized but is reviewed for impairment annually within each fiscal year or between the annual tests if an event occurs or circumstances change that indicate it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The impairment test follows a two-step approach. The first step determines if the goodwill is potentially impaired, and the second step measures the amount of the impairment loss, if necessary. Under the first step, goodwill is considered potentially impaired if the fair value of the reporting unit is less than the reporting unit's carrying amount, including goodwill. Under the second step, the impairment loss is then measured as the excess of recorded goodwill over the fair value of the goodwill, as calculated. The fair value of goodwill is calculated by allocating the fair value of the reporting unit to all the assets and liabilities of the reporting unit as if the reporting unit was purchased in a business combination and the purchase price was the fair value of the reporting unit. The Company performs its annual impairment test as of January 1 in each fiscal year. No goodwill impairment was identified in any of the Company's reporting units. Determining the fair value of reporting units requires various assumptions and estimates. The estimates of fair value include consideration of the future projected operating results and cash flows of the reporting unit. Such projections could be different than actual results. Should actual results be significantly less than estimates, the value of our goodwill could be impaired in the future.

(j) Other Assets

Other assets include deferred financing costs, intangible assets, loans receivable, and prepaid expenses and other.

Deferred Financing Costs. Amounts incurred in connection with obtaining debt financing are deferred and amortized using the effective interest method, as a component of interest expense, over the earlier of the date of the earliest put option or term to maturity of the related debt obligation.

Finite-lived Intangible Assets. Finite-lived intangibles consist primarily of sales agency relationships and trademarks, which are amortized over their anticipated revenue stream and reviewed for impairment when events and circumstances indicate that the intangible asset might be impaired.

Loans Receivable. The Company records loans receivable at historical cost, less an allowance for uncollectible amounts.

Prepaid Expenses and Other. Prepaid expenses and other primarily include prepaid expenses and security deposits.

(k) Convertible Senior Subordinated Notes

The Company accounts for its convertible senior subordinated notes by separating the liability and equity components. The liability component is recorded at the date of issuance based on its fair value which is generally determined in a manner that will reflect an interest cost equal to our nonconvertible debt borrowing rate at the convertible senior subordinated notes issuance date. The amount of the proceeds less the amount recorded as the liability component is recorded as an addition to shareholders' equity reflecting the equity component (i.e., conversion feature). The difference between the principal amount and the amount recorded as the liability component represents the debt discount. The carrying amount of the liability is accreted up to the principal amount through the amortization of the discount, using the effective interest method, to interest expense over the expected life of the note. The determination of the fair value of the liability component is an estimate dependent on a number of factors, including estimates of market rates for similar nonconvertible debt instruments at the date of issuance. A higher value attributable to the liability component results in a lower value attributed to the equity component and therefore a smaller discount amount and lower interest cost as a result of amortization of the smaller discount. A lower value attributable to the liability component results in a higher value attributed to the equity component and therefore a larger discount amount and higher interest cost as a result of amortization of the larger discount.

(l) Prints, Advertising and Marketing Expenses

LIONS GATE ENTERTAINMENT CORP.**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The costs of advertising and marketing expenses are expensed as incurred. Advertising expenses for the year ended March 31, 2012 were \$299.0 million (2011 — \$346.3 million, 2010 — \$297.9 million) which were recorded as distribution and marketing expenses. The costs of film prints are capitalized as prepaid expenses and expensed upon theatrical release and are included in distribution and marketing expenses.

(m) Income Taxes

Income taxes are accounted for using an asset and liability approach for financial accounting and reporting for income taxes and recognition and measurement of deferred assets are based upon the likelihood of realization of tax benefits in future years. Under this method, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are established when management determines that it is more likely than not that some portion or all of the net deferred tax asset will not be realized. The financial effect of changes in tax laws or rates is accounted for in the period of enactment.

Accounting guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Under this accounting guidance, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Additionally, this accounting guidance provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

(n) Government Assistance

The Company has access to government programs that are designed to promote film and television production and distribution in Canada. The Company also has access to similar programs in certain states within the U.S. that are designed to promote film and television production in those states.

Tax credits earned with respect to expenditures on qualifying film and television productions are included as an offset to investment in films and television programs when the qualifying expenditures have been incurred provided that there is reasonable assurance that the credits will be realized (refer to Note 18).

(o) Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than the functional currency are translated at exchange rates in effect at the balance sheet date. Resulting unrealized translation gains and losses are included in the consolidated statements of operations.

Foreign company assets and liabilities in foreign currencies are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Foreign company revenue and expense items are translated at the average rate of exchange for the fiscal year. Gains or losses arising on the translation of the accounts of foreign companies are included in accumulated other comprehensive loss, a separate component of shareholders' equity.

(p) Derivative Instruments and Hedging Activities

Derivative financial instruments are used by the Company in the management of its foreign currency exposures. The Company's policy is not to use derivative financial instruments for trading or speculative purposes.

The Company enters into forward foreign exchange contracts to hedge its foreign currency exposures on future production expenses denominated in various foreign currencies. The Company evaluates whether the foreign exchange contracts qualify for hedge accounting at the inception of the contract. The fair value of the forward exchange contracts is recorded on the consolidated balance sheets. Changes in the fair value of the foreign exchange contracts that are effective hedges are reflected in accumulated other comprehensive loss, a separate component of shareholders' equity, and changes in the fair value of foreign exchange contracts that are ineffective hedges are reflected in the consolidated statements of operations. Gains and losses realized upon settlement of the foreign exchange contracts are amortized to the consolidated statements of operations on the same basis as the production expenses being hedged.

(q) Stock-Based Compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value received is recognized in earnings over the period during which an employee is required to provide service. See Note 14 for further discussion of the Company's stock-based compensation.

(r) Net Loss Per Share

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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Basic and diluted net loss per share is calculated based on the weighted average common shares outstanding for the period. Basic and diluted net loss per share for the years ended March 31, 2012, 2011 and 2010 is presented below:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amounts in thousands)			
Basic and Diluted Net Loss Per Common Share:			
Numerator:			
Net loss	\$ (39,118)	\$ (30,381)	\$ (30,272)
Denominator:			
Weighted average common shares outstanding	132,226	131,176	117,510
Basic and Diluted Net Loss Per Common Share	\$ (0.30)	\$ (0.23)	\$ (0.26)

As of March 31, 2012, 2011, and 2010, the outstanding common shares issuable presented below were excluded from diluted net loss per common share because their inclusion would have had an anti-dilutive effect.

	March 31, 2012	March 31, 2011	March 31, 2010
(Amounts in thousands)			
Anti-dilutive shares issuable			
Conversion of notes	14,029	13,741	21,802
Share purchase options	3,157	3,310	3,360
Restricted share units	1,467	1,484	2,383
Contingently issuable restricted share units	400	317	1,033
Total weighted average anti-dilutive shares issuable excluded from Diluted Net Loss Per Common Share	19,053	18,852	28,578

(s) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant estimates made by management in the preparation of the financial statements relate to ultimate revenue and costs for investment in films and television programs; estimates of sales returns and other allowances and provisions for doubtful accounts; fair value of assets and liabilities for allocation of the purchase price of companies acquired; income taxes and accruals for contingent liabilities; and impairment assessments for investment in films and television programs, property and equipment, equity investments, goodwill and intangible assets. Actual results could differ from such estimates.

(t) Recent Accounting Pronouncements

The Company has adopted Accounting Standards Update ("ASU") No. 2011-08 "Testing Goodwill for Impairment" for the fiscal year ending March 31, 2012. ASU 2011-08 simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The adoption of ASU 2011-08 did not have a significant impact on the Company's consolidated financial statements.

In June 2011, the Financial Accounting Standards Board ("FASB") issued an accounting standards update relating to the presentation of other comprehensive income. The accounting update eliminates the option to present components of other comprehensive income as part of the statement of stockholders' equity. Instead, companies must report comprehensive income in either a single continuous statement of comprehensive income (which would contain the current income statement presentation followed by the components of other comprehensive income and a total amount for comprehensive income), or in two separate but consecutive statements. This guidance is effective for the Company's fiscal year beginning April 1, 2012. The

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Company does not expect the guidance to have a material impact on its consolidated financial statements.

In May 2011, the FASB issued an accounting standards update related to fair value measurements and disclosures to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the intent about the application of existing fair value measurement requirements, while other amendments change a principle or requirement for measuring fair value or for disclosing information about fair value measurements. Specifically, the guidance requires additional disclosures for fair value measurements that are based on significant unobservable inputs. The updated guidance is to be applied prospectively and is effective for the Company’s interim and annual periods beginning after December 15, 2011. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

3. Restricted Cash

Restricted cash represents amounts held as collateral required under our revolving film credit facility, and amounts that are contractually designated for certain theatrical marketing obligations. Additionally, at March 31, 2011, restricted cash also included approximately \$14.0 million held in a trust to fund the Company’s cash severance obligations that would have been due to certain executive officers should their employment have been terminated “without cause,” in connection with a “change in control” of the Company (in each case, as defined in each of their respective employment contracts). For purposes of the employment agreements with such executive officers, a “change in control” occurred on June 30, 2010 when a certain shareholder became the beneficial owner of 33% or more of the Company’s common shares. Accordingly, the trust became irrevocable, and the Company could not withdraw any trust assets (other than once every six months in an amount that the trustee reasonably determines exceeds the remaining potential severance obligations), until any cash severance obligations that were payable to the executives had been paid or the employment agreements with the executives expired or terminated without those obligations becoming payable. The trust was terminated in December 2011 and the funds were returned to unrestricted cash.

4. Investment in Films and Television Programs

	March 31, 2012	March 31, 2011
	(Amounts in thousands)	
Motion Picture Segment - Theatrical and Non-Theatrical Films		
Released, net of accumulated amortization	\$ 557,003	\$ 212,125
Acquired libraries, net of accumulated amortization	29,320	31,929
Completed and not released	53,258	47,347
In progress	512,712	170,372
In development	19,399	11,825
Product inventory	31,000	29,467
	<u>1,202,692</u>	<u>503,065</u>
Television Segment - Direct-to-Television Programs		
Released, net of accumulated amortization	93,499	92,290
In progress	30,781	10,206
In development	2,081	2,196
	<u>126,361</u>	<u>104,692</u>
	<u>\$ 1,329,053</u>	<u>\$ 607,757</u>

The following table sets forth acquired libraries that represent titles released three years prior to the date of acquisition. These libraries are being amortized over their expected revenue stream from the acquisition date over a period up to 20 years:

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Acquired Library	Acquisition Date	Total Amortization Period	Remaining Amortization Period	Unamortized Costs	Unamortized Costs
		(In years)	(In years)	March 31, 2012	March 31, 2011
				(Amounts in thousands)	
Trimark Holdings	October 2000	20.00	8.50	\$ 1,660	\$ 2,900
Artisan Entertainment	December 2003	20.00	11.75	22,112	28,348
Lionsgate UK	October 2005	20.00	13.50	532	681
Summit Entertainment	January 2012	20.00	19.75	5,016	—
Total Acquired Libraries				\$ 29,320	\$ 31,929

The Company expects approximately 46% of completed films and television programs, net of accumulated amortization, will be amortized during the one-year period ending March 31, 2013. Additionally, the Company expects approximately 81% of completed and released films and television programs, net of accumulated amortization and excluding acquired libraries, will be amortized during the three-year period ending March 31, 2015.

5. Property and Equipment

	March 31, 2012	March 31, 2011
(Amounts in thousands)		
Leasehold improvements	\$ 7,492	\$ 7,358
Property and equipment	7,865	7,856
Computer equipment and software	24,250	20,829
	39,607	36,043
Less accumulated depreciation and amortization	(31,041)	(28,160)
	8,566	7,883
Land	1,206	1,206
	\$ 9,772	\$ 9,089

6. Goodwill

The changes in the carrying amount of goodwill by reporting segment in the years ended March 31, 2012 and 2011 were as follows:

	Motion Pictures	Television Production	Total
(Amounts in thousands)			
Balance as of March 31, 2010 and 2011	\$ 210,293	\$ 28,961	\$ 239,254
Allocated to Maple Pictures asset group on disposal	(6,053)	—	(6,053)
Acquisition of Summit Entertainment, LLC	93,432	—	93,432
Balance as of March 31, 2012	\$ 297,672	\$ 28,961	\$ 326,633

During the year ended March 31, 2012, a portion of Motion Pictures goodwill, amounting to \$6.1 million was allocated to the Maple Pictures asset group and included in the carrying value of the assets disposed for purposes of calculating the gain on sale of Maple Pictures (see Note 15). Also during the year ended March 31, 2012, goodwill increased by \$93.4 million for the goodwill associated with the January 2012 acquisition of Summit Entertainment, LLC ("Summit") (see Note 15).

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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

7. Equity Method Investments

The carrying amount of significant equity method investments at March 31, 2012 and March 31, 2011 were as follows:

<u>Equity Method Investee</u>	March 31, 2012 Ownership Percentage	March 31, 2012	March 31,
			2011
		As adjusted	
(Amounts in thousands)			
Horror Entertainment, LLC (“FEARnet”)	34.5%	\$ 2,880	\$ 2,809
NextPoint, Inc. (“Break Media”)	42.0%	8,477	14,293
Roadside Attractions, LLC (“Roadside”)	43.0%	3,118	2,756
Studio 3 Partners, LLC (“EPIX”)	31.2%	50,381	25,973
TV Guide Network	51.0%	106,406	114,940
Tiger Gate Entertainment Limited (“Tiger Gate”)	45.9%	—	1,123
		<u>\$ 171,262</u>	<u>\$ 161,894</u>

Equity interests in equity method investments in our consolidated statements of operations represent our portion of the income or loss of our equity method investees based on our percentage ownership and the elimination of profits on sales to equity method investees. Equity interests in equity method investments for the years ended March 31, 2012, 2011 and 2010 were as follows (income (loss)):

<u>Equity Method Investee</u>	Year Ended	Year Ended	Year Ended
	March 31, 2012	March 31, 2011	March 31, 2010
		As adjusted	As adjusted
(Amounts in thousands)			
Horror Entertainment, LLC (“FEARnet”)	\$ 71	\$ 679	\$ (568)
NextPoint, Inc. (“Break Media”)	(5,816)	(2,404)	(845)
Roadside Attractions, LLC (“Roadside”)	612	842	(149)
Studio 3 Partners, LLC (“EPIX”)	24,407	(14,994)	(37,381)
TV Guide Network	(8,533)	(2,988)	(52)
Tiger Gate Entertainment Limited (“Tiger Gate”)	(2,329)	(1,847)	—
	<u>\$ 8,412</u>	<u>\$ (20,712)</u>	<u>\$ (38,995)</u>

Horror Entertainment, LLC. Horror Entertainment, LLC (“FEARnet”), is a multiplatform programming and content service provider of horror genre films operating under the branding of “FEARnet.” The Company licenses content to FEARnet for video-on-demand and broadband exhibition. The Company is recording its share of the FEARnet results on a one quarter lag and, accordingly, during the year ended March 31, 2012, the Company recorded its share of the income generated by FEARnet for the year ended December 31, 2011.

NextPoint, Inc. NextPoint, Inc. (“Break Media”), is an online home entertainment service provider operating under the branding of “Break Media.” The Company is recording its share of the Break Media results on a one quarter lag and, accordingly, during the year ended March 31, 2012, the Company recorded its share of losses incurred by Break Media for the year ended December 31, 2011.

Break Media Financial Information:

The following table presents summarized balance sheet data as of December 31, 2011 and December 31, 2010 for Break Media:

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	December 31, 2011	December 31, 2010
	(Amounts in thousands)	
Current assets	\$ 13,298	\$ 16,551
Non-current assets	\$ 6,256	\$ 5,838
Current liabilities	\$ 15,992	\$ 17,015
Non-current liabilities	\$ 25,889	\$ 14,396

The following table presents the summarized statement of operations for the years ended December 31, 2011, 2010 and 2009 for Break Media:

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
	(Amounts in thousands)		
Net revenue	\$ 46,551	\$ 37,150	\$ 20,190
Gross profit	\$ 30,320	\$ 24,452	\$ 16,565
Operating loss	\$ (9,636)	\$ (3,537)	\$ (787)
Net loss	\$ (13,849)	\$ (5,723)	\$ (2,012)

Roadside Attractions, LLC. Roadside Attractions, LLC (“Roadside”), is an independent theatrical releasing company. The Company is recording its share of the Roadside results on a one quarter lag and, accordingly, during the year ended March 31, 2012, the Company recorded its share of income earned by Roadside for the year ended December 31, 2011.

Studio 3 Partners, LLC (“EPIX”). In April 2008, the Company formed a joint venture with Viacom Inc. (“Viacom”), its Paramount Pictures unit (“Paramount Pictures”) and Metro-Goldwyn-Mayer Studios Inc. (“MGM”) to create a premium television channel and subscription video-on-demand service named “EPIX”. The Company had invested \$80.4 million through September 30, 2010, and no additional amounts have been funded since.

Adjustments to Eliminate Lag in Reporting EPIX Results:

Through December 31, 2011, the Company recorded its share of EPIX's results on a one quarter lag due to the timing of the availability of EPIX's financial statements. In the quarter ended March 31, 2012, the Company eliminated the lag in recording its share of EPIX's results as EPIX's financial information is now available on a more timely basis and, accordingly, for the year ended March 31, 2012, the Company has recorded its share of the net income generated by EPIX for the twelve months ended March 31, 2012. The Company believes it is preferable to reflect its equity interest in EPIX on a more timely basis as this will improve overall financial reporting to investors by providing the most current information available. Due to the elimination of the lag in recording the Company's share of EPIX's results, prior period amounts presented have been adjusted from amounts previously reported as shown below:

	March 31, 2012			March 31, 2011		
	As Computed With Lag	As Reported Without Lag	Effect of Change	As Previously Reported	As Adjusted	Effect of Change
	(Amounts in thousands)					
Impact on Balance Sheets line items:						
Equity method investments	\$ 161,261	\$ 171,262	\$ 10,001	\$ 150,585	\$ 161,894	\$ 11,309
Accumulated deficit	\$ (552,040)	\$ (542,039)	\$ 10,001	\$ (514,230)	\$ (502,921)	\$ 11,309

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	Year Ended March 31, 2012			Year Ended March 31, 2011			Year Ended March 31, 2010		
	As Computed With Lag	As Reported Without Lag	Effect of Change	As Previously Reported	As Adjusted	Effect of Change	As Previously Reported	As Adjusted	Effect of Change
(Amounts in thousands)									
<u>Impact on Statements of Operations and Statements of Cash Flows line items:</u>									
Equity interests income (loss)	\$ 9,720	\$ 8,412	\$ (1,308)	\$ (43,930)	\$ (20,712)	\$ 23,218	\$ (28,201)	\$ (38,995)	\$ (10,794)
Net income (loss)	\$ (37,810)	\$ (39,118)	\$ (1,308)	\$ (53,599)	\$ (30,381)	\$ 23,218	\$ (19,478)	\$ (30,272)	\$ (10,794)
<u>Impact on Income (Loss) Per Share line items:</u>									
Basic and Diluted Net Income (Loss) Per Common Share	\$ (0.29)	\$ (0.30)	\$ (0.01)	\$ (0.41)	\$ (0.23)	\$ 0.18	\$ (0.17)	\$ (0.26)	\$ (0.09)

The elimination of the lag in recording the Company's share of EPIX's results did not have an impact on cash flows from operating, investing, or financing activities in the consolidated statements of cash flows.

Transactions with EPIX:

The Company licenses certain of its theatrical releases and other films and television programs to EPIX. A portion of the profits of these licenses reflecting the Company's ownership share in the venture are eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by EPIX through the amortization of the related asset, recorded on EPIX's balance sheet, over the license period. The table below sets forth the revenues and gross profits recognized by Lionsgate and the calculation of the amounts eliminated in the equity interest line item on the statement of operations:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amounts in thousands)			
Revenue recognized on sales to EPIX	\$ 70,321	\$ 86,146	\$ 38,606
Gross profit on sales to EPIX	\$ 41,523	\$ 48,829	\$ 26,315
Ownership interest in EPIX	31.15%	31.15%	31.15%
Elimination of the Company's share of profits on sales to EPIX	\$ 12,934	\$ 15,210	\$ 8,197

EPIX Financial Information:

The following table presents summarized balance sheet data as of March 31, 2012 and March 31, 2011 for EPIX:

	March 31, 2012	March 31, 2011
(Amounts in thousands)		
Current assets	\$ 196,903	\$ 143,856
Non-current assets	\$ 140,532	\$ 95,293
Current liabilities	\$ 140,684	\$ 104,243
Non-current liabilities	\$ 4,723	\$ 15,219

The following table presents the summarized statement of operations for the twelve months ended March 31, 2012, 2011 and 2010 for EPIX and a reconciliation of the net income (loss) reported by EPIX to equity interest income (loss) recorded by the Company:

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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Twelve Months Ended	Twelve Months Ended	Twelve Months Ended
	March 31, 2012	March 31, 2011	March 31, 2010
(Amounts in thousands)			
Revenues	\$ 326,117	\$ 200,561	\$ 322
Expenses:			
Operating expenses	230,548	211,404	81,623
Selling, general and administrative expenses	23,232	20,737	18,535
Operating income (loss)	72,337	(31,580)	(99,836)
Interest income (expense)	—	15	(123)
Net income (loss)	<u>\$ 72,337</u>	<u>\$ (31,565)</u>	<u>\$ (99,959)</u>
Reconciliation of net income (loss) reported by EPIX to equity interest income (loss):			
Net income (loss) reported by EPIX	\$ 72,337	\$ (31,565)	\$ (99,959)
Ownership interest in EPIX	31.15%	31.15%	30.77%
The Company's share of net income (loss)	22,533	(9,832)	(30,753)
Eliminations of the Company's share of profits on sales to EPIX (1)	(12,934)	(15,210)	(8,197)
Realization of the Company's share of profits on sales to EPIX (2)	14,808	10,048	1,569
Total equity interest income (loss) recorded	<u>\$ 24,407</u>	<u>\$ (14,994)</u>	<u>\$ (37,381)</u>

- (1) Represents the elimination of the gross profit recognized by Lionsgate on the sale to EPIX in proportion to Lionsgate's ownership interest in EPIX. The amount of intra-entity profit is calculated as the total gross profit recognized on a title by title basis multiplied by Lionsgate's percentage ownership of EPIX. The table above in the *Transactions with EPIX* section shows the calculation of the profit eliminated.
- (2) Represents the realization of a portion of the profits previously eliminated. This profit remains eliminated until realized by EPIX. EPIX initially records the license fee for the title as inventory on its balance sheet and amortizes the inventory over the license period. Accordingly, the profit is realized as the inventory on EPIX's books is amortized. The profit amount realized is calculated by multiplying the percentage of the EPIX inventory amortized in the period reported by EPIX, by the amount of profit initially eliminated, on a title by title basis.

TV Guide Network. The Company's investment interest in TV Guide Network consists of an equity investment in its common stock units and mandatorily redeemable preferred stock units. On February 28, 2009, the Company purchased all of the issued and outstanding equity interests of TV Guide Network. The Company paid approximately \$241.6 million for all of the equity interest of TV Guide Network. On May 28, 2009, the Company sold 49% of the Company's interest in TV Guide Network for approximately \$122.4 million in cash.

The February 28, 2009 acquisition was accounted for as a purchase, with the results of operations of TV Guide Network included in the Company's consolidated results from February 28, 2009 through May 27, 2009. Subsequent to the sale of the 49% interest in TV Guide Network, the Company determined it is not the primary beneficiary of TV Guide Network because pursuant to the operating agreement of the entity, the power to direct the activities that most significantly impact the economic performance of TV Guide Network is shared with the 49% owner of TV Guide Network. Accordingly, the Company's interest in TV Guide Network is being accounted for under the equity method of accounting.

Investment in Mandatorily Redeemable Preferred Stock Units. The mandatorily redeemable preferred stock carries a dividend rate of 10% compounded annually and is mandatorily redeemable in May 2019 at the stated value plus the dividend return and any additional capital contributions less previous distributions. The mandatorily redeemable preferred stock units were initially recorded based on their estimated fair value, as determined using an option pricing model. The mandatorily redeemable preferred stock units and the 10% dividend are being accreted up to their redemption amount over the ten-year period to the redemption date, which is recorded as income within equity interest.

Transactions with TV Guide Network:

The Company licenses certain films and/or television programs to TV Guide Network. A portion of the profits of these

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

licenses reflecting the Company's ownership share in the venture are eliminated through an adjustment to the equity interest loss of the venture. These profits are recognized as they are realized by TV Guide Network through the amortization of the related asset, recorded on TV Guide Network's balance sheet, over the license period. The table below sets forth the revenues and gross profits recognized by Lionsgate and the calculation of the amounts eliminated in the equity interest line item on the statement of operations:

	Year Ended March 31, 2012	Year Ended March 31, 2011
	(Amounts in thousands)	
Revenue recognized on sales to TV Guide Network	\$ 2,925	\$ 14,175
Gross profit on sales to TV Guide Network	\$ 969	\$ 5,381
Ownership interest in TV Guide Network	51%	51%
Elimination of the Company's share of profit on sales to TV Guide Network	<u>\$ 494</u>	<u>\$ 2,744</u>

TV Guide Network Financial Information:

The following table presents summarized balance sheet data as of March 31, 2012 and March 31, 2011 for TV Guide Network:

	March 31, 2012	March 31, 2011
	(Amounts in thousands)	
Current assets	\$ 41,548	\$ 43,497
Non-current assets	\$ 236,855	\$ 261,245
Current liabilities	\$ 30,979	\$ 32,126
Non-current liabilities	\$ 33,407	\$ 40,354
Redeemable preferred stock	\$ 230,412	\$ 200,724

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The following table presents the summarized statement of operations for the years ended March 31, 2012, 2011 and 2010 for TV Guide Network and a reconciliation of the net loss reported by TV Guide Network to equity interest loss recorded by the Company:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Period from May 28, 2009 to March 31, 2010
(Amounts in thousands)			
Revenues	\$ 100,899	\$ 115,680	\$ 96,983
Expenses:			
Cost of services	52,789	38,369	29,760
Selling, marketing, and general and administration	53,440	60,964	49,505
Depreciation and amortization	11,602	15,331	15,609
Operating income (loss)	(16,932)	1,016	2,109
Interest expense, net	1,816	1,853	784
Accretion of redeemable preferred stock units (1)	29,687	27,703	20,587
Total interest expense, net	31,503	29,556	21,371
Net loss	(48,435)	(28,540)	(19,262)
Reconciliation of net loss reported by TV Guide Network to equity interest loss:			
Net loss reported by TV Guide Network	\$ (48,435)	\$ (28,540)	\$ (19,262)
Ownership interest in TV Guide Network	51%	51%	51%
The Company's share of net loss	(24,702)	(14,555)	(9,824)
Accretion of dividend and interest income on redeemable preferred stock units (1)	15,141	14,129	10,499
Eliminations of the Company's share of profit on sales to TV Guide Network (2)	(494)	(2,744)	(727)
Realization of the Company's share of profits on sales to TV Guide Network (3)	1,522	182	—
Total equity interest loss recorded	\$ (8,533)	\$ (2,988)	\$ (52)

- (1) Accretion of mandatorily redeemable preferred stock units represents TV Guide Network's 10% dividend and the amortization of discount on its mandatorily redeemable preferred stock units held by the Company and the 49% interest holder. The Company records 51% of this expense as income from the accretion of dividend and discount on mandatorily redeemable preferred stock units within equity interest loss.
- (2) Represents the elimination of the gross profit recognized by Lionsgate on the sale to TV Guide Network in proportion to Lionsgate's ownership interest in TV Guide Network. The amount of intra-entity profit is calculated as the total gross profit recognized on a title by title basis multiplied by Lionsgate's percentage ownership of TV Guide Network. The table above in the *Transactions with TV Guide Network* section shows the calculation of the profit eliminated.
- (3) Represents the realization of a portion of the profits previously eliminated. This profit remains eliminated until realized by TV Guide Network. TV Guide Network initially records the license fee for the title as inventory on its balance sheet and amortizes the inventory over the license period. Accordingly, the profit is realized as the inventory on TV Guide Network's books is amortized. The profit amount realized is calculated by multiplying the percentage of the TV Guide Network inventory amortized in the period reported by TV Guide Network by the amount of profit initially eliminated, on a title by title basis.

Tiger Gate Entertainment Limited. Tiger Gate Entertainment Limited ("Tigergate") was an operator of pay television channels and a distributor of television programming and action and horror films across Asia. The Company recorded its share of the joint venture results on a one quarter lag and, accordingly, during the year ended March 31, 2012, the Company recorded its share of the losses incurred by the joint venture for the year ended December 31, 2011. The Company funded an additional \$1.0 million during the year ended March 31, 2012. In January 2012, Tigergate partnered with Celestial Pictures Limited to

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create Celestial Tiger Entertainment ("Celestial Tiger"), an independent Asian media company focused on branded pay television channels, content creation and distribution across Asia. As a result of the new partnership, the Company's ownership in Celestial Tiger was diluted to 16% and therefore, is now accounted under the cost method. No significant gain or loss was realized resulting from the the transaction.

8. Other Assets

The composition of the Company's other assets is as follows as of March 31, 2012 and March 31, 2011:

	March 31, 2012	March 31, 2011
(Amounts in thousands)		
Deferred financing costs, net of accumulated amortization	\$ 39,130	\$ 15,360
Loans receivable	24,767	18,433
Prepaid expenses and other	14,637	12,099
Finite-lived intangible assets	11,977	430
	<u>\$ 90,511</u>	<u>\$ 46,322</u>

Deferred Financing Costs. Deferred financing costs primarily include costs incurred in connection with (1) an amended senior revolving credit facility, (2) the issuance of the Senior Secured Second-Priority Notes, (3) a new Term Loan associated with the acquisition of Summit and (4) the issuance of the October 2004 2.9375% Notes, the February 2005 3.625% Notes, the April 2009 3.625% Notes, and the January 2012 4.00% Notes (see Note 9) that are deferred and amortized to interest expense using the effective interest method.

Loans Receivable. The following table sets forth the Company's loans receivable at March 31, 2012 and March 31, 2011:

	Interest Rate	March 31, 2012	March 31, 2011
(Amounts in thousands)			
Third-party producer	3.2%	\$ 9,049	\$ 8,777
NextPoint, Inc. ("Break Media")	5.47% - 20.0%	15,718	9,656
		<u>\$ 24,767</u>	<u>\$ 18,433</u>

Prepaid Expenses and Other. Prepaid expenses and other primarily include prepaid expenses and security deposits.

Finite-lived Intangible Assets. Finite-lived intangibles consist primarily of sales agency relationships and trademarks. The composition of the Company's finite-lived intangible assets and the associated accumulated amortization is as follows as of March 31, 2012 and March 31, 2011:

	Weighted Average Remaining Life (in years)	Range of Remaining Life	March 31, 2012			March 31, 2011		
			Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(Amounts in thousands)								
Finite-lived intangible assets:								
Trademarks	5	1 - 5	\$ 8,200	\$ 1,623	\$ 6,577	\$ 1,600	\$ 1,170	\$ 430
Sales agency relationships	5	5	6,200	800	5,400	—	—	—
			<u>\$ 14,400</u>	<u>\$ 2,423</u>	<u>\$ 11,977</u>	<u>\$ 1,600</u>	<u>\$ 1,170</u>	<u>\$ 430</u>

The aggregate amount of amortization expense associated with the Company's intangible assets for the years ended March 31, 2012, 2011 and 2010 was approximately \$1.3 million, \$1.0 million and \$4.9 million, respectively. The estimated aggregate amortization expense for each of the years ending March 31, 2013 through 2017 is approximately \$5.3 million, \$3.7 million, \$1.8 million, \$0.8 million, and \$0.4 million, respectively.

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9. Corporate Debt

The total carrying values of corporate debt of the Company, excluding film obligations and production loans, were as follows as of March 31, 2012 and March 31, 2011:

	March 31, 2012	March 31, 2011
	(Amounts in thousands)	
Senior revolving credit facility	\$ 99,750	\$ 69,750
Senior secured second-priority notes	431,510	226,331
Term loan	477,514	—
Convertible senior subordinated notes	104,498	107,255
Other financing obligations	3,778	3,718
	<u>\$ 1,117,050</u>	<u>\$ 407,054</u>

The following table sets forth future annual contractual principal payment commitments under corporate debt as of March 31, 2012:

Debt Type	Maturity Date or Next Holder Redemption Date (1)	Year Ended March 31,						Total
		2013	2014	2015	2016	2017	Thereafter	
(Amounts in thousands)								
Senior revolving credit facility	July 2013	\$ —	\$ 99,750	\$ —	\$ —	\$ —	\$ —	\$ 99,750
Senior secured second-priority notes	November 2016	—	—	—	—	436,000	—	436,000
Term loan	September 2016 (2)	55,000	55,000	55,000	55,000	264,664	—	484,664
Principal amounts of convertible senior subordinated notes:								
October 2004 2.9375% Notes (conversion price of \$11.50 per share)	October 2014	—	—	348	—	—	—	348
February 2005 3.625% Notes (conversion price of \$14.28 per share)	March 2015	—	—	23,464	—	—	—	23,464
April 2009 3.625% Notes (conversion price of \$8.25 per share)	March 2015	—	—	66,581	—	—	—	66,581
January 2012 4.00% Notes (conversion price of \$10.50 per share)	January 2017	—	—	—	—	45,000	—	45,000
Other financing obligations	June 2012	3,778	—	—	—	—	—	3,778
		<u>\$58,778</u>	<u>\$154,750</u>	<u>\$ 145,393</u>	<u>\$55,000</u>	<u>\$745,664</u>	<u>\$ —</u>	1,159,585
Less aggregate unamortized (discount) premium, net								<u>(42,535)</u>
								<u>\$1,117,050</u>

(1) The future repayment dates of the convertible senior subordinated notes represent the next redemption date by holders for each series of notes respectively, as described below.

(2) The Term Loan matures on September 7, 2016. The Term Loan is repayable in quarterly installments equal to \$13.75 million, with the balance payable on the final maturity date. The Term Loan is also repayable periodically to the extent of the excess cash flow, as defined, generated by Summit and its subsidiaries (see below).

Senior Revolving Credit Facility

Outstanding Amount. At March 31, 2012, the Company had borrowings of \$99.8 million outstanding (March 31, 2011 —

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\$69.8 million).

Availability of Funds. At March 31, 2012, there was \$230.2 million available (March 31, 2011 — \$255.2 million). The senior revolving credit facility provides for borrowings and letters of credit up to an aggregate of \$340 million. The availability of funds is limited by a borrowing base and also reduced by outstanding letters of credit which amounted to \$10.0 million at March 31, 2012 (March 31, 2011 — \$15.0 million).

Maturity Date. The senior revolving credit facility expires July 25, 2013.

Interest. As of March 31, 2012, the senior revolving credit facility bore interest of 2.5% over the “Adjusted LIBOR” rate (effective interest rate of 2.74% and 2.74% as of March 31, 2012 and March 31, 2011, respectively).

Commitment Fee. The Company is required to pay a quarterly commitment fee based upon 0.5% per annum on the total senior revolving credit facility of \$340 million less the amount drawn.

Security. Obligations under the senior revolving credit facility are secured by collateral (as defined in the credit agreement) granted by the Company and certain subsidiaries of the Company, as well as a pledge of equity interests in certain of the Company’s subsidiaries.

Covenants. The senior revolving credit facility contains a number of affirmative and negative covenants that, among other things, require the Company to satisfy certain financial covenants and restrict the ability of the Company to incur additional debt, pay dividends and make distributions, make certain investments and acquisitions, repurchase its stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of its business, enter into sale-leaseback transactions, transfer and sell material assets and merge or consolidate.

Change in Control. Under the senior revolving credit facility, the Company may also be subject to an event of default upon a change in control (as defined in the credit agreement) which, among other things, includes a person or group acquiring ownership or control in excess of 50% (amended from 20% on June 22, 2010) of the Company’s common shares.

Senior Secured Second-Priority Notes

On October 21, 2009, Lions Gate Entertainment Inc. (“LGEI”), the Company’s wholly-owned subsidiary, issued \$236.0 million aggregate principal amount of senior secured second-priority notes due 2016 (the “October 2009 Senior Notes”) in a private offering conducted pursuant to Rule 144A and Regulation S under the Securities Act.

On May 13, 2011, LGEI issued approximately \$200.0 million aggregate principal amount of senior secured second-priority notes due 2016 (the “May 2011 Senior Notes,” and collectively with the October 2009 Senior Notes, the “Senior Notes”) in a private offering conducted pursuant to Rule 144A and Regulation S under the Securities Act. The May 2011 Senior Notes have the same terms as the October 2009 Senior Notes, except for the issue date, issue price and first interest payment.

In August 2011, a subsidiary of LGEI paid \$9.9 million to repurchase \$10.0 million of aggregate principal amount (carrying value — \$9.9 million) of the Senior Notes. The Company recorded a loss on extinguishment in the quarter ended September 30, 2011 of \$0.4 million, which included \$0.5 million of deferred financing costs written off. In September 2011, LGEI resold such Senior Notes at 99.0% of the \$10.0 million face amount thereof, plus accrued interest thereon from May 1, 2011, resulting in gross proceeds of approximately \$10.2 million, which were used to repurchase the common shares, as discussed in Note 14.

Outstanding Amount. The outstanding amount is set forth in the table below:

	March 31, 2012	March 31, 2011
	(Amounts in thousands)	
Principal amount of Senior Secured Second-Priority Notes	\$ 436,000	\$ 236,000
Unamortized Aggregate Premium/ (Discount), net	(4,490)	(9,669)
Net carrying amount of Senior Secured Second-Priority Notes	<u>\$ 431,510</u>	<u>\$ 226,331</u>

Maturity Date. The Senior Notes are due November 1, 2016.

Original Issue Discount/Premium. The October 2009 Senior Notes were issued by LGEI at an initial price of 95.222%

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(original issue discount —4.778%) of the principal amount. The May 2011 Senior Notes were issued by LGEI at an initial price of 102.219% (original issue premium — 2.219%) of the principal amount, plus accrued interest thereon from May 1, 2011, resulting in gross proceeds of approximately \$204.4 million and net proceeds of approximately \$192.4 million after fees and expenses, including \$5.6 million paid in connection with the consent solicitation of holders of the October 2009 Senior Notes. The original issue discount/premium, interest and deferred financing costs are being amortized through November 1, 2016 using the effective interest method. As of March 31, 2012, the remaining amortization period was 4.6 years.

Interest. The Senior Notes pay interest semi-annually on May 1 and November 1 of each year at a rate of 10.25% per year.

Security. The Senior Notes are guaranteed on a senior secured basis by the Company, and certain wholly-owned subsidiaries of both the Company and LGEI. The Senior Notes are ranked junior in right of payment to the Company's senior revolving credit facility, ranked equally in right of payment to the Company's convertible senior subordinated notes, and ranked senior to any of the Company's unsecured debt.

Covenants. The Senior Notes contain certain restrictions and covenants that, subject to certain exceptions, limit the Company's ability to incur additional indebtedness, pay dividends or repurchase the Company's common shares, make certain loans or investments, and sell or otherwise dispose of certain assets subject to certain conditions, among other limitations.

Term Loan

In connection with the acquisition of Summit (see Note 15), the Company entered into a new \$500.0 million principal amount term loan agreement (the "Term Loan") and received net proceeds of \$476.2 million, after original issue discount and offering fees and expenses. The net proceeds were used in connection with the acquisition of Summit to pay off Summit's existing term loan.

Outstanding Amount. The outstanding amount of the Term Loan is set forth in the table below:

	March 31, 2012
	(Amounts in thousands)
Principal amount	\$ 484,664
Unamortized discount	(7,150)
Net carrying amount	<u>\$ 477,514</u>

Maturity Date. The Term Loan matures on September 7, 2016. The Term Loan is repayable in quarterly installments equal to \$13.75 million, with the balance payable on the final maturity date. The Term Loan is also repayable periodically to the extent of the excess cash flow, as defined, generated by Summit and its subsidiaries.

Interest. The Term Loan bears interest by reference to a base rate or the LIBOR rate (subject to a LIBOR floor of 1.25%), in either case plus an applicable margin of 4.50% in the case of base rate loans and 5.50% in the case of LIBOR loans (effective interest rate of 7.75% and 6.75%, respectively as of March 31, 2012).

Security. The Term Loan is secured by collateral of the Summit assets.

Covenants. The Term Loan contains a number of affirmative and negative covenants that, among other things, require Summit to satisfy certain financial covenants.

Convertible Senior Subordinated Notes

Outstanding Amount. The following table sets forth the convertible senior subordinated notes outstanding at March 31, 2012 and March 31, 2011:

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	March 31, 2012			March 31, 2011		
	Principal	Unamortized Discount	Net Carrying Amount	Principal	Unamortized Discount	Net Carrying Amount
(Amounts in thousands)						
Convertible Senior Subordinated Notes						
October 2004 2.9375% Notes (conversion price of \$11.50 per share)	\$ 348	\$ —	\$ 348	\$ 46,326	\$ (1,598)	\$ 44,728
February 2005 3.625% Notes (conversion price of \$14.28 per share)	23,464	—	23,464	23,470	(1,363)	22,107
April 2009 3.625% Notes (conversion price of \$8.25 per share)	66,581	(21,119)	45,462	66,581	(26,161)	40,420
January 2012 4.00% Notes (conversion price of \$10.50 per share)	45,000	(9,776)	35,224	—	—	—
	<u>\$ 135,393</u>	<u>\$ (30,895)</u>	<u>\$ 104,498</u>	<u>\$ 136,377</u>	<u>\$ (29,122)</u>	<u>\$ 107,255</u>

Interest Expense. The effective interest rate on the liability component and the amount of interest expense, which includes both the contractual interest coupon and amortization of the discount on the liability component, for the years ended March 31, 2012, 2011 and 2010 are presented below.

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	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amounts in thousands)			
October 2004 2.9375% Convertible Senior Subordinated Notes:			
Effective interest rate of liability component (9.65%)			
Interest Expense			
Contractual interest coupon	\$ 497	\$ 1,915	\$ 3,879
Amortization of discount on liability component and debt issuance costs	1,147	4,278	8,228
	<u>1,644</u>	<u>6,193</u>	<u>12,107</u>
February 2005 3.625% Convertible Senior Subordinated Notes:			
Effective interest rate of liability component (10.03%)			
Interest Expense			
Contractual interest coupon	815	1,238	2,965
Amortization of discount on liability component and debt issuance costs	1,472	2,053	5,399
	<u>2,287</u>	<u>3,291</u>	<u>8,364</u>
April 2009 3.625% Convertible Senior Subordinated Notes:			
Effective interest rate of liability component (17.26%)			
Interest Expense			
Contractual interest coupon	2,414	2,414	2,286
Amortization of discount on liability component and debt issuance costs	5,064	4,261	3,283
	<u>7,478</u>	<u>6,675</u>	<u>5,569</u>
January 2012 4.00% Convertible Senior Subordinated Notes:			
Effective interest rate of liability component (9.56%)			
Interest Expense			
Contractual interest coupon	395	—	—
Amortization of discount on liability component and debt issuance costs	361	—	—
	<u>756</u>	<u>—</u>	<u>—</u>
Total			
Contractual interest coupon	4,121	5,567	9,130
Amortization of discount on liability component and debt issuance costs	8,044	10,592	16,910
	<u>\$ 12,165</u>	<u>\$ 16,159</u>	<u>\$ 26,040</u>

Fiscal 2011 and 2012 Convertible Senior Subordinated Notes Transactions

January 2012 Convertible Senior Subordinated Notes Issuance. On January 11, 2012, LGEI sold \$45.0 million in aggregate principal amount of 4.00% Convertible Senior Subordinated Notes with a maturity date of January 11, 2017 (the "January 2012 4.00% Notes"). The proceeds were used to fund a portion of the acquisition of Summit discussed in Note 15. See below for key terms of the January 2012 4.00% Notes.

October 2011 Redemption of October 2004 2.9375% Notes: On October 15, 2011, certain holders of the 2.9375% Convertible Senior Subordinated Notes (the "October 2004 2.9375% Notes") required LGEI to repurchase \$26.6 million in aggregate principal amount (carrying value - \$26.6 million) of the October 2004 2.9375% Notes, pursuant to the redemption terms of the October 2004 2.9375% Notes. LGEI paid approximately \$27.0 million for the repurchase on October 17, 2011, representing a price equal to 100% of the principal amount, together with accrued and unpaid interest through October 17, 2011.

May 2011 Repurchase of a Portion of October 2004 2.9375% Notes: In May 2011, LGEI paid \$19.5 million to repurchase \$19.4 million of aggregate principal amount (carrying value — \$18.9 million) of the October 2004 2.9375% Notes. The Company recorded a loss on extinguishment in the quarter ended June 30, 2011 of \$0.5 million, which includes \$0.1 million of deferred financing costs written off. The loss represented the excess of the fair value of the liability component of the

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October 2004 2.9375% Notes repurchased over their carrying values, plus the deferred financing costs written off. The amount of consideration recorded as a reduction of shareholders' equity represents the equity component of the October 2004 2.9375% Notes repurchased.

July 2010 Refinancing Exchange Agreement: On July 20, 2010, the Company entered into a Refinancing Exchange Agreement to exchange approximately \$36.0 million in aggregate principal amount of the 3.625% Convertible Senior Subordinated Notes (the "February 2005 3.625% Notes") and approximately \$63.7 million in aggregate principal amount of the October 2004 2.9375% Notes for equal principal amounts, respectively, of new 3.625% Convertible Senior Subordinated Notes due 2027 (the "New 3.625% Notes") and new 2.9375% Convertible Senior Subordinated Notes due 2026 (the "New 2.9375% Notes", and together with the New 3.625% Notes, the "New Notes"). The New Notes took effect immediately and all terms were identical to the February 2005 3.625% Notes and October 2004 2.9375% Notes except that the New Notes had an extended maturity date, extended put rights by two years, and were immediately convertible at an initial conversion rate of 161.2903 common shares of the Company per \$1,000 principal amount of New Notes (conversion price per share of \$6.20), subject to specified contingencies.

On July 20, 2010, the New Notes were converted into 16,236,305 common shares of the Company. As a result, the New Notes are no longer outstanding as of July 20, 2010.

As a result of the exchange transaction and related conversion, the Company recorded a non-cash loss on extinguishment of debt of \$14.5 million during the quarter ended September 30, 2010, which includes the write-off of \$0.6 million of unamortized deferred financing costs, an increase to common shares equity of \$106.0 million and reduction in the carrying amount of the old notes of approximately \$91.2 million. The loss represented the excess of the fair value of the common stock issuable pursuant to conversion terms contained in the New Notes as compared to the fair value of the Company's common stock issuable pursuant to the conversion terms of the old notes, partially offset by the excess of the carrying amount of the debt extinguished over the fair value of the Company's common stock issuable pursuant to the conversion terms of the old notes.

Convertible Senior Subordinated Notes Terms

October 2004 2.9375% Notes. In October 2004, LGEI sold \$150.0 million of the October 2004 2.9375% Notes, of which \$50.1 million was allocated to the equity component.

Outstanding Amount: As of March 31, 2012, \$0.3 million of aggregate principal amount (carrying value — \$0.3 million) of the October 2004 2.9375% Notes remains outstanding.

Interest: Interest on the October 2004 2.9375% Notes is payable semi-annually on April 15 and October 15.

Maturity Date: The October 2004 2.9375% Notes mature on October 15, 2024.

Redeemable by LGEI: LGEI may redeem the October 2004 2.9375% Notes at 100%.

Redeemable by Holder: The holder may require LGEI to repurchase the October 2004 2.9375% Notes on October 15, 2014 and 2019 or upon a change in control at a price equal to 100% of the principal amount, together with accrued and unpaid interest through the date of repurchase. See above for further information on the October 2004 2.9375% Notes that were redeemed on October 17, 2011 due to the holders exercise of their right to require LGEI to repurchase the October 2004 2.9375% Notes on October 15, 2011.

Conversion Features: The holder may convert the October 2004 2.9375% Notes into the Company's common shares prior to maturity only if the price of the Company's common shares issuable upon conversion of a note reaches or falls below a certain specific threshold over a specified period, the notes have been called for redemption, a change in control occurs or certain other corporate transactions occur. Before the close of business on or prior to the trading day immediately before the maturity date, the holder may convert the notes into the Company's common shares at a conversion rate equal to 86.9565 shares per \$1,000 principal amount of the October 2004 2.9375% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately \$11.50 per share. Upon conversion of the October 2004 2.9375% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.

Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of their notes or the holder converts the notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of the Company's common shares on the effective date of the change in control. No make whole premium will be paid if the price of the Company's common shares at such time is less than \$8.79 per share or exceeds \$50.00 per share.

February 2005 3.625% Notes. In February 2005, LGEI sold \$175.0 million of February 2005 3.625% Notes, of which

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\$53.0 million was allocated to the equity component.

Outstanding Amount: As of March 31, 2012, \$23.5 million of aggregate principal amount (carrying value — \$23.5 million) of the February 2005 3.625% Notes remains outstanding.

Interest: Interest on the February 2005 3.625% Notes is payable at 3.625% per annum semi-annually on March 15 and September 15 until March 15, 2012 and at 3.125% per annum thereafter until maturity.

Maturity Date: The February 2005 3.625% Notes will mature on March 15, 2025.

Redeemable by LGEI: LGEI may redeem the February 2005 3.625% Notes at 100%.

Redeemable by Holder: The holder may require LGEI to repurchase the February 2005 3.625% Notes on March 15, 2015 and 2020 or upon a change in control at a price equal to 100% of the principal amount, together with accrued and unpaid interest through the date of repurchase.

Conversion Features: The February 2005 3.625% Notes are convertible, at the option of the holder, at any time before the maturity date, if the notes have not been previously redeemed or repurchased, at a conversion rate equal to 70.0133 shares per \$1,000 principal amount of the February 2005 3.625% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately \$14.28 per share. Upon conversion of the February 2005 3.625% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.

Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of their notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of the Company's common shares on the effective date of the change in control. No make whole premium will be paid if the price of the Company's common shares at such time is less than \$10.35 per share or exceeds \$75.00 per share.

April 2009 3.625% Notes. In April 2009, LGEI issued approximately \$66.6 million of 3.625% Convertible Senior Subordinated Notes (the "April 2009 3.625% Notes"), of which \$16.2 million was allocated to the equity component.

Outstanding Amount: As of March 31, 2012, \$66.6 million of aggregate principal amount (carrying value — \$45.5 million) of the April 2009 3.625% Notes remains outstanding.

Interest: Interest on the April 2009 3.625% Notes is payable at 3.625% per annum semi-annually on March 15 and September 15 of each year.

Maturity Date: The April 2009 3.625% Notes will mature on March 15, 2025.

Redeemable by LGEI: On or after March 15, 2015, the Company may redeem the April 2009 3.625% Notes, in whole or in part, at a price equal to 100% of the principal amount of the April 2009 3.625% Notes to be redeemed, plus accrued and unpaid interest through the date of redemption.

Redeemable by Holder: The holder may require LGEI to repurchase the April 2009 3.625% Notes on March 15, 2015, 2018 and 2023 or upon a "designated event," at a price equal to 100% of the principal amount of the April 2009 3.625% Notes to be repurchased plus accrued and unpaid interest.

Conversion Features: The April 2009 3.625% Notes may be converted into common shares of the Company at any time before maturity, redemption or repurchase. The initial conversion rate of the April 2009 3.625% Notes is 121.2121 common shares per \$1,000 principal amount of the April 2009 3.625% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately \$8.25 per share. Upon conversion of the April 2009 3.625% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.

Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of their notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of the Company's common shares on the effective date of the change in control. No make whole premium will be paid if the price of the Company's common shares at such time is less than \$5.36 per share or exceeds \$50.00 per share.

January 2012 4.00% Notes. In January 2012, LGEI issued approximately \$45.0 million of January 2012 4.00% Notes, of which \$10.1 million was allocated to the equity component.

Outstanding Amount: As of March 31, 2012, \$45.0 million of aggregate principal amount (carrying value — \$35.2 million) of the January 2012 4.00% Notes remains outstanding.

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Interest: Interest on the January 2012 4.00% Notes is payable at 4.00% per annum semi-annually on January 15 and July 15 of each year, commencing on July 15, 2012.

Maturity Date: The January 2012 4.00% Notes will mature on January 11, 2017.

Conversion Features: The January 2012 4.00% Notes are convertible into common shares of the Company at any time prior to maturity or repurchase by the Company, at an initial conversion price of approximately \$10.50 per share, subject to adjustment in certain circumstances as specified in the Indenture. Upon conversion of the January 2012 4.00% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.

Other Financing Obligations

On June 1, 2007, the Company entered into a bank financing agreement for \$3.7 million to fund the acquisition of certain capital assets. Interest is payable in monthly payments totaling \$0.3 million per year for five years at an interest rate of 8.02%, with the entire principal due June 2012.

10. Participations and Residuals

The Company expects approximately 68% of accrued participations and residuals will be paid during the one-year period ending March 31, 2013.

11. Film Obligations and Production Loans

	March 31, 2012	March 31, 2011
	(Amounts in thousands)	
Film obligations	\$ 98,750	\$ 58,681
Production loans		
Individual production loans	352,960	181,829
Pennsylvania Regional Center production loans	65,500	65,500
Film credit facility	43,940	20,430
Total film obligations and production loans	<u>\$ 561,150</u>	<u>\$ 326,440</u>

The following table sets forth future annual repayment of film obligations and production loans as of March 31, 2012:

	Year Ended March 31,						Total
	2013	2014	2015	2016	2017	Thereafter	
	(Amounts in thousands)						
Film obligations	\$ 59,638	\$ 19,409	\$ 14,493	\$ 9,662	\$ —	\$ —	\$ 103,202
Production loans							
Individual production loans	285,567	67,393	—	—	—	—	352,960
Pennsylvania Regional Center production loans	—	65,500	—	—	—	—	65,500
Film credit facility	43,940	—	—	—	—	—	43,940
	<u>\$ 389,145</u>	<u>\$ 152,302</u>	<u>\$ 14,493</u>	<u>\$ 9,662</u>	<u>\$ —</u>	<u>\$ —</u>	565,602
Less imputed interest on film obligations							(4,452)
							<u>\$ 561,150</u>

Film Obligations

Film obligations include minimum guarantees, which represent amounts payable for film rights that the Company has acquired and certain theatrical marketing obligations, which represent amounts received from third parties that are contractually committed for theatrical marketing expenditures associated with specific titles.

Individual Production Loans

Production loans represent individual loans for the production of film and television programs that the Company produces. Individual production loans have contractual repayment dates either at or near the expected completion date, with the exception of certain loans containing repayment dates on a longer term basis. Individual production loans of \$338.0 million incur interest at rates ranging from 3.49% to 3.99%, and approximately \$15.0 million of production loans are non-interest bearing.

Pennsylvania Regional Center

General. On April 9, 2008, the Company entered into a loan agreement with the Pennsylvania Regional Center, which provides for the availability of production loans up to \$65.5 million on a five-year term for use in film and television productions in the State of Pennsylvania. The amount that was borrowed was limited to approximately one half of the qualified production costs incurred in the State of Pennsylvania through the two-year period ended April 2010, and is subject to certain other limitations. Under the terms of the loan, for every dollar borrowed, the Company's production companies are required (within a two-year period) to either create a specified number of jobs, or spend a specified amount in certain geographic regions in the State of Pennsylvania.

Outstanding Amount. At March 31, 2012, the Company had borrowings of \$65.5 million (March 31, 2011 — \$65.5 million).

Availability of Funds. At March 31, 2012, there were no amounts available under this agreement (March 31, 2011 — nil).

Maturity Date. All amounts borrowed under this loan agreement with the Pennsylvania Regional Center are due April 11, 2013, five years from the date that the Company began to borrow under this agreement.

Interest. Amounts borrowed under the agreement carry an interest rate of 1.5%, which is payable semi-annually.

Security. The loan is secured by a first priority security interest in the Company's film library pursuant to an intercreditor agreement with the Company's senior lender under the Company's senior revolving credit facility. Pursuant to the terms of the Company's senior revolving credit facility, the Company is required to maintain certain collateral equal to the loans outstanding plus 5% under this facility. Such collateral can consist of cash, cash equivalents or debt securities, including the Company's convertible senior subordinated notes repurchased. As of March 31, 2012, \$72.8 million principal value (fair value — \$83.1 million) of the Company's convertible senior subordinated notes repurchased in December 2009 (see Note 9) was held as collateral under the Company's senior revolving credit facility (March 31, 2011 — \$72.8 million principal value, \$72.4 million fair value).

Film Credit Facility

On October 6, 2009, the Company entered into a revolving film credit facility agreement, as amended effective December 31, 2009 and June 22, 2010 (the "Film Credit Facility"), which provides for borrowings for the acquisition or production of motion pictures.

Outstanding Amount. At March 31, 2012, the Company had borrowings of \$43.9 million (March 31, 2011 — \$20.4 million).

Availability of Funds. Currently, the Film Credit Facility provides for total borrowings up to \$130 million, subject to a borrowing base, which can vary based on the amount of sales contracts in place on pictures financed under the facility. The Film Credit Facility can be increased to \$200 million if additional qualified lenders or financial institutions become a party to and provide a commitment under the facility.

Maturity Date. The Film Credit Facility has a maturity date of April 6, 2013. Borrowings under the Film Credit Facility are due the earlier of (a) nine months after delivery of each motion picture or (b) April 6, 2013.

Interest. As of March 31, 2012, the Film Credit Facility bore interest of 3.25% over the "LIBO" rate (as defined in the credit agreement). The weighted average interest rate on borrowings outstanding as of March 31, 2012 was 3.49% (March 31, 2011 — 3.49%).

Commitment Fee. The Company is required to pay a quarterly commitment fee of 0.75% per annum on the unused commitment under the Film Credit Facility.

Security. Borrowings under the Film Credit Facility are subject to a borrowing base calculation and are secured by interests in the related motion pictures, together with certain other receivables from other motion picture and television productions pledged by the Company, including a minimum pledge of such receivables of \$25 million. Receivables pledged to the Film Credit Facility must be excluded from the borrowing base calculation under the Company's senior revolving credit facility, as described in Note 9.

12. Fair Value Measurements

Fair Value

Accounting guidance and standards about fair value define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

Accounting guidance and standards about fair value establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The accounting guidance and standards establish three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 liabilities that are not required to be measured at fair value on a recurring basis include the Company's convertible senior subordinated notes, individual production loans, Pennsylvania Regional Center Loan, Senior Notes, and Term Loan, which are priced using discounted cash flow techniques that use observable market inputs, such as LIBOR-based yield curves, three- and seven-year swap rates, and credit ratings.
- Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities. The Company measures the fair value of its investment in TV Guide Network's Mandatorily Redeemable Preferred Stock Units using primarily a discount cash flow analysis based on the expected cash flows of the investment. The analysis reflects the contractual terms of the investment, including the period to maturity, and uses a discount rate commensurate with the risk associated with the investment.

The following table sets forth the carrying values and fair values of the Company's investment in TV Guide Network's mandatorily redeemable preferred stock units and outstanding debt at March 31, 2012:

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	<u>Carrying Value</u>	<u>Fair Value (Level 3)</u>
(Amounts in thousands)		
Assets:		
Investment in TV Guide Network's Mandatorily Redeemable Preferred Stock Units	\$ 106,406	\$ 145,029
	<u>Carrying Value</u>	<u>Fair Value (Level 2)</u>
	(Amounts in thousands)	
Liabilities:		
October 2004 2.9375% Convertible Senior Subordinated Notes	\$ 348	\$ 237
February 2005 3.625% Convertible Senior Subordinated Notes	23,464	19,295
April 2009 3.625% Convertible Senior Subordinated Notes	45,462	59,083
January 2012 4.00% Convertible Senior Subordinated Notes	35,224	35,619
Individual production loans	352,960	351,911
Pennsylvania Regional Center Loan	65,500	63,679
Senior Secured Second-Priority Notes	431,510	479,055
Term Loan	477,514	480,423
	<u>\$ 1,431,982</u>	<u>\$ 1,489,302</u>

13. Comprehensive Loss

Components of accumulated other comprehensive loss are as follows:

	<u>Foreign Currency Translation Adjustments</u>	<u>Unrealized Gain (Loss) on Foreign Exchange Contracts</u>	<u>Unrealized Gain (Loss) on Securities</u>	<u>Accumulated Other Comprehensive Loss</u>
(Amounts in thousands)				
Balance at March 31, 2010	\$ (7,047)	\$ 436	\$ —	\$ (6,611)
Current year change	5,756	(569)	—	5,187
Balance at March 31, 2011	(1,291)	(133)	—	(1,424)
Current year change	(2,249)	(38)	—	(2,287)
Balance at March 31, 2012	<u>\$ (3,540)</u>	<u>\$ (171)</u>	<u>\$ —</u>	<u>\$ (3,711)</u>

14. Capital Stock

(a) Common Shares

The Company had 500,000,000 authorized common shares at March 31, 2012 and March 31, 2011. The table below outlines common shares reserved for future issuance:

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	March 31, 2012	March 31, 2011
	(Amounts in thousands)	
Stock options outstanding, average exercise price \$10.20 (March 31, 2011 - \$9.75)	3,157	3,310
Restricted share units — unvested	1,867	1,801
Share purchase options and restricted share units available for future issuance	1,984	3,683
Shares issuable upon conversion of October 2004 2.9375% Notes at conversion price of \$11.50 per share	30	4,028
Shares issuable upon conversion of February 2005 3.625% Notes at conversion price of \$14.28 per share	1,643	1,643
Shares issuable upon conversion of April 2009 3.625% Notes at conversion price of \$8.25 per share	8,070	8,070
Shares issuable upon conversion of January 2012 4.00% Notes at conversion price of \$10.50 per share	4,286	—
Shares reserved for future issuance	<u>21,037</u>	<u>22,535</u>

On August 30, 2011, the Company entered into an agreement with certain shareholders, whereby the Company repurchased 11,040,493 of its common shares at a price of \$7.00 per share, for aggregate cash consideration of \$77.1 million. The shares repurchased under the agreement are included in treasury shares in the accompanying consolidated balance sheets and statements of shareholders' equity.

On October 18, 2011, pursuant to the terms of an underwriting agreement, certain selling shareholders sold an aggregate of 19,201,000 common shares of the Company, at a price of \$7.00 per share. The Company did not receive any proceeds from the sale of the shares in the offering. The Company paid the underwriter a fee of approximately \$3.4 million at the close of the transaction.

(b) Share-Based Compensation

The Company has two stock option and long-term incentive plans that permit the grant of stock options and other equity awards to certain employees, officers, non-employee directors and consultants for up to 23.0 million shares of the Company's common stock.

Employees' and Directors' Equity Incentive Plan (the "Plan"): The plan provides for the issuance of up to 9.0 million shares of common stock of the Company to eligible employees, directors, and service providers. Of the 9.0 million common shares allocated for issuance, up to a maximum of 250,000 common shares may be issued as discretionary bonuses in accordance with the terms of a share bonus plan. No new awards were granted under the Plan subsequent to the 2004 Annual General Meeting of Shareholders. Any remaining shares available for additional grant purposes under the Plan may be issued under the 2004 Plan. At March 31, 2012, 101,351 common shares were available for grant under the 2004 Plan.

2004 Performance Incentive Plan (the "2004 Plan"): The 2004 Plan provides for the issuance of up to an additional 14.0 million common shares, stock options, share appreciation rights, restricted shares, share bonuses or other forms of awards granted or denominated in common shares of the Company to eligible employees, directors, officers and other eligible persons through the grant of awards and incentives for high levels of individual performance and improved financial performance of the Company. The per share exercise price of an option granted under the 2004 Plan generally may not be less than the fair market value of a common share of the Company on the date of grant. The maximum term of an option granted under the 2004 Plan is ten years from the date of grant. At March 31, 2012, 1,882,232 common shares were available for grant under the 2004 Plan.

The Company accounts for stock-based compensation in accordance with accounting standards that require the measurement of all stock-based awards using a fair value method and the recognition of the related stock-based compensation expense in the consolidated financial statements over the requisite service period. Further, the Company estimates forfeitures for share-based awards that are not expected to vest. As stock-based compensation expense recognized in the Company's consolidated financial statements is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures.

The Company recognized the following share-based compensation expense during the years ended March 31, 2012, 2011, and 2010:

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	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amounts in thousands)			
Compensation Expense:			
Stock Options	\$ 179	\$ 2,644	\$ 3,213
Restricted Share Units and Other Share-based Compensation	9,546	26,032	14,385
Stock Appreciation Rights	15,289	3,829	1,225
Total	<u>\$ 25,014</u>	<u>\$ 32,505</u>	<u>\$ 18,823</u>

On June 30, 2010, certain unvested equity awards of certain executive officers immediately vested as a result of the triggering of “change in control” provisions in their respective employment agreements. For purposes of the employment agreements with such executive officers, a “change in control” occurred on June 30, 2010, when a certain shareholder became the beneficial owner of 33% or more of the Company’s common shares. As a result, the Company recognized \$21.9 million in additional compensation expense during the year ended March 31, 2011, which is included in the table above.

There was no income tax benefit recognized in the statements of operations for share-based compensation arrangements during the year ended March 31, 2012 (2011 - nil; 2010 - nil).

Stock Options

A summary of option activity under the various plans as of March 31, 2012, 2011 and 2010 and changes during the years then ended is presented below:

Options:	Number of Shares (1)	Number of Shares (2)	Total Number of Shares	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Term In Years	Aggregate Intrinsic Value as of March 31, 2012
Outstanding at April 1, 2009	3,299,166	600,000	3,899,166	\$ 9.75		
Granted	110,000	—	110,000	5.41		
Exercised	—	—	—	—		
Forfeited or expired	(649,166)	—	(649,166)	8.97		
Outstanding at March 31, 2010	2,760,000	600,000	3,360,000	\$ 9.75		
Granted	—	—	—	—		
Exercised	—	—	—	—		
Forfeited or expired	(50,000)	—	(50,000)	10.00		
Outstanding at March 31, 2011	2,710,000	600,000	3,310,000	\$ 9.75		
Granted	250,000	—	250,000	13.80		
Exercised	(53,332)	(350,000)	(403,332)	8.73		
Forfeited or expired	—	—	—	—		
Outstanding at March 31, 2012	<u>2,906,668</u>	<u>250,000</u>	<u>3,156,668</u>	<u>\$ 10.20</u>	<u>5.12</u>	<u>\$11,738,678</u>
Outstanding as of March 31, 2012, vested or expected to vest in the future	<u>2,904,835</u>	<u>250,000</u>	<u>3,154,835</u>	<u>\$ 10.20</u>	<u>5.12</u>	<u>\$11,723,070</u>
Exercisable at March 31, 2012	<u>2,620,002</u>	<u>250,000</u>	<u>2,870,002</u>	<u>\$ 9.95</u>	<u>4.67</u>	<u>\$11,396,516</u>

(1) Issued under our long-term incentive plans.

(2) On September 10, 2007, in connection with the acquisition of Mandate Pictures (see Note 15), two executives entered into employment agreements with LGF. Pursuant to the employment agreements, the executives were granted an aggregate of 600,000 stock options, all of which have vested. The options were granted outside of our long-term incentive plans.

The fair value of each option award is estimated on the date of grant using a closed-form option valuation model (Black-Scholes) based on the assumptions noted in the following table. Expected volatilities are based on implied volatilities from

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traded options on the Company's stock, historical volatility of the Company's stock and other factors. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The weighted-average grant-date fair values for options granted during the year ended March 31, 2012 was \$5.25 (2011 — nil, 2010 — \$3.21). The following table represents the assumptions used in the Black-Scholes option-pricing model for stock options granted during the years ended March 31, 2012 and 2010:

	Year Ended March 31, 2012	Year Ended March 31, 2010
Risk-free interest rate	1.1%	2.6% - 3.6%
Expected option lives (in years)	6 years	10 years
Expected volatility for options	38%	45%
Expected dividend yield	0%	0%

The total intrinsic value of options exercised as of each exercise date during the year ended March 31, 2012 was \$2.5 million (2011 — nil, 2010— nil).

During the year ended March 31, 2012, no shares were cancelled to fund withholding tax obligations upon exercise.

Restricted Share Units

Effective June 27, 2005, the Company, pursuant to the 2004 Plan, began granting restricted share units to certain employees, directors and consultants.

A summary of the status of the Company's restricted share units as of March 31, 2012, 2011 and 2010, and changes during the years then ended is presented below:

Restricted Share Units:	Number of Shares (1)	Number of Shares (2)	Total Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at April 1, 2009	2,181,501	384,167	2,565,668	\$ 9.27
Granted	1,910,792	52,500	1,963,292	5.58
Vested	(918,618)	(113,334)	(1,031,952)	9.16
Forfeited	(81,040)	—	(81,040)	7.91
Outstanding at March 31, 2010	3,092,635	323,333	3,415,968	\$ 7.22
Granted	2,585,688	105,000	2,690,688	6.84
Vested	(3,792,987)	(428,333)	(4,221,320)	7.24
Forfeited	(84,278)	—	(84,278)	4.90
Outstanding at March 31, 2011	1,801,058	—	1,801,058	\$ 6.70
Granted	1,147,052	—	1,147,052	9.17
Vested	(1,003,700)	—	(1,003,700)	6.83
Forfeited	(77,748)	—	(77,748)	6.51
Outstanding at March 31, 2012	1,866,662	—	1,866,662	8.15

(1) Issued under our long-term incentive plans.

(2) On September 10, 2007, in connection with the acquisition of Mandate Pictures (see Note 15), two executives entered into employment agreements with Lions Gate Films, Inc. Pursuant to the employment agreements, the executives were granted an aggregate of 287,500 restricted share units, all of which have vested. The restricted share units were granted outside of our long-term incentive plans.

The fair values of restricted share units are determined based on the market value of the shares on the date of grant.

The following table summarizes the total remaining unrecognized compensation cost as of March 31, 2012 related to non-vested stock options and restricted share units and the weighted average remaining years over which the cost will be recognized:

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	Total Unrecognized Compensation Cost	Weighted Average Remaining Years
	(Amounts in thousands)	
Stock Options	\$ 1,293	1.6
Restricted Share Units	10,707	1.7
Total	\$ 12,000	

At March 31, 2012, 381,698 shares of restricted share units have been awarded to two key executive officers, the vesting of which will be subject to performance targets to be set annually by the Compensation Committee of the Board of Directors of the Company. These restricted share units will vest in two annual installments assuming annual performance targets have been met. The fair value of the 381,698 shares whose future annual performance targets have not been set was \$5.3 million, based on the market price of the Company’s common shares as of March 31, 2012. The market value will be remeasured when the annual performance criteria are set and the value will be expensed over the remaining vesting periods once it becomes probable that the performance targets will be satisfied.

Under the Company’s two stock option and long term incentive plans, the Company withholds shares to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of restricted share units. During the year ended March 31, 2012, 379,305 shares were withheld upon the vesting of restricted share units.

The Company becomes entitled to an income tax deduction in an amount equal to the taxable income reported by the holders of the stock options and restricted share units when vesting or exercise occurs, the restrictions are released and the shares are issued. Restricted share units are forfeited if the employees terminate prior to vesting.

Stock Appreciation Rights

The Company has the following stock appreciation rights (“SARs”) outstanding as of March 31, 2012:

<u>Grant Date</u>	<u>SARs Outstanding</u>	<u>Vested and Exercisable</u>	<u>Exercise Price</u>	<u>Original Vesting Period (see below)</u>	<u>Expiration Date</u>	<u>Fair Value March 31, 2012</u>	<u>Liability March 31, 2012</u>
							(in thousands)
July 14, 2008	750,000	750,000	\$ 9.56	3 years	July 14, 2013	\$ 5.15	\$ 3,866
February 5, 2009	150,000	150,000	\$ 5.45	3 years	February 5, 2014	\$ 8.64	\$ 8,457
April 6, 2009	75,000	75,000	\$ 5.17	4 years	April 6, 2014	\$ 8.92	\$ 6,313
March 17, 2010	500,000	500,000	\$ 5.95	4 years	March 17, 2015	\$ 8.36	\$ 4,178
February 15, 2011	1,000,000	1,000,000	\$ 6.13	3 years	February 15, 2016	\$ 8.46	\$ 8,459
January 19, 2012	2,400,000	—	\$ 9.48	3 years	January 19, 2017	\$ 6.61	\$ 1,044
February 9, 2012	350,000	—	\$ 11.01	3 years	February 9, 2017	\$ 5.90	\$ 96

At March 31, 2012, the Company has a stock-based compensation liability accrual in the amount of \$32.4 million (March 31, 2011 — \$6.1 million) included in accounts payable and accrued liabilities on the consolidated balance sheets relating to these SARs.

During the year ended March 31, 2012, certain individuals exercised 700,000 and 625,000 SARs granted on February 5, 2009 and April 6, 2009, respectively. Due to the exercise dates for these SARs occurring at the end of the fiscal year, \$12.8 million relating to these SARs is included in the Company's stock-based compensation liability accrual at March 31, 2012 and were subsequently paid in April 2012. Additionally, during the year ended March 31, 2012, a third-party producer exercised 250,000 SARs granted on August 14, 2008. There were no exercises during the years ended March 31, 2011 and 2010.

On June 30, 2010, the SARs granted on February 5, 2009, April 6, 2009 and March 17, 2010 became fully vested due to the triggering of the “change in control” provisions in certain executive officer employment agreements discussed above.

SARs require that upon their exercise, the Company pay the holder the excess of the market value of the Company’s common stock at that time over the exercise price of the SAR multiplied by the number of SARs exercised. SARs can be

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exercised at any time subsequent to vesting and prior to expiration. The fair value of all unexercised SARs are determined at each reporting period under a Black-Scholes option pricing methodology based on the inputs in the table below and are recorded as a liability over the vesting period. With the exception of the SARs granted on July 14, 2008 and February 15, 2011, the fair value of the SARs is expensed on a pro rata basis over the vesting period or service period, if shorter. Changes in the fair value of vested SARs are expensed in the period of change. SARs granted on July 14, 2008 and February 15, 2011 were granted to a third-party producer and vest in 250,000 and 333,333 SAR increments, respectively, over a three-year period based on the commencement of principal photography of certain films. Accordingly, the pro rata portion of the fair value of SARs is recorded as part of the cost of the related films until commencement of principal photography of the motion picture (i.e., vesting) with subsequent changes in the fair value of SARs recorded to expense.

For the year ended March 31, 2012, the following assumptions were used in the Black-Scholes option-pricing model:

<u>Grant Date</u>	<u>Risk-Free Interest Rate</u>	<u>Expected Option Lives (in years)</u>	<u>Expected Volatility for Options</u>	<u>Expected Dividend Yield</u>
July 14, 2008	0.2%	1.3 years	45%	—%
February 5, 2009	0.3%	1.9 years	45%	—%
April 6, 2009	0.3%	2 years	45%	—%
March 17, 2010	0.5%	3 years	40%	—%
February 15, 2011	0.8%	3.9 years	40%	—%
January 19, 2012	1.0%	4.8 years	38%	—%
February 9, 2012	1.0%	4.9 years	38%	—%

Other Share-Based Compensation

During the years ended March 31, 2012 and 2011, as per the terms of certain employment agreements, the Company granted the equivalent of \$1.8 million and \$1.8 million, respectively, in common shares to certain officers on a quarterly basis through the term of their employment contracts. For the years ended March 31, 2012 and 2011, the Company issued 127,299 and 150,299 shares, respectively, net of shares withheld to satisfy minimum tax withholding obligations. The Company recorded stock-based compensation expense related to this arrangement in the amount of \$2.0 million, \$1.8 million and \$1.3 million for the years ended March 31, 2012, 2011 and 2010, respectively.

15. Acquisitions and Divestitures

Summit

On January 13, 2012, the Company purchased all of the membership interests in Summit Entertainment, LLC (“Summit”), a worldwide independent film producer and distributor. The aggregate purchase price was approximately \$412.1 million, which consisted of \$361.9 million in cash, 5,837,781 in the Company's common shares (a part of which are included in escrow for indemnification purposes). Approximately \$279.4 million of the purchase price and acquisition costs were funded with cash on the balance sheet of Summit. The value assigned to the shares for purposes of recording the acquisition was \$50.2 million and was based on the closing price of the Company’s common shares on the date of closing of the acquisition. Additionally, the Company may be obligated to pay additional cash consideration of up to \$7.5 million pursuant to the purchase agreement, should the domestic theatrical receipts from certain films meet certain target performance thresholds.

In addition, on the date of the close, Summit's existing term loan of \$507.8 million was paid off with cash from Lionsgate and the net proceeds of \$476.2 million, after fees and expenses, from a new term loan with a principal amount of \$500.0 million, maturing on September 7, 2016 (see Note 9).

The acquisition was accounted for as a purchase, with the results of operations of Summit included in the Company's consolidated results from January 13, 2012, which includes revenues and net loss of \$186.0 million and \$27.1 million, respectively. The Company has made a preliminary allocation of the estimated purchase price of Summit to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair value. The preliminary purchase price allocation is subject to revision, as a more detailed analysis of investment in films and intangible assets is completed and additional information on the fair value of assets and liabilities becomes available, including receipt of final appraisals of the net assets acquired. A change in the fair value of the net assets of Summit may change the amount of the purchase price allocable to goodwill, and could impact the amounts of amortization expense. Based on the preliminary valuation and other information currently available, the allocation of the estimated purchase price is as follows:

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	(Amounts in thousands)
<u>Preliminary purchase price consideration:</u>	
Cash	\$ 361,914
Fair value of 5,837,781 of Lionsgate's shares issued	50,205
Estimated purchase price	412,119
Fair value of contingent consideration	5,900
Required repayment of Summit's existing Term Loan	507,775
Total estimated purchase consideration including debt repayment	<u>\$ 925,794</u>
<u>Preliminary allocation of the estimated total purchase consideration:</u>	
Cash and cash equivalents	\$ 315,932
Restricted cash	5,126
Accounts receivable, net	161,244
Investment in films and television programs, net	634,840
Other assets acquired	7,972
Finite-lived intangible assets:	
Sales agency relationships	6,200
Tradenames	6,600
Other liabilities assumed	(305,552)
Fair value of net assets acquired	832,362
Goodwill	93,432
	<u>\$ 925,794</u>

Goodwill of \$93.4 million represents the excess of the purchase price over the preliminary estimate of the fair value of the underlying tangible and identifiable intangible assets acquired and liabilities assumed. The acquisition goodwill arises from the opportunity for synergies of the combined companies, strengthening our global distribution infrastructure and building a stronger presence in the entertainment industry allowing for enhanced positioning for motion picture projects and selling opportunities. Although the goodwill will not be amortized for financial reporting purposes, it is anticipated that substantially all of the goodwill will be deductible for federal tax purposes over the statutory period of 15 years.

The following unaudited pro forma condensed consolidated statements of operations presented below illustrate the results of operations of the Company as if the acquisition of Summit as described above and the issuance of the \$45.0 million Convertible Senior Subordinated Notes issued in connection with the acquisition occurred at the beginning of the periods presented. The information below is based on the preliminary estimate of the purchase price allocation to the assets and liabilities acquired as shown above. The statements of operations information below includes the statements of operations of Summit for the years ended December 31, 2011 and 2010 combined with the Company's statements of operations for the years ended March 31, 2012 and 2011.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2012	Year Ended March 31, 2011
	(Amounts in thousands, except per share amounts)	
Revenues	\$ 2,011,377	\$ 2,733,527
Operating income (loss)	\$ (252)	\$ 365,580
Net income (loss)	\$ (99,441)	\$ 119,625
Basic Net Income (Loss) Per Common Share	\$ (0.72)	\$ 0.87
Diluted Net Income (Loss) Per Common Share	\$ (0.72)	\$ 0.87
Weighted average number of common shares outstanding - Basic	138,064	137,014
Weighted average number of common shares outstanding - Diluted	138,064	155,798

The unaudited pro forma condensed consolidated statements of operations do not include any adjustments for any restructuring activities, operating efficiencies or cost savings.

In connection with the Summit acquisition, the Company incurred severance charges of \$8.7 million, which is included in general and administrative expenses on the consolidated statement of operations for the year ended March 31, 2012 as part of management's plan to integrate and restructure the combined companies. As of March 31, 2012, \$7.3 million of the severance costs remained unpaid and are reflected in accounts payable and accrued liabilities on the consolidated balance sheet.

Maple Pictures

On August 10, 2011, the Company sold its interest in Maple Pictures Corp. (“Maple Pictures”) to Alliance Films Holdings Inc. (“Alliance”), a leading Canadian producer and distributor of motion pictures, television programming and home entertainment. The sales price was approximately \$35.3 million, net of a working capital adjustment.

Alliance is now responsible for all of Maple Pictures’ distribution, including Maple Pictures’ exclusive five-year output deal for Canadian distribution of the Company’s new motion picture (excluding Summit titles) and second window television product and Maple Pictures’ exclusive long-term arrangement for distribution of Canadian rights of the Company’s filmed entertainment library (i.e., distribution rights). The sales price was allocated between the fair value of the distribution rights and the fair value of Maple Pictures exclusive of the distribution rights. The fair value of the distribution rights of \$17.8 million was recorded as deferred revenue and will be recognized as revenue by the Company as the revenues are earned pursuant to the distribution rights. The sales proceeds less the fair value of the distribution rights constitutes the proceeds allocated to the sale of Maple Pictures exclusive of the distribution rights. The fair value of the distribution rights was determined based on an estimate of the cash flows to be generated by Alliance pursuant to the distribution agreements, discounted at risk-adjusted discount rates of the film categories between 10% and 11%.

The sale was treated as the disposal of an asset group rather than a discontinued operation because, due to the distribution rights, the Company will have significant continuing involvement in the cash flows generated pursuant to the distribution rights.

The assets and liabilities were classified as held for sale in the consolidated balance sheet as of March 31, 2011 and were recorded at their carrying value, which is lower than their fair value less costs to sell. At March 31, 2011, the carrying values of the Maple Pictures assets sold pursuant to the agreement were as set forth in the table below:

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	March 31, 2011
	(Amounts in thousands)
Accounts receivable, net	\$ 29,197
Investment in films and television programs, net	13,531
Other assets	1,608
Assets held for sale (1)	\$ 44,336
Liabilities held for sale	\$ (17,396)

(1) Excludes cash held at Maple Pictures of \$3.6 million as of March 31, 2011.

Maple Pictures was included in the Company's Motion Pictures reporting segment. A portion of Motion Pictures goodwill, amounting to \$6.1 million was allocated to the asset group and included in the carrying value of the assets disposed for purposes of calculating the gain on sale. Subsequently, the Company tested for goodwill impairment using the adjusted carrying amount of the Motion Pictures reporting unit and no goodwill impairment was identified. The Company recognized a gain, net of transaction costs, on the sale of Maple Pictures of \$11.0 million during the quarter ended September 30, 2011, as set forth in the table below:

	Gain on Sale of Maple Pictures August 10, 2011	
	(Amounts in thousands)	
Total sales price for Maple Pictures	\$	35,300
Less: Sales proceeds allocated to the fair value of the distribution rights		(17,800)
Sales proceeds allocated to Maple Pictures, exclusive of the distribution rights		17,500
Less:		
Cash	\$	(3,943)
Accounts receivable, net		(16,789)
Investment in films and television programs, net		(13,536)
Allocated goodwill		(6,053)
Other assets		(1,564)
Participations payable to Lionsgate (1)		23,683
Other liabilities		13,651
Total carrying value of Maple Pictures	\$	(4,551) (4,551)
Currency translation adjustment		1,298
Transaction and related costs		(3,280)
Gain on sale of Maple Pictures	\$	10,967

(1) Represents participation liabilities payable to the Company, which were assumed by Alliance and previously eliminated in the consolidated financial statements. The participations payable to Lionsgate represents amounts that Maple owed Lionsgate as of the date of sale from the distribution of Lionsgate's product in Canada pursuant to the distribution agreements. Subsequent to the sale, the amounts due from Alliance are reflected in accounts receivable on the Company's consolidated balance sheets, which will be paid pursuant to the terms of the distribution arrangements.

16. Direct Operating Expenses

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amounts in thousands)			
Amortization of films and television programs	\$ 603,660	529,428	511,658
Participations and residual expense	303,418	265,319	264,945
Other expenses:			
Provision (benefit) for doubtful accounts	1,613	(501)	1,398
Foreign exchange losses (gains)	(289)	1,500	(32)
	<u>\$ 908,402</u>	<u>\$ 795,746</u>	<u>\$ 777,969</u>

17. Income Taxes

The Company's Canadian, UK, U.S., and Australian pretax income (loss), net of intercompany eliminations, are as follows:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
		As adjusted	As adjusted
(Amounts in thousands)			
Canada	\$ 6,283	\$ 30,573	\$ 15,167
United Kingdom	20,072	19,122	23,663
United States	(60,665)	(75,889)	(67,965)
Australia	(113)	69	81
	<u>\$ (34,423)</u>	<u>\$ (26,125)</u>	<u>\$ (29,054)</u>

The Company's current and deferred income tax provision (benefits) are as follows:

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
		As adjusted	As adjusted
(Amounts in thousands)			
TOTAL			
Current	\$ 3,439	\$ 3,567	\$ 871
Deferred	1,256	689	347
	<u>\$ 4,695</u>	<u>\$ 4,256</u>	<u>\$ 1,218</u>
CANADA			
Current	\$ (126)	\$ 576	\$ 779
Deferred	(44)	(1,280)	—
	<u>(170)</u>	<u>(704)</u>	<u>779</u>
UNITED KINGDOM			
Current	\$ 139	\$ 327	\$ —
Deferred	—	—	—
	<u>139</u>	<u>327</u>	<u>—</u>
UNITED STATES			
Current	\$ 3,426	\$ 2,650	\$ 29
Deferred	1,300	1,969	347
	<u>4,726</u>	<u>4,619</u>	<u>376</u>
AUSTRALIA			
Current	\$ —	\$ 14	\$ 63
Deferred	—	—	—
	<u>—</u>	<u>14</u>	<u>63</u>

The differences between income taxes expected at U.S. statutory income tax rates and the income tax provision are as set forth below:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
		As adjusted	As adjusted
(Amounts in thousands)			
Income taxes (tax benefits) computed at Federal statutory rate of 35%	\$ (12,048)	\$ (9,144)	\$ (10,169)
Federal alternative minimum tax	—	—	(1,567)
Foreign and provincial operations subject to different income tax rates	(2,305)	(256)	(307)
State income tax	460	427	494
Change to the accrual for tax liability	—	—	(482)
Foreign income tax withholding	2,963	2,608	1,698
Permanent differences	7,857	25,639	6,019
Deferred tax on goodwill amortization	1,300	1,970	1,001
Other	953	(903)	(506)
Increase (decrease) in valuation allowance	5,515	(16,085)	5,037
	<u>4,695</u>	<u>\$ 4,256</u>	<u>\$ 1,218</u>

Although the Company is incorporated under Canadian law, the majority of its global operations are currently subject to tax in the U.S. As a result, the Company believes it is more appropriate to use the U.S. Federal statutory rate in its reconciliation of the statutory rate to its reported income tax rate.

The income tax effects of temporary differences between the book value and tax basis of assets and liabilities are as follows:

LIONS GATE ENTERTAINMENT CORP.
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	March 31, 2012	March 31, 2011
		As adjusted
	(Amounts in thousands)	
CANADA		
Assets		
Net operating losses	\$ 7,417	\$ 13,835
Property and equipment	1,883	1,905
Reserves	24	1,395
Other	6,042	6,323
Valuation allowance	(14,955)	(21,696)
	<u>411</u>	<u>1,762</u>
Liabilities		
Investment in film and television obligations	—	(25)
Other	(411)	(395)
Net Canada	<u>—</u>	<u>1,342</u>
UNITED KINGDOM		
Assets		
Net operating losses	\$ 1,313	\$ 3,818
Property and equipment	86	70
Interest Payable	—	846
Other	111	11
Valuation Allowance	(647)	(3,655)
	<u>863</u>	<u>1,090</u>
Liabilities		
Investment in film and television obligations	(863)	(1,090)
Net United Kingdom	<u>—</u>	<u>—</u>
UNITED STATES		
Assets		
Net operating losses	\$ 67,421	\$ 64,454
Accounts payable	20,077	15,121
Other assets	51,270	54,010
Reserves	52,111	58,965
Valuation allowance	(133,604)	(117,149)
	<u>57,275</u>	<u>75,401</u>
Liabilities		
Investment in film and television obligations	(9,012)	(12,972)
Accounts receivable	—	(444)
Subordinated notes	(11,638)	(16,255)
Other	(41,605)	(49,409)
Net United States	<u>(4,980)</u>	<u>(3,679)</u>
AUSTRALIA		
Assets		
Net operating losses	\$ —	\$ —
Property and equipment	1	1
Other	1	1
Valuation allowance	(2)	(2)

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	—	—
Liabilities	—	—
Net Australia	—	—
TOTAL	\$ (4,980)	\$ (2,337)

Due to the uncertainty surrounding the timing of realizing the benefits of its deferred tax assets in future tax returns, the Company has recorded a valuation allowance against its deferred tax assets, net of deferred tax liabilities, with the exception of deferred tax liabilities related to tax deductible goodwill. The deferred tax liabilities associated with tax deductible goodwill cannot be considered a source of taxable income to support the realization of deferred tax assets, because these deferred tax liabilities will not reverse until some indefinite future period. The total change in the valuation allowance was \$6.7 million and \$16.2 million for fiscal 2012 and fiscal 2011, respectively. The Company has recorded a deferred tax liability as of March 31, 2012 and 2011 of \$5.0 million and \$3.7 million, respectively, for tax deductible goodwill arising from the Mandate Pictures, TV Guide Network and Summit acquisitions.

At March 31, 2012, the Company had U.S. net operating loss carryforwards of approximately \$187.8 million available to reduce future federal income taxes which expire beginning in 2019 through 2029. At March 31, 2012, the Company had state net operating loss carryforwards of approximately \$170.4 million available to reduce future state income taxes which expire in varying amounts beginning 2014. At March 31, 2012, the Company had Canadian loss carryforwards of \$28.4 million which will expire beginning in 2014 through 2030, and \$8.6 million of UK loss carryforwards available indefinitely to reduce future income taxes. The Company expects the future utilization of the Company’s U.S. NOLs to offset future taxable income will be subject to an annual limitation as a result of ownership changes that have occurred previously or that could occur in the future.

An excess tax benefit occurs when the actual tax benefit realized upon an employee’s disposition of a share-based award exceeds the deferred tax asset, if any, associated with the award. The Company recognizes excess tax benefits associated with the exercise of stock options and vesting of restricted share units directly to stockholders’ equity only when realized. Accordingly, deferred tax assets are not recognized for net operating loss carryforwards resulting from excess tax benefits occurring from April 1, 2006 onward. At March 31, 2012, deferred tax assets do not include \$31.1 million of loss carryovers from stock-based compensation.

U.S. income taxes were not provided on undistributed earnings from Australian and UK subsidiaries. Those earnings are considered to be permanently reinvested in accordance with accounting guidance.

The following table summarizes the changes to the gross unrecognized tax benefits for the years ended March 31, 2012, 2011, and 2010:

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Amounts in millions)
Gross unrecognized tax benefits at April 1, 2009	\$ —
Increases in tax positions for prior years	—
Decreases in tax positions for prior years	—
Increases in tax positions for current year	0.4
Settlements	—
Lapse in statute of limitations	—
Gross unrecognized tax benefits at March 31, 2010	0.4
Increases in tax positions for prior years	—
Decreases in tax positions for prior years	(0.1)
Increases in tax positions for current year	—
Settlements	—
Lapse in statute of limitations	—
Gross unrecognized tax benefits at March 31, 2011	0.3
Increases in tax positions for prior years	—
Decreases in tax positions for prior years	—
Increases in tax positions for current year	—
Settlements	—
Lapse in statute of limitations	—
Gross unrecognized tax benefits at March 31, 2012	\$ 0.3

For the years ended March 31, 2012 and 2011, interest and penalties were not significant. The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. With a few exceptions, the Company is subject to income tax examination by U.S. and state tax authorities for the fiscal years ended March 31, 2008 and forward. However, to the extent allowed by law, the taxing authorities may have the right to examine prior periods where net operating losses (“NOLs”) were generated and carried forward, and make adjustments up to the amount of the NOLs. The Company’s fiscal years ended March 31, 2008 and forward are subject to examination by the UK tax authorities. The Company’s fiscal years ended March 31, 2007 and forward are subject to examination by the Canadian tax authorities. The Company’s fiscal years ended March 31, 2008 and forward are subject to examination by the Australian tax authorities. Currently, audits are occurring in various state and local tax jurisdictions.

18. Government Assistance

Tax credits earned for film and television production activity for the year ended March 31, 2012 totaled \$96.5 million (2011 — \$57.8 million; 2010 — \$51.7 million) and are recorded as a reduction of the cost of the related film and television program. Accounts receivable at March 31, 2012 includes \$119.4 million with respect to tax credits receivable (2011 — \$79.6 million).

The Company is subject to routine inquiries and review by regulatory authorities of its various incentive claims which have been received or are receivable. Adjustments of claims, if any, as a result of such inquiries or reviews, will be recorded at the time of such determination.

19. Segment Information

Accounting guidance requires the Company to make certain disclosures about each reportable segment. The Company’s reportable segments are determined based on the distinct nature of their operations and each segment is a strategic business unit that offers different products and services and is managed separately. The Company has two reportable business segments as of March 31, 2012: Motion Pictures and Television Production.

Motion Pictures consists of the development and production of feature films, acquisition of North American and worldwide distribution rights, North American theatrical, home entertainment and television distribution of feature films produced and acquired, and worldwide licensing of distribution rights to feature films produced and acquired.

Television Production consists of the development, production and worldwide distribution of television productions including television series, television movies and mini-series and non-fiction programming.

LIONS GATE ENTERTAINMENT CORP.
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Segmented information by business unit is as follows:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amounts in thousands)			
Segment revenues			
Motion Pictures	\$ 1,190,289	\$ 1,229,493	\$ 1,119,355
Television Production	397,290	353,227	350,876
Media Networks	—	—	19,275
	<u>\$ 1,587,579</u>	<u>\$ 1,582,720</u>	<u>\$ 1,489,506</u>
Direct operating expenses			
Motion Pictures	\$ 604,340	\$ 525,919	\$ 491,603
Television Production	304,062	269,827	278,943
Media Networks	—	—	7,423
	<u>\$ 908,402</u>	<u>\$ 795,746</u>	<u>\$ 777,969</u>
Distribution and marketing			
Motion Pictures	\$ 454,955	\$ 511,795	\$ 471,606
Television Production	28,558	35,431	32,527
Media Networks	—	—	2,008
	<u>\$ 483,513</u>	<u>\$ 547,226</u>	<u>\$ 506,141</u>
Segment contribution before general and administration expenses			
Motion Pictures	\$ 130,994	\$ 191,779	\$ 156,146
Television Production	64,670	47,969	39,406
Media Networks	—	—	9,844
	<u>\$ 195,664</u>	<u>\$ 239,748</u>	<u>\$ 205,396</u>
General and administration			
Motion Pictures	\$ 55,473	\$ 48,413	\$ 47,251
Television Production	10,888	11,470	9,699
Media Networks	—	—	6,194
	<u>\$ 66,361</u>	<u>\$ 59,883</u>	<u>\$ 63,144</u>
Segment profit			
Motion Pictures	\$ 75,521	\$ 143,366	\$ 108,895
Television Production	53,782	36,499	29,707
Media Networks	—	—	3,650
	<u>\$ 129,303</u>	<u>\$ 179,865</u>	<u>\$ 142,252</u>
Acquisition of investment in films and television programs			
Motion Pictures	\$ 481,234	\$ 313,579	\$ 287,991
Television Production	209,070	173,812	176,725
Media Networks	—	—	6,371
	<u>\$ 690,304</u>	<u>\$ 487,391</u>	<u>\$ 471,087</u>

Segment contribution before general and administration expenses is defined as segment revenue less segment direct operating and distribution and marketing expenses.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Segment profit is defined as segment revenue less segment direct operating, distribution and marketing, and general and administration expenses. The reconciliation of total segment profit to the Company’s income (loss) before income taxes is as follows:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
	As adjusted		As adjusted
	(Amounts in thousands)		
Company’s total segment profit	\$ 129,303	\$ 179,865	\$ 142,252
Less:			
Shared services and corporate expenses (1)	(102,503)	(111,524)	(79,916)
Depreciation and amortization	(4,276)	(5,811)	(12,455)
Interest expense	(78,111)	(55,180)	(47,162)
Interest and other income	2,752	1,742	1,547
Gain on sale of asset disposal group	10,967	—	—
Gain (loss) on extinguishment of debt	(967)	(14,505)	5,675
Equity interests income (loss)	8,412	(20,712)	(38,995)
Loss before income taxes	<u>\$ (34,423)</u>	<u>\$ (26,125)</u>	<u>\$ (29,054)</u>

- (1) Includes share-based compensation expense of \$25.0 million, \$32.5 million, and \$18.8 million for the years ended March 31, 2012, 2011 and 2010, respectively. During the year ended March 31, 2011 the Company incurred \$21.9 million of share-based compensation expense associated with the immediate vesting of equity awards of certain executive officers triggered by the “change in control” provisions in their respective employment agreements. The year ended March 31, 2012 includes a benefit of \$1.7 million associated with a shareholder activist matter, compared to charges of \$22.9 million and \$5.8 million for the years ended March 31, 2011 and 2010, respectively. The benefit associated with a shareholder activist matter in the year ended March 31, 2012 includes a \$3.9 million benefit, recorded in the quarter ended June 30, 2011, related to a negotiated settlement with a vendor of costs incurred and recorded in the prior fiscal year, and insurance recoveries of related litigation offset by other costs. The year ended March 31, 2012 also includes severance and transaction costs related to the acquisition of Summit of \$12.0 million.

The following table sets forth significant assets as broken down by segment and other unallocated assets as of March 31, 2012 and March 31, 2011:

	March 31, 2012			March 31, 2011		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in thousands)					
Significant assets by segment						
Accounts receivable	\$ 577,463	\$ 207,067	\$ 784,530	\$ 167,093	\$ 163,531	\$ 330,624
Investment in films and television programs, net	1,202,692	126,361	1,329,053	503,065	104,692	607,757
Goodwill	297,672	28,961	326,633	210,293	28,961	239,254
	<u>\$ 2,077,827</u>	<u>\$ 362,389</u>	<u>\$ 2,440,216</u>	<u>\$ 880,451</u>	<u>\$ 297,184</u>	<u>\$ 1,177,635</u>
Other unallocated assets (primarily cash, other assets, and equity method investments)			347,779			391,518
Total assets			<u>\$ 2,787,995</u>			<u>\$ 1,569,153</u>

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Purchases of property and equipment amounted to \$1.9 million, \$2.8 million and \$3.7 million for the years ended March 31, 2012, 2011, and 2010, respectively, all primarily pertaining to purchases for the Company's corporate headquarters.

Revenue by geographic location, based on the location of the customers, with no other foreign country individually comprising greater than 10% of total revenue, is as follows:

	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amounts in thousands)			
Canada	\$ 17,207	\$ 86,955	\$ 71,402
United States	1,270,226	1,223,454	1,171,336
Other foreign	300,146	272,311	246,768
	<u>\$ 1,587,579</u>	<u>\$ 1,582,720</u>	<u>\$ 1,489,506</u>

Assets by geographic location are as follows:

	March 31, 2012	March 31, 2011
(Amounts in thousands)		
Canada	\$ 17,306	\$ 75,005
United States	2,635,023	1,393,382
United Kingdom	133,053	96,257
Australia	2,613	4,509
	<u>\$ 2,787,995</u>	<u>\$ 1,569,153</u>

Total amount of revenue from one retail customer representing greater than 10% of consolidated revenues for the year ended March 31, 2012 was \$194.8 million (2011 — \$197.2 million; 2010 — \$191.9 million). Accounts receivable due from this retail customer was approximately 14% of consolidated gross accounts receivable at March 31, 2012, representing a total amount of gross accounts receivable due from this customer of approximately \$126.7 million.

At March 31, 2011, accounts receivable due from this retail customer was approximately 12% of consolidated gross accounts receivable, representing a total amount of gross accounts receivable due from this customer of approximately \$55.2 million.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

20. Commitments and Contingencies

The following table sets forth our future annual repayment of contractual commitments as of March 31, 2012:

	Year Ended March 31,						Total
	2013	2014	2015	2016	2017	Thereafter	
(Amounts in thousands)							
Contractual commitments by expected repayment date							
Distribution and marketing commitments (1)	\$ 122,140	\$ 52,000	\$ —	\$ —	\$ —	\$ —	\$ 174,140
Minimum guarantee commitments (2)	164,392	38,161	250	250	—	—	203,053
Production loan commitments (2)	93,290	—	—	—	—	—	93,290
Cash interest payments on subordinated notes and other financing obligations	5,120	5,074	5,074	1,800	1,800	—	18,868
Cash interest payments on senior secured second priority notes	44,690	44,690	44,690	44,690	44,690	—	223,450
Operating lease commitments	11,470	10,485	8,423	3,499	—	—	33,877
Other contractual obligations	140	—	—	—	—	—	140
Employment and consulting contracts	47,854	26,446	11,258	2,622	—	—	88,180
Total future commitments under contractual obligations (3)	\$ 489,096	\$ 176,856	\$ 69,695	\$ 52,861	\$ 46,490	\$ —	\$ 834,998

- (1) Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which we will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film.
- (2) Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future. Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or release dates of the related film or contractual due dates of the commitment. The amounts include future interest payments associated with the commitment.
- (3) Excludes the interest payments on the senior revolving credit facility and Term Loan as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

Operating Leases. The Company has operating leases for offices and equipment. The Company incurred rental expense of \$8.3 million during the year ended March 31, 2012 (2011— \$8.6 million; 2010 — \$9.7 million). The Company earned sublease income of \$0.7 million during the year ended March 31, 2012 (2011 — \$0.7 million; 2010 — \$0.7 million).

Contingencies. From time to time, the Company is involved in certain claims and legal proceedings arising in the normal course of business. While the resolution of these matters cannot be predicted with certainty, the Company does not believe, based on current knowledge, that the outcome of any currently pending claims or legal proceedings in which the Company is currently involved will have a material adverse effect on the Company's financial statements.

Other Commitments. Pursuant to the September 2007 acquisition of Mandate Pictures, LLC, the the Company has an earn-out commitment if certain performance levels are achieved on certain films and derivative works. As of March 31, 2012, the total earnings and fees from identified projects in process are not projected to reach the performance levels requiring further payment. However, as additional projects are identified in the future and current projects are released in the market place, the total projected earnings and fees from these projects could increase causing additional payments to the sellers to become payable.

21. Financial Instruments

(a) Credit Risk

Concentration of credit risk with the Company's customers is limited due to the Company's customer base and the diversity of its sales throughout the world. The Company performs ongoing credit evaluations and maintains a provision for potential credit losses. The Company generally does not require collateral for its trade accounts receivable. Accounts receivable include amounts receivable from governmental agencies in connection with government assistance for productions as well as amounts due from customers. Amounts receivable from governmental agencies amounted to 15.2% of accounts receivable, net at March 31, 2012 (2011 — 22.0%).

(b) Forward Contracts

The Company enters into forward foreign exchange contracts to hedge its foreign currency exposures on future production expenses denominated in various foreign currencies. As of March 31, 2012, we had outstanding forward foreign exchange contracts to sell British Pound Sterling £10.7 million in exchange for US\$16.9 million over a period of six months at a weighted average exchange rate of one British Pound Sterling equals US\$1.58. Changes in the fair value representing a net unrealized fair value loss on foreign exchange contracts that qualified as effective hedge contracts outstanding during the year ended March 31, 2012 amounted to less than \$0.1 million and are included in accumulated other comprehensive loss, a separate component of shareholders' equity. These contracts are entered into with a major financial institution as counterparty. We are exposed to credit loss in the event of nonperformance by the counterparty, which is limited to the cost of replacing the contracts, at current market rates. We do not require collateral or other security to support these contracts.

22. Supplementary Cash Flow Statement Information

(a) Interest paid during the fiscal year ended March 31, 2012 amounted to \$52.1 million (2011 — \$38.8 million; 2010 — \$18.1 million).

(b) Income taxes paid during the fiscal year ended March 31, 2012 amounted to \$3.6 million (2011 — \$4.3 million; 2010 — \$1.1 million).

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

23. Quarterly Financial Data (Unaudited)

Certain quarterly information is presented below. Due to the elimination of the lag in reporting EPIX's results at March 31, 2012, prior quarter amounts reported for net income (loss), and basic and diluted income (loss) per share have been adjusted as shown below (see Note 7):

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter
	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	
(Amounts in thousands, except per share amounts)							
2012							
Revenues	\$ 261,259	\$ 261,259	\$ 358,081	\$ 358,081	\$ 323,026	\$ 323,026	\$ 645,213
Direct operating expenses	\$ 139,358	\$ 139,358	\$ 206,344	\$ 206,344	\$ 201,957	\$ 201,957	\$ 360,743
Net income (loss)	\$ 12,248	\$ 10,334	\$ (24,565)	\$ (25,306)	\$ (1,735)	\$ (1,400)	\$ (22,746)
Basic income (loss) per share	\$ 0.09	\$ 0.08	\$ (0.18)	\$ (0.19)	\$ (0.01)	\$ (0.01)	\$ (0.17)
Diluted income (loss) per share	\$ 0.09	\$ 0.08	\$ (0.18)	\$ (0.19)	\$ (0.01)	\$ (0.01)	\$ (0.17)

	First Quarter (1)		Second Quarter		Third Quarter		Fourth Quarter	
	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted
(Amounts in thousands, except per share amounts)								
2011								
Revenues	\$326,584	\$326,584	\$456,316	\$456,316	\$422,905	\$422,905	\$376,915	\$376,915
Direct operating expenses	\$157,581	\$157,581	\$238,208	\$238,208	\$204,691	\$204,691	\$195,266	\$195,266
Net income (loss)	\$ (64,068)	\$ (65,420)	\$ (29,659)	\$ (22,841)	\$ (6,017)	9,222	\$ 46,145	\$ 48,658
Basic income (loss) per share	\$ (0.54)	\$ (0.55)	\$ (0.22)	\$ (0.17)	\$ (0.04)	0.07	\$ 0.34	\$ 0.36
Diluted income (loss) per share	\$ (0.54)	\$ (0.55)	\$ (0.22)	\$ (0.17)	\$ (0.04)	0.07	\$ 0.33	\$ 0.34

(1) During the first quarter of fiscal 2011, the Company incurred \$21.9 million of share-based compensation expense associated with the immediate vesting of equity awards of certain executive officers triggered by the “change in control” provisions in their respective employment agreements. As a result of the accelerated \$21.9 million of share-based compensation expense, the second, third and fourth quarters of fiscal 2011 do not include \$3.0 million, \$2.1 million and \$1.9 million of stock-based compensation expense that otherwise would have been recorded, respectively.

24. Consolidating Financial Information — Convertible Senior Subordinated Notes

The October 2004 2.9375% Notes, the February 2005 3.625% Notes, the April 2009 3.625% Notes, and the January 2012 4.00% by their terms, are fully and unconditionally guaranteed by the Company.

The following tables present condensed consolidating financial information as of March 31, 2012 and March 31, 2011, and for the years ended March 31, 2012, 2011 and 2010 for (1) the Company, on a stand-alone basis, (2) LGEI, on a stand-alone basis, (3) the non-guarantor subsidiaries of the Company (including the subsidiaries of LGEI), on a combined basis (collectively, the “Non-guarantor Subsidiaries”) and (4) the Company, on a consolidated basis.

LIONS GATE ENTERTAINMENT CORP.
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	As of March 31, 2012				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
BALANCE SHEET					
Assets					
Cash and cash equivalents	\$ 561	\$ 477	\$ 63,260	\$ —	\$ 64,298
Restricted cash	—	7,169	4,767	—	11,936
Accounts receivable, net	498	11,046	772,986	—	784,530
Investment in films and television programs, net	2	6,391	1,325,337	(2,677)	1,329,053
Property and equipment, net	—	7,236	2,536	—	9,772
Equity method investments	—	11,598	160,481	(817)	171,262
Goodwill	10,173	—	316,460	—	326,633
Other assets	49,198	48,923	41,390	(49,000)	90,511
Subsidiary investments and advances	30,136	98,990	(311,142)	182,016	—
	<u>\$ 90,568</u>	<u>\$ 191,830</u>	<u>\$ 2,376,075</u>	<u>\$ 129,522</u>	<u>\$ 2,787,995</u>
Liabilities and Shareholders' Equity (Deficiency)					
Senior revolving credit facility	\$ —	\$ 99,750	\$ —	\$ —	\$ 99,750
Senior secured second-priority notes	—	431,510	—	—	431,510
Term loan	—	—	477,514	—	477,514
Accounts payable and accrued liabilities	520	88,065	282,438	69	371,092
Participations and residuals	189	3,411	416,227	498	420,325
Film obligations and production loans	74	—	561,076	—	561,150
Convertible senior subordinated notes and other financing obligations	—	104,498	52,778	(49,000)	108,276
Deferred revenue	—	17,798	210,795	—	228,593
Shareholders' equity (deficiency)	89,785	(553,202)	375,247	177,955	89,785
	<u>\$ 90,568</u>	<u>\$ 191,830</u>	<u>\$ 2,376,075</u>	<u>\$ 129,522</u>	<u>\$ 2,787,995</u>

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2012				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF OPERATIONS					
Revenues	\$ —	\$ 27,836	\$ 1,584,132	\$ (24,389)	\$ 1,587,579
EXPENSES:					
Direct operating	448	(317)	912,953	(4,682)	908,402
Distribution and marketing	(1)	(49)	483,665	(102)	483,513
General and administration	5,965	87,061	76,143	(305)	168,864
Gain on sale of asset disposal group	(10,967)	—	—	—	(10,967)
Depreciation and amortization	—	2,784	1,492	—	4,276
Total expenses	(4,555)	89,479	1,474,253	(5,089)	1,554,088
OPERATING INCOME (LOSS)	4,555	(61,643)	109,879	(19,300)	33,491
Other expenses (income):					
Interest expense	—	64,020	14,977	(886)	78,111
Interest and other income	(77)	(2,827)	(734)	886	(2,752)
Loss on extinguishment of debt	—	967	—	—	967
Total other expenses (income)	(77)	62,160	14,243	—	76,326
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	4,632	(123,803)	95,636	(19,300)	(42,835)
Equity interests income (loss)	(43,827)	79,880	15,946	(43,587)	8,412
INCOME (LOSS) BEFORE INCOME TAXES	(39,195)	(43,923)	111,582	(62,887)	(34,423)
Income tax provision (benefit)	(77)	1,648	3,124	—	4,695
NET INCOME (LOSS)	\$ (39,118)	\$ (45,571)	\$ 108,458	\$ (62,887)	\$ (39,118)

LIONS GATE ENTERTAINMENT CORP.
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2012				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES	\$ 69,612	\$ (220,619)	\$ (12,461)	\$ —	\$ (163,468)
INVESTING ACTIVITIES:					
Purchase of Summit, net of unrestricted cash acquired of \$315,932 (see Note 15)	—	—	(553,732)	—	(553,732)
Proceeds from the sale of asset disposal group, net of transaction costs and cash disposed of \$3,943 (see Note 15)	9,119	—	—	—	9,119
Investment in equity method investees	(1,030)	—	—	—	(1,030)
Increase in loans receivable	—	(4,671)	—	—	(4,671)
Purchases of property and equipment	—	(1,728)	(157)	—	(1,885)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	8,089	(6,399)	(553,889)	—	(552,199)
FINANCING ACTIVITIES:					
Exercise of stock options	3,520	—	—	—	3,520
Tax withholding requirements on equity awards	(4,320)	—	—	—	(4,320)
Repurchase of common shares	(77,088)	—	—	—	(77,088)
Borrowings under senior revolving credit facility	—	390,650	—	—	390,650
Repayments of borrowings under senior revolving credit facility	—	(360,650)	—	—	(360,650)
Borrowings under individual production loans	—	—	276,886	—	276,886
Repayment of individual production loans	—	—	(207,912)	—	(207,912)
Production loan borrowings under film credit facility	—	—	54,325	—	54,325
Production loan repayments under film credit facility	—	—	(30,813)	—	(30,813)
Change in restricted cash collateral associated with financing activities	—	—	—	—	—
Proceeds from Term Loan associated with the acquisition of Summit, net of debt discount of \$7,500 and deferred financing costs of \$16,350	—	—	476,150	—	476,150
Repayments of borrowings under Term Loan associated with the acquisition of Summit	—	—	(15,066)	—	(15,066)
Proceeds from sale of senior secured second-priority notes, net of deferred financing costs	—	201,955	—	—	201,955
Repurchase of senior secured second-priority notes	—	(9,852)	—	—	(9,852)
Proceeds from the issuance of convertible senior subordinated notes	—	45,000	—	—	45,000
Repurchase of convertible senior subordinated notes	—	(46,059)	—	—	(46,059)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(77,888)	221,044	553,570	—	696,726
NET CHANGE IN CASH AND CASH EQUIVALENTS	(187)	(5,974)	(12,780)	—	(18,941)
FOREIGN EXCHANGE EFFECTS ON CASH	(47)	—	(3,133)	—	(3,180)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	795	6,451	79,173	—	86,419
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 561	\$ 477	\$ 63,260	\$ —	\$ 64,298

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	As of March 31, 2011				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
BALANCE SHEET					
Assets					
Cash and cash equivalents	\$ 795	\$ 6,451	\$ 79,173	\$ —	\$ 86,419
Restricted cash	13,992	29,466	—	—	43,458
Accounts receivable, net	494	4,237	325,893	—	330,624
Investment in films and television programs, net	12	6,391	603,264	(1,910)	607,757
Property and equipment, net	—	8,292	797	—	9,089
Equity method investments	1,123	17,052	143,719	—	161,894
Goodwill	10,173	—	229,081	—	239,254
Other assets	458	34,214	11,650	—	46,322
Assets held for sale	—	—	44,336	—	44,336
Subsidiary investments and advances	113,989	(171,895)	(229,913)	287,819	—
	<u>\$ 141,036</u>	<u>\$ (65,792)</u>	<u>\$ 1,208,000</u>	<u>\$ 285,909</u>	<u>\$ 1,569,153</u>
Liabilities and Shareholders' Equity (Deficiency)					
Senior revolving credit facility	\$ —	\$ 69,750	\$ —	\$ —	\$ 69,750
Senior secured second-priority notes	—	226,331	—	—	226,331
Accounts payable and accrued liabilities	1,910	52,035	177,031	13	230,989
Participations and residuals	195	11,093	286,290	(96)	297,482
Film obligations and production loans	76	—	326,364	—	326,440
Convertible senior subordinated notes and other financing obligations	—	107,255	3,718	—	110,973
Deferred revenue	—	134	150,803	—	150,937
Liabilities held for sale	—	—	17,396	—	17,396
Shareholders' equity (deficiency)	138,855	(532,390)	246,398	285,992	138,855
	<u>\$ 141,036</u>	<u>\$ (65,792)</u>	<u>\$ 1,208,000</u>	<u>\$ 285,909</u>	<u>\$ 1,569,153</u>

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2011				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF OPERATIONS					
Revenues	\$ —	\$ 25,399	\$ 1,595,659	\$ (38,338)	\$ 1,582,720
EXPENSES:					
Direct operating	—	1,534	830,743	(36,531)	795,746
Distribution and marketing	—	522	546,747	(43)	547,226
General and administration	3,098	108,160	60,498	(349)	171,407
Depreciation and amortization	—	3,694	2,117	—	5,811
Total expenses	3,098	113,910	1,440,105	(36,923)	1,520,190
OPERATING INCOME (LOSS)	(3,098)	(88,511)	155,554	(1,415)	62,530
Other expenses (income):					
Interest expense	—	51,132	4,819	(771)	55,180
Interest and other income	(172)	(1,731)	(610)	771	(1,742)
Loss on extinguishment of debt	—	14,505	—	—	14,505
Total other expenses (income)	(172)	63,906	4,209	—	67,943
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(2,926)	(152,417)	151,345	(1,415)	(5,413)
Equity interests income (loss)	(27,455)	70,576	(17,303)	(46,530)	(20,712)
INCOME (LOSS) BEFORE INCOME TAXES	(30,381)	(81,841)	134,042	(47,945)	(26,125)
Income tax provision	—	3,032	1,224	—	4,256
NET INCOME (LOSS)	\$ (30,381)	\$ (84,873)	\$ 132,818	\$ (47,945)	\$ (30,381)

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2011				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES	\$ 15,420	\$ (54,654)	\$ 81,561	\$ —	\$ 42,327
INVESTING ACTIVITIES:					
Purchases of restricted investments	—	(13,993)	—	—	(13,993)
Proceeds from the sale of restricted investments	—	20,989	—	—	20,989
Buy-out of the earn-out associated with the acquisition of Debmar-Mercury, LLC	—	—	(15,000)	—	(15,000)
Investment in equity method investees	(2,000)	—	(22,677)	—	(24,677)
Increase in loans receivable	—	(1,042)	—	—	(1,042)
Repayment of loans receivable	—	—	8,113	—	8,113
Purchases of property and equipment	—	(658)	(2,098)	—	(2,756)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,000)	5,296	(31,662)	—	(28,366)
FINANCING ACTIVITIES:					
Tax withholding requirements on equity awards	(13,476)	—	—	—	(13,476)
Borrowings under senior revolving credit facility	—	525,250	—	—	525,250
Repayments of borrowings under senior revolving credit facility	—	(472,500)	—	—	(472,500)
Borrowings under individual production loans	—	—	118,589	—	118,589
Repayment of individual production loans	—	—	(147,102)	—	(147,102)
Production loan borrowings under film credit facility	—	—	19,456	—	19,456
Production loan repayments under film credit facility	—	—	(34,762)	—	(34,762)
Change in restricted cash collateral associated with financing activities	—	—	3,087	—	3,087
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(13,476)	52,750	(40,732)	—	(1,458)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(56)	3,392	9,167	—	12,503
FOREIGN EXCHANGE EFFECTS ON CASH	37	—	4,637	—	4,674
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	814	3,059	65,369	—	69,242
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 795	\$ 6,451	\$ 79,173	\$ —	\$ 86,419

LIONS GATE ENTERTAINMENT CORP.
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended				
	March 31, 2010				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF OPERATIONS					
Revenues	\$ —	\$ 32,219	\$ 1,490,667	\$ (33,380)	\$1,489,506
EXPENSES:					
Direct operating	—	458	806,301	(28,790)	777,969
Distribution and marketing	—	7,475	498,708	(42)	506,141
General and administration	7,070	72,705	63,543	(258)	143,060
Depreciation and amortization	—	4,832	7,623	—	12,455
Total expenses	7,070	85,470	1,376,175	(29,090)	1,439,625
OPERATING INCOME (LOSS)	(7,070)	(53,251)	114,492	(4,290)	49,881
Other expenses (income):					
Interest expense	—	45,165	2,808	(811)	47,162
Interest and other income	(130)	(12,050)	(677)	11,310	(1,547)
Gain on extinguishment of debt	—	(5,675)	—	—	(5,675)
Total other expenses (income)	(130)	27,440	2,131	10,499	39,940
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(6,940)	(80,691)	112,361	(14,789)	9,941
Equity interests income (loss)	(23,307)	49,090	(57,211)	(7,567)	(38,995)
INCOME (LOSS) BEFORE INCOME TAXES	(30,247)	(31,601)	55,150	(22,356)	(29,054)
Income tax provision	25	225	968	—	1,218
NET INCOME (LOSS)	\$ (30,272)	\$ (31,826)	\$ 54,182	\$ (22,356)	\$ (30,272)

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2010				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
(Amounts in thousands)					
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (12,543)	\$ 14,072	\$ (136,489)	\$ —	\$ (134,960)
INVESTING ACTIVITIES:					
Purchases of restricted investments	—	(13,994)	—	—	(13,994)
Proceeds from the sale of restricted investments	—	13,985	—	—	13,985
Investment in equity method investees	—	—	(47,129)	—	(47,129)
Increase in loan receivables	—	(362)	(1,056)	—	(1,418)
Repayment of loans receivable	—	—	8,333	—	8,333
Purchases of property and equipment	—	(1,146)	(2,538)	—	(3,684)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(1,517)	(42,390)	—	(43,907)
FINANCING ACTIVITIES:					
Tax withholding requirements on equity awards	(2,030)	—	—	—	(2,030)
Proceeds from the issuance of mandatorily redeemable preferred stock units and common stock units related to the sale of 49% interest in TV Guide Network	—	—	109,776	—	109,776
Borrowings under senior revolving credit facility	—	302,000	—	—	302,000
Repayments of borrowings under senior revolving credit facility	—	(540,000)	—	—	(540,000)
Borrowings under individual production loans	—	—	144,741	—	144,741
Repayment of individual production loans	—	—	(136,261)	—	(136,261)
Production loan borrowings under Pennsylvania Regional Center credit facility	—	—	63,133	—	63,133
Production loan borrowings under film credit facility, net of deferred financing costs	—	—	30,469	—	30,469
Production loan repayments under film credit facility	—	—	(2,718)	—	(2,718)
Proceeds from sale of senior secured second-priority notes, net of deferred financing costs	—	214,727	—	—	214,727
Repurchase of convertible senior subordinated notes	—	(75,185)	—	—	(75,185)
Repayment of other financing obligations	—	—	(134)	—	(134)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,030)	(98,458)	209,006	—	108,518
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,573)	(85,903)	30,127	—	(70,349)
FOREIGN EXCHANGE EFFECTS ON CASH	2,134	—	(1,018)	—	1,116
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	13,253	88,962	36,260	—	138,475
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 814	\$ 3,059	\$ 65,369	\$ —	\$ 69,242

LIONS GATE ENTERTAINMENT CORP.
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
25. Consolidating Financial Information — Senior Secured Second-Priority Notes

In October 2009, the Company issued \$236.0 million aggregate principal amount of the Senior Notes, and in May 2011, the Company issued an additional \$200.0 million aggregate principal amount of the Senior Notes, in a private offering conducted pursuant to Rule 144A and Regulation S under the Securities Act through LGEI.

The Company has agreed to make available to the trustee and the holders of the Senior Notes the following tables which present condensed consolidating financial information as of March 31, 2012 and March 31, 2011, and for the years ended March 31, 2012, 2011 and 2010 for (1) the Company, on a stand-alone basis, (2) LGEI, on a stand-alone basis, (3) the guarantor subsidiaries of the Company (including the subsidiaries of LGEI), on a combined basis (4) the non-guarantor subsidiaries of the Company (including the subsidiaries of LGEI), on a combined basis and (5) the Company, on a consolidated basis.

	As of March 31, 2012					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non-guarantors		
(Amounts in thousands)						
BALANCE SHEET						
Assets						
Cash and cash equivalents	\$ 561	\$ 477	\$ 1,525	\$ 61,735	\$ —	\$ 64,298
Restricted cash	—	7,169	—	4,767	—	11,936
Accounts receivable, net	498	11,046	482,003	290,983	—	784,530
Investment in films and television programs, net	2	6,391	710,459	612,548	(347)	1,329,053
Property and equipment, net	—	7,236	121	2,415	—	9,772
Equity method investments	—	11,598	52,889	108,255	(1,480)	171,262
Goodwill	10,173	—	192,830	123,630	—	326,633
Other assets	49,198	48,923	6,414	34,976	(49,000)	90,511
Subsidiary investments and advances	30,136	98,990	(7,532)	(310,562)	188,968	—
	<u>\$ 90,568</u>	<u>\$ 191,830</u>	<u>\$ 1,438,709</u>	<u>\$ 928,747</u>	<u>\$ 138,141</u>	<u>\$ 2,787,995</u>
Liabilities and Shareholders' Equity (Deficiency)						
Senior revolving credit facility	\$ —	\$ 99,750	\$ —	\$ —	\$ —	\$ 99,750
Senior secured second-priority notes	—	431,510	—	—	—	431,510
Term loan	—	—	—	477,514	—	477,514
Accounts payable and accrued liabilities	520	88,065	202,535	79,903	69	371,092
Participations and residuals	189	3,411	272,780	144,037	(92)	420,325
Film obligations and production loans	74	—	481,359	79,717	—	561,150
Convertible senior subordinated notes and other financing obligations	—	104,498	3,718	49,060	(49,000)	108,276
Deferred revenue	—	17,798	166,292	44,503	—	228,593
Shareholders' equity (deficiency)	89,785	(553,202)	312,025	54,013	187,164	89,785
	<u>\$ 90,568</u>	<u>\$ 191,830</u>	<u>\$ 1,438,709</u>	<u>\$ 928,747</u>	<u>\$ 138,141</u>	<u>\$ 2,787,995</u>

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2012					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non-guarantors		
(Amounts in thousands)						
STATEMENT OF OPERATIONS						
Revenues	\$ —	\$ 27,836	\$ 1,308,092	\$ 326,980	\$ (75,329)	\$ 1,587,579
EXPENSES:						
Direct operating	448	(317)	748,030	218,781	(58,540)	908,402
Distribution and marketing	(1)	(49)	399,484	84,181	(102)	483,513
General and administration	5,965	87,061	54,131	22,012	(305)	168,864
Gain on sale of asset disposal group	(10,967)	—	—	—	—	(10,967)
Depreciation and amortization	—	2,784	225	1,267	—	4,276
Total expenses	(4,555)	89,479	1,201,870	326,241	(58,947)	1,554,088
OPERATING INCOME (LOSS)	4,555	(61,643)	106,222	739	(16,382)	33,491
Other expenses (income):						
Interest expense	—	64,020	5,925	9,052	(886)	78,111
Interest and other income	(77)	(2,827)	(449)	(285)	886	(2,752)
Loss on extinguishment of debt	—	967	—	—	—	967
Total other expenses (income)	(77)	62,160	5,476	8,767	—	76,326
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	4,632	(123,803)	100,746	(8,028)	(16,382)	(42,835)
Equity interests income (loss)	(43,827)	79,880	24,177	(9,259)	(42,559)	8,412
INCOME (LOSS) BEFORE INCOME TAXES	(39,195)	(43,923)	124,923	(17,287)	(58,941)	(34,423)
Income tax provision (benefit)	(77)	1,648	1,442	1,682	—	4,695
NET INCOME (LOSS)	\$ (39,118)	\$ (45,571)	\$ 123,481	\$ (18,969)	\$ (58,941)	\$ (39,118)

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2012					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non-guarantors		
(Amounts in thousands)						
STATEMENT OF CASH FLOWS						
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 69,612	\$ (220,619)	\$ (70,245)	\$ 57,784	\$ —	\$ (163,468)
INVESTING ACTIVITIES:						
Purchase of Summit, net of unrestricted cash acquired of \$315,932 (see Note 15)	—	—	(18,414)	(535,318)	—	(553,732)
Proceeds from the sale of asset disposal group, net of transaction costs and cash disposed of \$3,943 (see Note 15)	9,119	—	—	—	—	9,119
Investment in equity method investees	(1,030)	—	—	—	—	(1,030)
Increase in loans receivable	—	(4,671)	—	—	—	(4,671)
Purchases of property and equipment	—	(1,728)	(157)	—	—	(1,885)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	8,089	(6,399)	(18,571)	(535,318)	—	(552,199)
FINANCING ACTIVITIES:						
Exercise of stock options	3,520	—	—	—	—	3,520
Tax withholding requirements on equity awards	(4,320)	—	—	—	—	(4,320)
Repurchase of common shares	(77,088)	—	—	—	—	(77,088)
Borrowings under senior revolving credit facility	—	390,650	—	—	—	390,650
Repayments of borrowings under senior revolving credit facility	—	(360,650)	—	—	—	(360,650)
Borrowings under individual production loans	—	—	272,970	3,916	—	276,886
Repayment of individual production loans	—	—	(205,251)	(2,661)	—	(207,912)
Production loan borrowings under film credit facility	—	—	54,325	—	—	54,325
Production loan repayments under film credit facility	—	—	(30,813)	—	—	(30,813)
Change in restricted cash collateral associated with financing activities	—	—	—	—	—	—
Proceeds from Term Loan, associated with the acquisition of Summit, net of debt discount of \$7,500 and deferred financing costs of \$16,350	—	—	—	476,150	—	476,150
Repayments of borrowings under Term Loan associated with the acquisition of Summit	—	—	(1,586)	(13,480)	—	(15,066)
Proceeds from sale of senior secured second-priority notes, net of deferred financing costs	—	201,955	—	—	—	201,955
Repurchase of senior secured second- priority notes	—	(9,852)	—	—	—	(9,852)
Proceeds from the issuance of convertible senior subordinated notes	—	45,000	—	—	—	45,000
Repurchase of convertible senior subordinated notes	—	(46,059)	—	—	—	(46,059)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(77,888)	221,044	89,645	463,925	—	696,726
NET CHANGE IN CASH AND CASH EQUIVALENTS	(187)	(5,974)	829	(13,609)	—	(18,941)
FOREIGN EXCHANGE EFFECTS ON CASH	(47)	—	—	(3,133)	—	(3,180)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	795	6,451	696	78,477	—	86,419
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 561	\$ 477	\$ 1,525	\$ 61,735	\$ —	\$ 64,298

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of
March 31, 2011

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non- guarantors		
(Amounts in thousands)						
BALANCE SHEET						
Assets						
Cash and cash equivalents	\$ 795	\$ 6,451	\$ 696	\$ 78,477	\$ —	\$ 86,419
Restricted cash	13,992	29,466	—	—	—	43,458
Accounts receivable, net	494	4,237	292,860	33,033	—	330,624
Investment in films and television programs, net	12	6,391	513,505	89,137	(1,288)	607,757
Property and equipment, net	—	8,292	189	608	—	9,089
Equity method investments	1,123	17,052	28,714	117,514	(2,509)	161,894
Goodwill	10,173	—	198,883	30,198	—	239,254
Other assets	458	34,214	10,658	992	—	46,322
Assets held for sale	—	—	—	44,336	—	44,336
Subsidiary investments and advances	113,989	(171,895)	(28,053)	(199,205)	285,164	—
	<u>\$ 141,036</u>	<u>\$ (65,792)</u>	<u>\$ 1,017,452</u>	<u>\$ 195,090</u>	<u>\$ 281,367</u>	<u>\$ 1,569,153</u>
Liabilities and Shareholders' Equity (Deficiency)						
Senior revolving credit facility	\$ —	\$ 69,750	\$ —	\$ —	\$ —	\$ 69,750
Senior secured second-priority notes	—	226,331	—	—	—	226,331
Accounts payable and accrued liabilities	1,910	52,035	141,715	35,288	41	230,989
Participations and residuals	195	11,093	264,320	21,973	(99)	297,482
Film obligations and production loans	76	—	308,744	17,620	—	326,440
Convertible senior subordinated notes and other financing obligations	—	107,255	3,718	—	—	110,973
Deferred revenue	—	134	123,696	27,107	—	150,937
Liabilities held for sale	—	—	—	17,396	—	17,396
Shareholders' equity (deficiency)	138,855	(532,390)	175,259	75,706	281,425	138,855
	<u>\$ 141,036</u>	<u>\$ (65,792)</u>	<u>\$ 1,017,452</u>	<u>\$ 195,090</u>	<u>\$ 281,367</u>	<u>\$ 1,569,153</u>

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Year Ended
March 31, 2011

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non-guarantors		
	(Amounts in thousands)					
STATEMENT OF OPERATIONS						
Revenues	\$ —	\$ 25,399	\$ 1,427,122	\$ 190,214	\$ (60,015)	\$ 1,582,720
EXPENSES:						
Direct operating	—	1,534	769,468	84,020	(59,276)	795,746
Distribution and marketing	—	522	462,254	84,493	(43)	547,226
General and administration	3,098	108,160	45,532	14,963	(346)	171,407
Depreciation and amortization	—	3,694	1,373	744	—	5,811
Total expenses	3,098	113,910	1,278,627	184,220	(59,665)	1,520,190
OPERATING INCOME (LOSS)	(3,098)	(88,511)	148,495	5,994	(350)	62,530
Other expenses (income):						
Interest expense	—	51,132	3,968	851	(771)	55,180
Interest and other income	(172)	(1,731)	(444)	(166)	771	(1,742)
Loss on extinguishment of debt	—	14,505	—	—	—	14,505
Total other expenses (income)	(172)	63,906	3,524	685	—	67,943
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(2,926)	(152,417)	144,971	5,309	(350)	(5,413)
Equity interests income (loss)	(27,455)	70,576	(14,367)	(427)	(49,039)	(20,712)
INCOME (LOSS) BEFORE INCOME TAXES	(30,381)	(81,841)	130,604	4,882	(49,389)	(26,125)
Income tax provision (benefit)	—	3,032	1,530	(306)	—	4,256
NET INCOME (LOSS)	\$ (30,381)	\$ (84,873)	\$ 129,074	\$ 5,188	\$ (49,389)	\$ (30,381)

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Years Ended March 31, 2011					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non-guarantors		
(Amounts in thousands)						
STATEMENT OF CASH FLOWS						
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 15,420	\$ (54,654)	\$ 69,717	\$ 11,844	\$ —	\$ 42,327
INVESTING ACTIVITIES:						
Purchases of restricted investments	—	(13,993)	—	—	—	(13,993)
Proceeds from the sale of restricted investments	—	20,989	—	—	—	20,989
Buy-out of the earn-out associated with the acquisition of Debmar-Mercury, LLC	—	—	(15,000)	—	—	(15,000)
Investment in equity method investees	(2,000)	—	(22,677)	—	—	(24,677)
Increase in loans receivable	—	(1,042)	—	—	—	(1,042)
Repayment of loans receivable	—	—	8,113	—	—	8,113
Purchases of property and equipment	—	(658)	(504)	(1,594)	—	(2,756)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(2,000)	5,296	(30,068)	(1,594)	—	(28,366)
FINANCING ACTIVITIES:						
Tax withholding requirements on equity awards	(13,476)	—	—	—	—	(13,476)
Borrowings under senior revolving credit facility	—	525,250	—	—	—	525,250
Repayments of borrowings under senior revolving credit facility	—	(472,500)	—	—	—	(472,500)
Borrowings under individual production loans	—	—	105,194	13,395	—	118,589
Repayment of individual production loans	—	—	(140,080)	(7,022)	—	(147,102)
Production loan borrowings under film credit facility	—	—	19,456	—	—	19,456
Production loan repayments under film credit facility	—	—	(34,762)	—	—	(34,762)
Change in restricted cash collateral associated with financing activities	—	—	3,087	—	—	3,087
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(13,476)	52,750	(47,105)	6,373	—	(1,458)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(56)	3,392	(7,456)	16,623	—	12,503
FOREIGN EXCHANGE EFFECTS ON CASH	37	—	—	4,637	—	4,674
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	814	3,059	8,152	57,217	—	69,242
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 795	\$ 6,451	\$ 696	\$ 78,477	\$ —	\$ 86,419

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Year Ended
March 31, 2010

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non-guarantors		
	(Amounts in thousands)					
STATEMENT OF OPERATIONS						
Revenues	\$ —	\$ 32,219	\$1,238,659	\$ 259,654	\$ (41,026)	\$1,489,506
EXPENSES:						
Direct operating	—	458	664,323	156,297	(43,109)	777,969
Distribution and marketing	—	7,475	433,878	64,830	(42)	506,141
General and administration	7,070	72,705	42,347	21,212	(274)	143,060
Depreciation and amortization	—	4,832	3,645	3,978	—	12,455
Total expenses	7,070	85,470	1,144,193	246,317	(43,425)	1,439,625
OPERATING INCOME (LOSS)	(7,070)	(53,251)	94,466	13,337	2,399	49,881
Other expenses (income):						
Interest expense	—	45,165	1,662	1,146	(811)	47,162
Interest and other income	(130)	(12,050)	(605)	(72)	11,310	(1,547)
Gain on extinguishment of debt	—	(5,675)	—	—	—	(5,675)
Total other expenses (income)	(130)	27,440	1,057	1,074	10,499	39,940
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(6,940)	(80,691)	93,409	12,263	(8,100)	9,941
Equity interests income (loss)	(23,307)	49,090	(37,949)	(10,594)	(16,235)	(38,995)
INCOME (LOSS) BEFORE INCOME TAXES	(30,247)	(31,601)	55,460	1,669	(24,335)	(29,054)
Income tax provision (benefit)	25	225	(751)	1,719	—	1,218
NET INCOME (LOSS)	(30,272)	(31,826)	56,211	(50)	(24,335)	(30,272)

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended					
	March 31, 2010					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries		Consolidating Adjustments	Lions Gate Consolidated
			Guarantors	Non-guarantors		
	(Amounts in thousands)					
STATEMENT OF CASH FLOWS						
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (12,543)	\$ 14,072	\$ (94,998)	\$ (41,491)	\$ —	\$ (134,960)
INVESTING ACTIVITIES:						
Purchases of restricted investments	—	(13,994)	—	—	—	(13,994)
Proceeds from the sale of restricted investments	—	13,985	—	—	—	13,985
Investment in equity method investees	—	—	(47,129)	—	—	(47,129)
Increase in loan receivables	—	(362)	—	(1,056)	—	(1,418)
Repayment of loans receivable	—	—	8,333	—	—	8,333
Purchases of property and equipment	—	(1,146)	(605)	(1,933)	—	(3,684)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(1,517)	(39,401)	(2,989)	—	(43,907)
FINANCING ACTIVITIES:						
Tax withholding requirements on equity awards	(2,030)	—	—	—	—	(2,030)
Proceeds from the issuance of mandatorily redeemable preferred stock units and common stock units related to the sale of 49% interest in TV Guide Network	—	—	—	109,776	—	109,776
Borrowings under senior revolving credit facility	—	302,000	—	—	—	302,000
Repayments of borrowings under senior revolving credit facility	—	(540,000)	—	—	—	(540,000)
Borrowings under individual production loans	—	—	128,590	16,151	—	144,741
Repayment of individual production loans	—	—	(87,347)	(48,914)	—	(136,261)
Production loan borrowings under Pennsylvania Regional Center credit facility	—	—	63,133	—	—	63,133
Production loan borrowings under film credit facility, net of deferred financing costs	—	—	30,469	—	—	30,469
Production loan repayments under film credit facility	—	—	(2,718)	—	—	(2,718)
Proceeds from sale of senior secured second-priority notes, net of deferred financing costs	—	214,727	—	—	—	214,727
Repurchase of convertible senior subordinated notes	—	(75,185)	—	—	—	(75,185)
Repayment of other financing obligations	—	—	—	(134)	—	(134)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,030)	(98,458)	132,127	76,879	—	108,518
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,573)	(85,903)	(2,272)	32,399	—	(70,349)
FOREIGN EXCHANGE EFFECTS ON CASH	2,134	—	—	(1,018)	—	1,116
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	13,253	88,962	10,424	25,836	—	138,475
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 814	\$ 3,059	\$ 8,152	\$ 57,217	\$ —	\$ 69,242

LIONS GATE ENTERTAINMENT CORP.**NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)****26. Related Party Transactions*****Sobini Films***

In November 2011, the Company entered into a distribution agreement with Sobini Films pursuant to which the Company acquired certain North American distribution rights to the film *Sexy Evil Genius*. Scott Paterson, a director of the Company, is an investor in *Sexy Evil Genius*. During the year ended March 31, 2012, the Company did not make any payments to Sobini Films under this agreement.

Thunderbird Films

In March 2012, the Company announced that it had entered into a partnership with Thunderbird Films, a television production, distribution and financing company, to produce programming for broadcast and cable networks. Frank Giustra, a director and former founder of the Company, owns an interest in Thunderbird Films. The venture, Sea To Sky Entertainment (“Sea to Sky”), will generate a broad range of scripted programming for mainstream commercial audiences in the U.S. and Canada. Sea To Sky, which will be jointly managed, will share production and distribution costs for series picked up by television networks, allowing co-funding of network television programming while mitigating risk. During the year ended March 31, 2012, the Company did not make any payments to Thunderbird Films under this arrangement.

Icon International

In April 2012, the Company entered into a three year vendor subscription agreement (the “Vendor Agreement”) with Icon International, Inc. (“Icon”), a company which directly reports to Omnicom Group, Inc. Daryl Simm, a director of the Company, is the Chairman and Chief Executive Officer of Omnicom Media Group, a division of Omnicom Group, Inc. Under the Vendor Agreement, the Company agreed to purchase media advertising of approximately \$7.6 million per year through Icon, and Icon agreed to reimburse the Company for certain operating expenses of approximately \$1.3 million per year. The actual amount of media advertising to be purchased is determined using a formula based upon values assigned to various types of advertising, as set forth in the Vendor Agreement. For accounting purposes, the operating expenses incurred by the Company will continue to be expensed in full and the reimbursements from Icon of such expenses will be treated as a discount on media advertising and will be reflected as a reduction of advertising expense as the media advertising costs are incurred by the Company. The Vendor Agreement may be terminated by the Company effective as of any Vendor Agreement year end with six months' notice.

During the year ended March 31, 2012, under a previous vendor agreement with Icon (which expired in the fourth quarter of fiscal 2012), Icon paid the Company \$1.0 million (2011 — \$1.3 million, 2010 — \$1.2 million). During the year ended March 31, 2012, the Company incurred \$8.6 million in media advertising expenses with Icon under the previous vendor Agreement (2011 — \$7.8 million, 2010 — \$7.2 million).

Other Transactions with Equity Method Investees

FEARnet. During the year ended March 31, 2012, the Company recognized \$1.9 million in revenue pursuant to the five-year license agreement with FEARnet (2011 — \$3.2 million, 2010 — \$2.2 million), and held accounts receivable due from FEARnet pursuant to the agreement of \$0.5 million (2011 — \$0.3 million).

Roadside. During the year ended March 31, 2012, the Company recognized \$6.4 million in revenue from Roadside in connection with the release of certain theatrical titles (2011 — nil, 2010 — nil), and held accounts receivable due from Roadside of \$4.1 million (2011 — nil). During the year ended March 31, 2012, the Company recognized \$12.1 million in distribution and marketing expenses paid to Roadside in connection with the release of certain theatrical titles (2011 — \$0.5 million, 2010 — less than \$0.1 million). During the year ended March 31, 2012, the Company made \$5.7 million in participation payments to Roadside in connection with the distribution of certain theatrical titles (2011 — \$10.4 million, 2010 — \$3.1 million).

Break Media. During the year ended March 31, 2012, the Company recognized \$1.9 million in interest income associated with a \$15.7 million note receivable from Break Media, see Note 8 (2011 — \$1.6 million, 2010 — \$0.6 million).

EPIX. During the year ended March 31, 2012, the Company recognized \$70.3 million of revenue from EPIX in connection with the licensing of certain theatrical releases and other films and television programs, see Note 7 (2011 — \$89.4 million, 2010 — \$38.6 million). As of March 31, 2012, the Company held \$24.1 million of accounts receivables from EPIX (2011 — \$25.9 million). In addition, as of March 31, 2012, the Company had \$6.4 million in deferred revenue from EPIX (2011 — \$2.4 million).

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

TV Guide Network. During the year ended March 31, 2012, the Company recognized \$2.9 million of revenue (2011 — \$14.9 million, 2010 — \$0.3 million) from TV Guide Network in connection with the licensing of certain films and/or television programs, see Note 7. Additionally, the Company recognized \$15.1 million of income for the accretion of the dividend and discount of the mandatorily redeemable preferred stock units as equity interest income (2011 — \$14.1 million, 2010 — \$10.5 million). Also, during the year ended March 31, 2011, the Company received a pay-out of accreted interest on the mandatorily redeemable preferred stock units of \$10.2 million. As of March 31, 2012, the Company held \$13.5 million of accounts receivables from TV Guide Network (2011 — \$12.7 million).

Director Compensation Summary

In April 2012, the Compensation Committee of the Board of Directors (the “Board”) engaged Pearl Meyer & Partners (“PM&P”) to review the compensation provided to members of the Company's Board who are not employees of Lionsgate (the “Non-Employee Directors”). In conducting its assessment, PM&P reviewed the following: (i) the components of the Company's then-current Non-Employee Director compensation program (which included an annual Non-Employee Director retainer, per meeting Board fees, committee compensation and past grants of equity awards); (ii) the Company's non-executive chairman compensation relative to the Company's Non-Employee director compensation; (iii) the general structure of the Board (including past and projected time commitments for service on the Board); and (iv) Non-Employee Director compensation among two comparator groups consisting of (a) a group of general industry companies with revenues ranging from \$750 million to \$3 billion and (b) a select group of eight companies within the broader media and leisure product industries. PM&P's assessment found the Company's then-current non-employee director compensation levels to be in the bottom quartile of the comparators.

Based on PM&P's assessment and as recommended and approved by the Compensation Committee and the Board at meetings held in May 2012, effective May 24, 2012, the Non-Employee Directors are entitled to receive an annual retainer of \$50,000, an equivalent of \$50,000 in the form of restricted share units to be granted annually on the date of the Company's Annual General Meeting of Shareholders and a fee of \$1,400 for each meeting of a committee on which a Non-Employee Director is a member and attends, in person via teleconference or via videoconference. The restricted share units vest in annual installments over three years following the date of grant and are paid upon vesting in an equivalent number of Lionsgate common shares (the “Shares”). Additionally, the non-employee Chairman of the Board is entitled to receive an additional annual retainer of \$52,000, the Chairman of the Audit Committee of the Board is entitled to receive an additional annual retainer of \$15,000, and the Chairman of the Compensation Committee of the Board, the Chairman of the Nominating and Corporate Governance Committee of the Board, and the Chairman of the Strategic Advisory Committee of the Board are each entitled to receive an additional annual retainer of \$10,000. Resulting fiscal year 2013 compensation levels are projected to be at the 30th percentile of comparators,

The retainers and fees for the Non-Employee Directors are paid, at the director's election, either 50% in cash and 50% in the form of Lionsgate Shares or 100% in the form of Shares. Retainers are paid in two installments each year, with the number of Shares to be delivered in payment of any retainer to be determined by dividing the dollar amount of the retainer to be paid in the form of Shares by the average closing price of Shares for the previous five business days prior to payment.

Lionsgate requires that Non-Employee Directors maintain an ownership position in Lionsgate of at least \$150,000 of Shares; provided, however, that new directors shall have three years from their initial election to the Board to reach this ownership threshold. Pursuant to Lionsgate's policies, directors are also reimbursed for reasonable expenses incurred in the performance of their duties.

May 30, 2012

Mr. James Keegan
Chief Financial Officer
Lions Gate Entertainment Corp.
2700 Colorado Ave.
Santa Monica, CA 90404

Dear Mr. Keegan:

Note 7 of Notes to the consolidated financial statements of Lions Gate Entertainment Corp. included in its Form 10-K for the year ended March 31, 2012 describes a change in the method of accounting related to your investment in Studio 3 Partners, LLC. The equity interests of this equity method investment previously were recorded on a one quarter lag. This reporting lag has been eliminated. We conclude that such change in the method of accounting is to an acceptable alternative method which, based on your business judgment to make this change and for the stated reasons, is preferable in your circumstances.

Very truly yours,
Ernst & Young LLP

Exhibit 21.1

Subsidiaries of Lions Gate Entertainment Corp.	
0918988 B.C. ULC	British Columbia
0918989 B.C. ULC	British Columbia
100 Plus Productions, Inc.	NY
ABX Productions Inc.	PA
Active TV Ltd	UK
All About Us Productions, Inc.	CA
Anger Productions, Inc.	CA
Arima, Inc.	DE
Artisan Entertainment Inc.	DE
Artisan Filmed Productions, Inc.	CA
Artisan Home Entertainment Inc.	DE
Artisan Pictures LLC	DE
Artisan Releasing LLC	DE
Associated Corporate Holdings Ltd.	BVI
Awaken Productions Corp.	British Columbia
Awaken Productions, Inc.	British Columbia
Babe Ruthless Productions, LLC	CA
Backseat Productions, LLC	CA
Baster Productions, LLC	CA
BD Optical Media, Inc.	DE
BHF Productions Inc.	CA
Blair Witch Films LLC	CA
Blissful Productions Corp.	British Columbia
Blitz Distribution Limited	UK
Blitz Films Limited	UK
Blue Agave Productions, Inc.	CA
Blue Mountain State Productions Corp.	Canada (Federal)
Boss Kane Productions, Inc.	CA
Box Productions, LLC	CA
Burrowers Productions, Inc.	CA
Burst Productions LLC	CA
Caller Productions, Inc.	CA
Category Ish, LLC	DE
CBLG Productions, LLC	CA
Cinepix Animation Inc.	Canada (Federal)
Cinepix Films Inc.	Canada (Federal)
Civil Productions, Inc.	CA
Cooper Productions Louisiana, LLC	LA
Cornfield Productions LLC	IA

Countryman Productions, LLC	CA
Covered Moon Productions, LLC	CA
Crash 2 Television Productions, Inc.	CA
Crash Television Productions, Inc.	CA
Crick Pictures LLC	CA
Cupid Productions, Inc.	PA
Curse Productions, LLC	CA
Dancing Elk Productions, LLC	CA
Dark Days, LLC	CA
Davyco Productions, LLC	CA
DD2 Acquisition Corp.	CA
Dead Zone Production Corp.	British Columbia
Debmar Studios, Inc.	CA
Debmar/Mercury (WW) Productions, LLC	CA
Debmar/Mercury International Limited	UK
Debmar/Mercury, LLC	CA
Delish Project, LLC	DE
Delish Television Development, LLC	DE
DJM Services Inc.	CA
Dodge Productions LLC	CA
Dresden Files Productions Corp.	Ontario
Dresden Files Productions I Corp.	Ontario
Driving All The Way Productions. LLC	CA
Dude Productions, Corp.	British Columbia
Dyke Hill Mine (Pvt) Ltd.	Zimbabwe
Exercise TV International, Inc.	DE
Fear Itself Productions Corp.	Alberta
Film Holdings Co.	DE
First Ontario Film Distributor Ltd	British Columbia
Fitness TV International, Inc.	DE
Five Days Productions Corp.	British Columbia
Flea Market Productions, Inc.	CA
Full Moon Productions, LLC	CA
Furry Vengeance Productions, LLC	CA
FV Finance, LLC	CA
GC Films, Inc.y	CA
GC Short Films, Inc.	CA
Get Some Productions, LLC	CA
GGX Productions, Inc.	CA
GLC New Enterprise Licensing LLC	CA
Going South Productions, LLC	CA
Good Evel Productions, Inc.	CA

Gray Matters Productions Ltd.	K
Grindstone Entertainment Group, LLC	CA
Harold Productions, LLC	LA
Heart Frank, Inc.	CA
Higher Post LLC	CA
Horsemen Productions, LLC	CA
House Row Productions, LLC	CA
Invisible Casting Inc.	CA
IV Productions, Inc.	PA
IV3D Productions, Inc. in Canada	Ontario
IWC Productions, LLC	CA
Jardinero Productions, LLC	CA
Jessabelle Productions, Inc.	CA
Johnson Goode, LLC	CA
JV1 Delish LLC	DE
Kill Pit Productions, Inc.	PA
Knowing Domestic Rights, LLC	CA
Knowing Productions, LLC	CA
Kumar Productions, LLC	LA
Lady Prison Productions, Inc.	NY
Lamb Productions, Inc.	LA
Landscape Entertainment Corp.	DE
Landscape Films Inc.	CA
Landscape Interactive Inc.	CA
Landscape Interactive Web Design Inc.	CA
Last Productions, Inc.	CA
Last Vegas Productions, LLC	CA
LG Horror Channel Holdings, LLC	DE
LG Pictures Inc.	DE
LG Productions Canada ULC	British Columbia
LG UK Film Ventures LLC	CA
LGAC 1, LLC	DE
LGAC 2, LLC	DE
LGAC 3, LLC	DE
Lions Gate Australia Pty Ltd.	Australia
Lions Gate Channels 2, Inc.	DE
Lions Gate Entertainment Inc.	DE
Lions Gate Films Inc.	DE
Lions Gate Films Licensing LLC	DE
Lions Gate Films of Puerto Rico, Inc.	Puerto Rico
Lions Gate Films Productions Corp./Productions Films Lions Gate S.A.R.F.	Canada (Federal)
Lions Gate Home Entertainment UK Limited	UK

Lions Gate India, Inc.	DE
Lions Gate International Sales, LLC	DE
Lions Gate Mandate Financing Vehicle Inc.	DE
Lions Gate Media Ltd.	UK
Lions Gate Music Corp.	British Columbia
Lions Gate Music Publishing LLC	DE
Lions Gate Music, Inc.	DE
Lions Gate Online Shop, Inc.	CA
Lions Gate Pennsylvania 2, Inc.	PA
Lions Gate Pennsylvania, Inc.	PA
Lions Gate Pictures UK Limited	UK
Lions Gate Records, Inc.	CA
Lions Gate Spirit Holdings, LLC	DE
Lions Gate Television Development LLC	CA
Lions Gate Television Inc.	DE
Lions Gate Television International – Latin America, Inc.	CA
Lions Gate Tennessee, Inc.	TN
Lions Gate UK Limited	UK
Lions Gate X Productions, LLC	DE
Lions Gate X-US Productions, LLC	DE
Lionsgate – TISA Television International, LLC	CA
LionsGate Channels, Inc.	DE
LOL Productions, LLC	CA
Love Lessons Productions, Inc.	CA
Lucky 7 Productions Corp.	British Columbia
Ludus Productions, Inc.	CA
Mandate Development II LLC	DE
Mandate Development LLC	DE
Mandate Films, LLC	DE
Mandate Holdings, LLC	DE
Mandate Music Publishing, LLC	DE
Mandate Pictures, LLC	DE
Mandate Productions LLC	DE
Manifest Entertainment, LLC	CA
Mercury Productions, LLC	CA
Missing Productions III Corp.	Ontario
Mix Productions Limited	UK
MK Animated, LLC	CA
MOAL, LLC	CA
Mother Productions Corp.	Ontario
MQP, LLC	DE
Music City Productions, Inc.	CA

Needle Productions Inc.	PA
Networks CTS, Inc.	DE
Next Productions, Inc.	DE
NGC Films, Inc.	CA
Nurse Productions, Inc.	NY
P2 Productions U.S., LLC	CA
Passengers Productions, LLC	CA
Pearl River Holdings Corp.	British Columbia
Peeples Productions, Inc.	CA
PGH Productions, Inc.	PA
Planetary Productions, LLC	CA
Playlist, LLC	CA
Power Mongering Despot, Inc.	CA
Production Management Inc.	NM
Profiler Productions Corp.	Ontario
Proscenium Pictures Limited	England and Wales
Psycho Productions Services Corp.	Ontario
Punisher Productions, Inc.	CA
Push Productions, Ltd	British Columbia
PWG Productions, Inc.	CA
PX1 Productions Corp.	British Columbia
PX1 Productions, Inc.	CA
R2 Productions Limited	England and Wales
R&B Productions, Inc.	CA
Rabbit Productions Inc.	CA
Radiant Productions Corp.	British Columbia
RG Productions, Inc.	CA
RRR Productions, LLC	CA
Santa Stash, LLC	CA
Screening Room, Inc.	CA
SDI Productions, Inc.	CA
See Me Louisiana, L.L.C.	LA
SELP, LLC	CA
Silent Development Corp.	DE
Skillpa Productions, LLC	CA
Special Ops Productions, Inc.	CA
SS3 Productions, Inc.	PA
Stanton Productions, LLC	CA
SU4, LLC	CA
Summit Distribution of Puerto Rico Corporation	Puerto Rico
Summit Distribution, LLC	DE
Summit Entertainment Development Services	CA

Summit Entertainment Limited	Cyprus
Summit Entertainment N.V.	Curaçao
Summit Entertainment, LLC	DE
Summit Films Limited	England and Wales
Summit Guaranty Services, LLC	CA
Summit International Distribution, Inc.	DE
Summit Productions, LLC	CA
Summit Signature, LLC	DE
Sweat Productions, Inc.	CA
Talk Productions Corp.	Ontario
TCT Productions, Inc.	NY
Ted Productions, Inc.	CA
Ted Productions, Inc.	CA
Terrestrial Productions Corp.	British Columbia
Tiger Gate Entertainment Ltd.	Hong Kong
Tiny Horse Productions, Inc.	NY
Tooth Film Productions	UK
Touch Productions Corp.	Canada (Federal)
Tough Trade Productions, Inc.	TN
TSBD Louisiana, LLC	LA
TSBD Productions, LLC	CA
Twilight Domestic Rights, LLC	CA
Twilight Productions, LLC	CA
U.R.O.K. Productions, Inc.	CA
Verdict Productions, Inc.	PA
Verona Productions, LLC	CA
Vestron Inc.	DE
Wallflower, LLC	CA
Weeds Productions Inc.	CA
Wikal Productions, LLC	CA
Wilde Kingdom Productions Corp.	British Columbia
Wildfire 2 Productions Inc.	CA
Wildfire 3 Productions Inc.	CA
Wildfire 4 Productions Inc.	CA
Wildfire Productions Inc.	CA

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of Lions Gate Entertainment Corp. of our reports dated May 30, 2012 with respect to the consolidated financial statements, schedule, and effectiveness of internal control over financial reporting of Lions Gate Entertainment Corp., our report dated May 30, 2012 with respect to the consolidated financial statements of TV Guide Entertainment Group, LLC as of and for the years ended March 31, 2012 and 2011, and of our report dated May 31, 2011 with respect to the consolidated financial statements of TV Guide Entertainment Group, LLC as of and for the years ended March 31, 2011 and 2010, included in Lions Gate Entertainment Corp.'s Annual Report on Form 10-K for the year ended March 31, 2012:

Form S-3

No. 333-181371
No. 333-176656
No. 333-164960
No. 333-144231
No. 333-131975
No. 333-123652
No. 333-122580

Form S-8

No. 333-146296
No. 333-146251
No. 333-145068
No. 333-122275
No. 333-111022
No. 333-107266

/s/Ernst & Young LLP

Los Angeles, California
May 30, 2012

CERTIFICATION

I, Jon Feltheimer certify that:

1. I have reviewed this annual report on Form 10-K of Lions Gate Entertainment Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jon Feltheimer

Jon Feltheimer

Chief Executive Officer

Date: May 30, 2012

CERTIFICATION

I, James Keegan certify that:

1. I have reviewed this annual report on Form 10-K of Lions Gate Entertainment Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JAMES KEEGAN

James Keegan

Chief Financial Officer

Date: May 30, 2012

WRITTEN STATEMENT

PURSUANT TO

18 U.S.C. SECTION 1350

The undersigned officers of Lions Gate Entertainment Corp. (the “Company”), pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to their knowledge:

- (i) the Form 10-K of the Company (the “Report”) for the period ended March 31, 2012, fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for the periods presented in this report.

/s/ JON FELTHEIMER

Jon Feltheimer

Chief Executive Officer

Date: May 30, 2012

/s/ JAMES KEEGAN

James Keegan

Chief Financial Officer

Date: May 30, 2012

Portions of this document have been redacted pursuant to a Request for Confidential Treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. Redacted portions are indicated with the notation “[**]”.

EXECUTION VERSION

J.P.Morgan

AMENDED AND RESTATED CREDIT, SECURITY, GUARANTY AND PLEDGE AGREEMENT

Dated as of February 21, 2012

among

SUMMIT ENTERTAINMENT, LLC

as Borrower,

THE GUARANTORS REFERRED TO HEREIN,

THE LENDERS REFERRED TO HEREIN,

and

JPMORGAN CHASE BANK, N.A.

as Administrative Agent

J.P. MORGAN SECURITIES LLC,

BARCLAYS CAPITAL

and

JEFFERIES FINANCE LLC

as Joint Syndication Agents, Co-Lead Arrangers and Joint Bookrunners



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CREDIT, SECURITY, GUARANTY AND PLEDGE AGREEMENT dated as of January 13, 2012 (as may be further amended, supplemented or otherwise modified, renewed, restated or replaced from time to time, this “Credit Agreement”) among (i) **SUMMIT ENTERTAINMENT, LLC**, a Delaware limited liability company, as Borrower, (ii) the **GUARANTORS** referred to herein, (iii) the **LENDERS** referred to herein, and (iv) **JPMORGAN CHASE BANK, N.A.**, as Administrative Agent for the Lenders.

INTRODUCTORY STATEMENT

Terms not otherwise defined above or in this Introductory Statement are as defined in Article 1 or as defined elsewhere herein.

The Borrower was party to that certain Credit, Security, Guaranty and Pledge Agreement, dated as of March 8, 2011 (the “Original Closing Date”) among the Borrower, the guarantors party thereto, the lenders party thereto, the Administrative Agent and JPMorgan Chase Bank, N.A., as issuing bank (as amended, supplemented or otherwise modified, renewed, restated or replaced from time to time prior to the date hereof, the “Existing Credit Agreement”).

The Borrower requested that the Lenders make available to the Borrower a \$500,000,000 senior secured term loan facility maturing on September 7, 2016 (the “Facility”) in order to refinance the Existing Credit Agreement on the terms set forth herein. In that regard, the Borrower, certain Guarantors, certain Lenders (the “Initial 2012 Lenders”) and the Administrative Agent executed a Credit, Security, Guaranty and Pledge Agreement dated as of January 13, 2012 (the “Initial 2012 Credit Agreement”) documenting the terms of the Facility.

The proceeds of loans under the Facility were used on January 13, 2012, the Closing Date, to refinance the loans under the Existing Credit Agreement.

In connection with the syndication of the Facility by the Initial 2012 Lenders, this Amended and Restated Credit, Security, Guaranty and Pledge Agreement was executed and became effective as of February 21, 2012. All references herein to the “Credit Agreement” or this “Agreement” are to this Amended and Restated Credit, Security, Guaranty and Pledge Agreement. The conditions precedent enumerated in Section 4.1 to this Credit Agreement were satisfied on January 13, 2012.

To provide assurance for the repayment of the Loans and the other Obligations of the Credit Parties hereunder, the Borrower has, among other things, provided or caused to be provided to the Administrative Agent, for the benefit of the Secured Parties, the following (each as more fully described herein):

- (i) a security interest in the Collateral from each of the Credit Parties pursuant to Article 8;
- (ii) a guaranty of the Obligations by each of the Guarantors pursuant to Article 9; and

- (iii) a pledge by each of the Pledgors of the Pledged Collateral owned by it pursuant to Article 10.

Subject to the terms and conditions set forth herein, the Administrative Agent is willing to act as administrative agent for the Lenders and each Initial 2012 Lender made a Loan to the Borrower on the Closing Date in an amount equal to its Commitment hereunder.

Accordingly, the parties hereto hereby agree as follows:

1. DEFINITIONS

SECTION 1.1 Terms Generally. For the purposes of this Credit Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, (i) terms used herein include, as appropriate, all genders, (ii) references to any agreement include all schedules and exhibits thereto, (iii) references to words such as “herein,” “hereof,” “hereunder,” and words of a similar import shall refer to this Credit Agreement in its entirety and not to any particular part, Article or Section within this Credit Agreement, (iv) terms may be used in the singular or plural, depending on the reference, (v) references to an Article, Section, Exhibit, Annex or Schedule shall refer to the applicable Article or Section of, or Exhibit, Annex or Schedule to, this Credit Agreement, (vi) the terms “include” and all variations thereof shall be deemed to be followed by the phrase “without limitation,” (vii) all accounting terms not otherwise defined herein shall have the respective meanings accorded to them under GAAP, and (viii) references to laws include their amendments and supplements, the rules and regulations thereunder and any successors thereto.

SECTION 1.2 Definitions.

For the purposes of this Credit Agreement, unless the context otherwise requires, the following terms shall have the respective meanings indicated:

“Acceptable L/C” shall mean either (i) an irrevocable letter of credit which: (a) is in form and on terms reasonably acceptable to the Administrative Agent, (b) is payable in Dollars at an office of the issuing or confirming bank in New York City or Los Angeles, and (c) is issued or confirmed by any Person that on the date of issuance or confirmation of the letter of credit is (x) a New York Clearinghouse bank, (y) a commercial bank or U.S. branch of a foreign commercial bank that has (or which is the principal operating Subsidiary of a holding company which has) long term senior unsecured debt outstanding with a rating of at least “A-” (or the equivalent of “A-”) from a nationally recognized statistical rating organization, and capital and surplus in excess of \$500,000,000, or (z) any other bank which the Administrative Agent may in its sole discretion determine to be of acceptable credit quality, or (ii) cash collateral acceptable to the Administrative Agent.

“Account Control Agreement” shall mean an account control agreement among the applicable Credit Party, the Administrative Agent and the applicable depository bank or securities intermediary, as the case may be, which such agreement shall be in form and substance reasonably satisfactory to the Administrative Agent.

“Acquisition” shall mean the acquisition of the Borrower by LGAC and LGAC 3, LLC, each of which is a wholly owned subsidiary of Lions Gate Entertainment Inc. on the Closing Date.

“Adjusted Excess Cash Flow” shall mean, for any fiscal quarter, all Excess Cash Flow, but excluding Breaking Dawn Cash Flow.

“Administrative Agent” shall mean JPMorgan Chase Bank, N.A., in its capacity as administrative agent for the Lenders hereunder, or such successor Administrative Agent as may be appointed pursuant to Section 12.11.

“Affiliate” shall mean, with respect to any specified Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such specified Person. For purposes of this definition, a Person shall be deemed to be “controlled by” another Person if such latter Person possesses, directly or indirectly, power either to direct or cause the direction of the management and policies of such controlled Person whether by contract or otherwise.

“Alternate Base Rate” shall mean, for any day, a rate per annum equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1%, and (iii) LIBOR for a one (1) month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%. For the purposes hereof, “Prime Rate” shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City. “Federal Funds Effective Rate” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three (3) Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate or LIBOR for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, then the Alternate Base Rate shall be determined without regard to clauses (ii) or (iii) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or LIBOR for a one (1) month Interest Period shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or LIBOR for a one (1) month Interest Period, respectively.

“Alternate Base Rate Loan” shall mean a Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article 2.

“Amendment and Restatement Effective Date” shall mean the date on which the Administrative Agent has received executed counterparts of this Credit Agreement, which, when taken together, bear the signatures of the Administrative Agent, each Initial 2012 Lender and the

Credit Parties.

“Applicable Law” shall mean all provisions of statutes, rules, regulations and orders of the United States of America, any state thereof or municipality or subdivision therein or of any foreign governmental body or of any regulatory agency applicable to the Person in question, and all orders and decrees of all courts and arbitrators in proceedings or actions in which the Person in question is a party.

“Applicable Margin” shall mean (i) in the case of Alternate Base Rate Loans, 4.50% per annum, and (ii) in the case of LIBOR Loans, 5.50% per annum.

“Approved Co-Financier” shall mean (i) PM/IN Finance, LLC, DreamWorks II Financial Services Co., LLC, DreamWorks Animation SKG, Inc., Metro-Goldwyn-Mayer Studios Inc., Regency Entertainment (USA), Inc., Monarchy Enterprises S.a.r.l., Lakeshore Entertainment Group and Alcon Entertainment, LLC, (ii) a Major Studio, (iii) any other Person whose production co-financing obligations are (a) secured by an Acceptable L/C, or (b) fully funded into a Production Account pursuant to an Approved Completion Bond and over which the Approved Completion Guarantor has a Production Account take over letter, before a Credit Party funds its share of the Negative Cost, or (c) fully funded into an escrow account pursuant to escrow arrangements reasonably acceptable to the Administrative Agent before a Credit Party funds its share of the Negative Cost, or (d) paid towards the Negative Cost before a Credit Party funds its share of the Negative Cost, or (iv) any other Person, if, at the time of entering into the Approved Co-Financing Transaction and at all times thereafter, the Borrower has sufficient liquidity (on a basis reasonably acceptable to the Administrative Agent) to fund such Person’s share of its obligations if such Person defaulted, and if doing so would not result in a violation of the exposure tests set forth in Section 4.2(a) or (b) with respect to the applicable Picture, (v) any co-financier listed on Schedule 1.1 attached hereto (in each case, solely with respect to the transactions described therein) or (vi) any other co-financier reasonably acceptable to the Administrative Agent; provided, that with respect to clauses (i), (ii), (v) and (vi), the Administrative Agent may in good faith using its reasonable credit judgment from time to time by written notice to the Borrower remove any such Person as an Approved Co-Financier on a prospective basis with respect to Pictures which have not yet been Greenlit.

“Approved Co-Financing Transaction” shall mean a co-financing transaction with respect to a Picture (i) in which each of the following are satisfied (a) the co-financing party is an Approved Co-Financier, (b) the Approved Co-Financier is either (1) not obtaining any interest in the copyright in and to such Picture or (2) obtaining an interest in the copyright in and to such Picture but has agreed in writing that it will have no right to take any action against a Credit Party with respect to or against such copyright for any reason, including, without limitation, a breach by a Credit Party of its obligations to such Approved Co-Financier pursuant to the applicable Co-Financing Agreement, (c) if the Approved Co-Financier is granted a Lien to secure a Credit Party’s co-financing obligations, it is subject to a Co-Financing Intercreditor Agreement and (d) the Approved Co-Financier is entitled to a percentage of receipts generated from such Picture that is (unless otherwise agreed by the Administrative Agent) equal to or less than the percentage of the aggregate P&A costs and/or Negative Cost that such Approved Co-Financier has funded relative to the total P&A costs and/or Negative Cost calculated on an aggregate basis taking into account

all amounts retained by a Credit Party, (ii) that is set forth on Schedule 6.23 hereto or (iii) as may otherwise be approved by the Administrative Agent.

“Approved Co-Financing Venture Counterparty” shall mean each of: (i) PM/IN Finance, LLC, (ii) any Approved Co-Financier pursuant to clauses (i) or (ii) of the definition thereof herein, (iii) any Approved Passive Counterparty and (iv) any other Person reasonably acceptable to the Administrative Agent, provided in each case that the Administrative Agent may in good faith using its reasonable credit judgment from time to time by written notice to the Borrower remove any Person as an Approved Co-Financing Venture Counterparty on a prospective basis with respect to Pictures which have not yet been Greenlit.

As used herein, “Approved Passive Counterparty” shall mean, with respect to a Co-Financing Venture Entity, any Person (a) whose production co-financing obligations with respect to the applicable Co-Financing Venture Picture are either (i) secured by an Acceptable L/C or (ii) fully funded into the applicable production account of such Co-Financing Venture Entity or into an escrow account pursuant to escrow arrangements reasonably acceptable to the Administrative Agent, in either case before a Credit Party funds or reimburses its share of the Negative Cost or (iii) paid towards the Negative Cost of such Co-Financing Venture Picture before a Credit Party funds or reimburses its share of such Negative Cost, (b) that is not the Distributor or sales agent with respect to such Co-Financing Venture Picture and (c) that is not acting as “lead studio” with respect to such Co-Financing Venture Picture, *i.e.*, as between a Credit Party and such Person, the Credit Party is acting as “lead studio” with all applicable day-to-day controls of such Co-Financing Venture Entity.

“Approved Co-Financing Venture Transaction” shall mean a co-financing venture transaction with respect to a Picture between a Credit Party and an Approved Co-Financing Venture Counterparty that satisfies all of the terms and conditions set forth on Schedule 3 hereto.

“Approved Completion Bond” shall mean with respect to a Picture, a completion bond, in form and substance satisfactory to the Administrative Agent, issued by an Approved Completion Guarantor, which bond (i) names the Administrative Agent (for the benefit of the Secured Parties), and in appropriate circumstances, the applicable Foreign Rights Lender, Approved Co-Financier, Approved Co-Financing Venture Counterparty, Credit Party or other appropriate Persons as beneficiaries and (ii) guarantees, subject to standard terms and conditions, due and timely delivery of such Picture by the delivery date set forth therein, or else payment to the Administrative Agent (on behalf of the Secured Parties) of an amount at least equal to (a) the Negative Cost of such Picture actually spent or provided for (other than the portion thereof provided by the relevant Approved Completion Guarantor or by the applicable Foreign Rights Lender, Approved Co-Financier, or Approved Co-Financing Venture Counterparty, limited with regard to the latter to the portion for which the Approved Completion Guarantor has a direct payment obligation to such Person), as well as interest, fees and costs related thereto, or (b), if such Picture is co-financed, the applicable Credit Party’s share of such Negative Cost, as well as interest, fees and costs related thereto.

“Approved Completion Guarantor” shall mean each of (i) Fireman’s Fund Insurance Company, acting through its agent, International Film Guarantors, LLC, (ii) FFI, subject to the

receipt and approval by the Administrative Agent of (x) FFI's current insurance support package for each 12-month period commencing in April of each year and/or other credit support and (y) a Lloyd's of London "cut through" endorsement providing a right to make claims directly against underwriters having credit quality acceptable to the Administrative Agent, it being acknowledged that the Administrative Agent has approved FFI through April 2012 and (iii) any other completion guarantor acceptable to the Administrative Agent; provided that in each case, the Administrative Agent may from time to time, in its good faith credit judgment, upon thirty (30) days' prior written notice to the Borrower remove any such Person as an Approved Completion Guarantor and/or establish or reduce exposure limits with respect thereto on a prospective basis with respect to any Picture for which an Approved Completion Bond has not been executed.

"Approved Domestic Distributor" shall mean (i) Summit Distribution, LLC or another Credit Party acceptable to the Administrative Agent, (ii) Lions Gate Entertainment Inc. and its wholly-owned Subsidiaries (other than the Borrower, the Borrower's Subsidiaries and any other "Unrestricted Subsidiaries" (as such term is defined in the LG Credit Agreement as in effect on the date hereof)), (iii) solely with respect to a Co-Financed Picture (but not a Co-Financing Venture Picture), any Major Studio, or (iv) any other motion picture Distributor acceptable to the Administrative Agent; provided that in each case the Administrative Agent may remove any such Person (other than Summit Distribution, LLC and Lions Gate Entertainment Inc. and its wholly-owned Subsidiaries (other than the Borrower, the Borrower's Subsidiaries and any other "Unrestricted Subsidiaries" (as such term is defined in the LG Credit Agreement as in effect on the date hereof))) that the Administrative Agent, acting in good faith, in its discretion, may deem appropriate, as an Approved Domestic Distributor on a prospective basis by written notice to the Borrower with respect to Pictures that have not yet been Greenlit.

"Arrangers" shall mean J.P. Morgan Securities LLC, Barclays Capital, the investment banking division of Barclays Bank PLC, and Jefferies Finance LLC, in their capacities as co-lead arrangers in connection with the Facility, and any successor thereof.

"Asset Coverage Certificate" shall mean an asset coverage certificate in substantially the form of Exhibit J, executed by an Authorized Officer of the Borrower and delivered to the Administrative Agent as required hereunder.

"Asset Coverage Ratio" shall mean the ratio of (i) the Specified Assets to (ii) total Indebtedness of the Credit Parties (including all extensions of credit under the Facility but excluding the intercompany note referred to in Section 6.1(v)).

"Assignment and Assumption" shall mean an agreement substantially in the form of Exhibit G, executed by the assignor, assignee and such other parties as contemplated thereby.

"Authorized Officer" shall mean, with respect to any Person, its Chief Executive Officer, President or Chief Financial Officer.

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as codified at 11 U.S.C. §§ 101 et seq.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” shall mean the Board of Directors of the Borrower.

“Bonded Budget” shall mean, with respect to any Picture, the final budget for such Picture as approved in writing by the applicable Approved Completion Guarantor on or prior to the date upon which the Approved Completion Bond is required to be delivered to the Administrative Agent hereunder, which final budget includes (i) all Negative Cost in respect of such Picture and (ii) any contingency required by the applicable Approved Completion Guarantor, and which may be increased after the effective date of the Approved Completion Bond to the extent such increases have been approved by the applicable Approved Completion Guarantor and are covered by the Approved Completion Bond; provided that the Borrower has sufficient liquidity (which, if not from available cash, is on a basis reasonably acceptable to the Administrative Agent) to fund its share of the modified Bonded Budget.

“Bookrunners” shall mean J.P. Morgan Securities LLC, Barclays Capital, the investment banking division of Barclays Bank PLC, and Jefferies Finance LLC, in their capacities as joint bookrunners in connection with the Facility, and any successor thereof.

“Borrower” shall mean Summit Entertainment, LLC, a Delaware limited liability company.

“Borrower LLC Agreement” shall mean the Second Amended and Restated Limited Liability Company Agreement of the Borrower, dated as of April 18, 2007, as amended on July 26, 2007, and as may be further amended, restated, supplemented or modified pursuant to the terms of Section 6.20 from time to time.

“Borrowing” shall mean a group of Loans of a single Type made, converted or continued on the same date and, in the case of LIBOR Loans, as to which a single Interest Period is in effect.

“Borrowing Notice” shall mean a borrowing notice, substantially in the form of Exhibit F, executed by an Authorized Officer of the Borrower and delivered to the Administrative Agent in connection with each Borrowing.

“Breaking Dawn 1” shall mean the feature motion picture titled “The Twilight Saga: Breaking Dawn – Part 1”.

“Breaking Dawn 2” shall mean the feature motion picture tentatively titled “The Twilight Saga: Breaking Dawn – Part 2”.

“Breaking Dawn Cash Flow” shall mean, for any period, the cash received by the Credit Parties (or credited to any of them to satisfy obligations of a Credit Party to a third party which obligations are unrelated to *Breaking Dawn 1* or *Breaking Dawn 2*) that was derived from *Breaking Dawn 1* and *Breaking Dawn 2*, net of (a) third party cash expenses (including Sales

Expenses payable pursuant to the Services Agreement) for such Pictures (which shall only include distribution expenses, participations, residuals and remaining negative cost), Sales Fees payable to Servicer in respect of such Pictures pursuant to the Services Agreement and amounts contractually required to be paid to Foreign Rights Lenders from the proceeds of such Pictures, in each case actually paid in cash and (b) the Breaking Dawn Expense Reserve Amount which has been reserved pursuant to Section 7 of the Services Agreement; provided, that if any such reserved amounts are released pursuant to the Services Agreement, such reserved amounts shall be counted as cash received during the fiscal quarter in which such amounts were intended to be used. For the avoidance of doubt, (i) this amount is to be determined strictly on a cash basis (but shall include (x) amounts credited to satisfy obligations of a Credit Party to a third party (which obligations are unrelated to *Breaking Dawn 1* or *Breaking Dawn 2*) and (y) the reserved amounts set forth above) and (ii) cash paid by a foreign Distributor in respect of *Breaking Dawn 1* and *Breaking Dawn 2* (whether paid to a Foreign Rights Borrower or to a Credit Party) in excess of amounts owed to the applicable Foreign Rights Agent (if any) shall be included in Breaking Dawn Cash Flow.

“Breaking Dawn Expense Reserve Amount” shall have the meaning set forth in the Services Agreement.

“Business Day” shall mean any day other than a Saturday, Sunday or other day on which banks are required or permitted to close in either the State of New York or the State of California; provided, however, that when used in connection with a LIBOR Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in Dollar deposits on the London Interbank Market.

“Business Plan” shall mean an annual business plan for the Borrower and its Consolidated Subsidiaries in a form reasonably acceptable to the Administrative Agent.

“Capital Expenditures” shall mean, with respect to any Person for any period, the aggregate of all expenditures (whether paid in cash or accrued as a liability) by such Person during that period which, in accordance with GAAP, are or should be included in “additions to property, plant or equipment” or similar items included in the statement of cash flows (including Capital Leases). For purposes of this definition, the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment or with insurance proceeds shall be included in Capital Expenditures only to the extent of the gross amount of such purchase price less the credit granted by the seller of such equipment for the equipment being traded in at such time, or the amount of such proceeds, as the case may be.

“Capital Lease” shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee which, in accordance with GAAP, is or should be accounted for as a capital lease on the balance sheet of such Person, and the amount of obligations in respect of a Capital Lease shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Collateral Account” shall have the meaning given to such term in Section 11.1.

“Cash Equivalents” shall mean (i) direct obligations of, or obligations the principal

of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one (1) year from the date of acquisition thereof, (ii) investments in commercial paper maturing within two hundred seventy (270) days from the date of acquisition thereof and having, at such date of acquisition, a credit rating of at least A-1 from S&P or Prime-1 from Moody's, (iii) investments in certificates of deposit, banker's acceptances and time deposits maturing within one hundred eighty (180) days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any U.S. office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than \$5,000,000,000, (iv) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria described in clause (iii) above, and (v) money market funds that (a) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, as amended, (b) are rated AAA by S&P or Aaa by Moody's, and (c) have portfolio assets of at least \$5,000,000,000.

"Change in Control" shall mean:

(a) Lions Gate Entertainment Corp. shall cease to own, directly or indirectly, at least 90% of the Equity Interests of the Borrower; or

(b) the occurrence of a "Change in Control" as defined in the LG Credit Agreement as in effect on the Closing Date.

"Change in Law" shall mean (i) the adoption of any applicable law, rule or regulation after the Closing Date, (ii) any change in any applicable law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date hereof, or (iii) compliance by any Lender (or, for purposes of Section 2.8(b), by any Lending Office of such Lender or by such Lender's holding company, if any) with any applicable request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date; provided, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change in Management" shall mean Lions Gate Entertainment Corp. (or a wholly owned Subsidiary thereof) ceases to be in control of the management of the Borrower.

"Closing Date" shall mean the date on which the conditions precedent set forth in Section 4.1 were satisfied or waived and the extension of credit hereunder has been made (i.e., January 13, 2012).

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Co-Financed Picture” shall mean a Picture for which the co-financing arrangements with respect thereto satisfy the requirements of an Approved Co-Financing Transaction or an Approved Co-Financing Venture Transaction.

“Co-Financing Agreement” shall mean an agreement between a Credit Party and an Approved Co-Financier relating to an Approved Co-Financing Transaction, as the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time in accordance with the terms hereof and thereof.

“Co-Financing Intercreditor Agreement” shall mean, in respect of a Co-Financed Picture, an intercreditor agreement among the Administrative Agent, the applicable Credit Party, the applicable Approved Co-Financier, the Approved Completion Guarantor, if applicable, and any other appropriate Persons, in form and substance satisfactory to the Administrative Agent in all respects (as the same may be amended, supplemented or otherwise modified, renewed, restated or replaced from time to time in accordance with the terms hereof and thereof).

“Co-Financing Venture Agreement” shall mean an agreement between a Credit Party and an Approved Co-Financing Venture Counterparty relating to an Approved Co-Financing Venture Transaction, in form and substance reasonably satisfactory to the Administrative Agent, as the same may be amended, supplemented or otherwise modified, renewed, restated or replaced from time to time in accordance with the terms hereof and thereof.

“Co-Financing Venture Entity” shall mean a special purpose, joint venture entity, created to produce, acquire, own or control any right, title or interest in and to a Picture pursuant to an Approved Co-Financing Venture Transaction, and 100% of the Equity Interests of which are owned by a Credit Party and by an Approved Co-Financing Venture Counterparty pro rata in proportion to their respective beneficial ownership interests in the relevant Picture and their corresponding contributions to P&A, the Negative Cost or both thereof.

“Co-Financing Venture Interparty Agreement” shall mean, in respect of any Approved Co-Financing Venture Transaction, an interparty agreement among the Administrative Agent, the applicable Credit Party, the applicable Approved Co-Financing Venture Counterparty and, if applicable, its lenders (or appropriate representatives on their behalf) and any other applicable parties, in form and substance reasonably satisfactory to the Administrative Agent (as the same may be amended, supplemented or otherwise modified, renewed, restated or replaced from time to time in accordance with the terms hereof and thereof) and governing, among other things, the terms of the applicable Approved Co-Financing Venture Transaction as between the Credit Parties and the Administrative Agent on the one hand, and the applicable Approved Co-Financing Venture Counterparty and its lenders (or such representatives) on the other hand, consistent, as to intercreditor matters, with the terms and conditions set forth on Schedule 3 hereto.

“Co-Financing Venture Picture” shall mean a Picture produced or acquired through an Approved Co-Financing Venture Transaction.

“Collateral” shall mean, with respect to each Credit Party, all of such Credit Party’s right, title and interest in and to all personal property, tangible and intangible, wherever located or situated and whether now owned, currently existing or hereafter acquired or created, including, but not limited to, all goods, accounts, instruments, inter-company obligations, contract rights, partnership and joint venture interests (including, without limitation, Equity Interests in Co-Financing Venture Entities), documents, chattel paper, general intangibles, goodwill, equipment, fixtures, machinery, inventory, investment property, copyrights, patents, trademarks, trade names, insurance policies (including any key man policies), insurance proceeds, cash, deposit accounts, letter of credit rights, the Pledged Securities and other securities, all amounts on deposit in any Collection Account and Cash Collateral Account and any proceeds of any thereof, products of any thereof or income from any thereof, further including but not limited to, all of such Credit Party’s right, title and interest in and to each and every item and type of Picture, the scenario, screenplay or script upon which a Picture is based, all of the properties thereof, tangible and intangible, and all domestic and foreign copyrights and all other rights therein and thereto, of every kind and character, whether now in existence or hereafter to be made or produced, and whether or not in possession of such Credit Party, including with respect to each and every Picture and without limiting the foregoing language, each and all of the following particular rights and properties (in each case to the extent they are now owned or hereafter created or acquired by such Credit Party):

(i) all scenarios, screenplays, teleplays and/or scripts at every stage thereof;

(ii) all common law and/or statutory copyright and other rights in all literary and other properties (hereinafter called “said literary properties”) which form the basis of such Picture and/or which are or will be incorporated into such Picture, all component parts of such Picture consisting of said literary properties, all motion picture, television program or other rights in and to the story, all treatments of said story and said literary properties, together with all preliminary and final screenplays used and to be used in connection with such Picture, and all other literary material upon which such Picture is based or from which it is adapted;

(iii) all rights for all media in and to all music and musical compositions used and to be used in such Picture, if any, including, each without limitation, all rights to record, re-record, produce, reproduce or synchronize all of said music and musical compositions, including, without limitation, reuse fees, royalties and all other amounts payable with respect to said music and musical compositions;

(iv) all tangible personal property relating to such Picture, including, without limitation, all exposed film, developed film, positives, negatives, prints, positive prints, answer prints, magnetic tapes and other digital or electronic storage media, special effects, preparing materials (including interpositives, duplicate negatives, internegatives, color reversals, intermediates, lavenders, fine grain master prints and matrices, and all other forms of pre-print elements), sound tracks, cutouts, trims and any and all other physical properties of every kind and nature relating to such Picture whether in completed form or in some state of completion, and all masters, duplicates, drafts, versions, variations and copies of each thereof, in all formats whether on film, videotape, disk or otherwise and all music sheets and promotional materials relating to such Picture (collectively, the “Physical Materials”);

(v) all collateral, allied, subsidiary and merchandising rights appurtenant or related to such Picture including, without limitation, the following rights: all rights to produce remakes, spin-offs, sequels or prequels to such Picture based upon such Picture, said literary properties or the theme of such Picture and/or the text or any part of said literary properties; all rights throughout the world to broadcast, transmit and/or reproduce by means of television (including commercially sponsored, sustaining and subscription or “pay” television) or by any process analogous thereto, now known or hereafter devised, such Picture or any remake, spin-off, sequel or prequel to the Picture; all rights to produce primarily for television or similar use, a motion picture or series of motion pictures, or other Picture by use of film or any other recording device or medium now known or hereafter devised, based upon such Picture, said literary properties or any part thereof, including, without limitation, based upon any script, scenario or the like used in such Picture; all merchandising rights including, without limitation, all rights to use, exploit and license others to use and exploit any and all commercial tie-ups of any kind arising out of or connected with said literary properties, such Picture, the title or titles of such Picture, the characters of such Picture and/or said literary properties and/or the names or characteristics of said characters and including further, without limitation, any and all commercial exploitation in connection with or related to such Picture, any remake, spin-off, sequel or prequel thereof and/or said literary properties;

(vi) all statutory copyrights, domestic and foreign, obtained or to be obtained on such Picture, together with any and all copyrights obtained or to be obtained in connection with such Picture or any underlying or component elements of such Picture, including, in each case without limitation, all copyrights on the property described in subparagraphs (i) through (v) inclusive, of this definition, together with the right to copyright (and all rights to renew or extend such copyrights, if applicable) and the right to sue in the name of such Credit Party for past, present and future infringements of copyright;

(vii) all insurance policies and completion bonds connected with such Picture and all proceeds which may be derived therefrom;

(viii) all rights to distribute, sell, rent, license the exhibition of and otherwise exploit and turn to account such Picture in all media (whether now known or hereafter developed), the Physical Materials, the motion picture, television program or other rights in and to the story and/or other literary material upon which such Picture is based or from which it is adapted, and the music and musical compositions used or to be used in such Picture;

(ix) any and all sums, claims, proceeds, money, products, profits or increases, including money profits or increases (as those terms are used in the UCC or otherwise) or other property obtained or to be obtained from the distribution, exhibition, sale or other uses or dispositions of such Picture or any part of such Picture in all media (whether now known or hereafter developed), including, without limitation, all sums, claims, proceeds, profits, products and increases, whether in money or otherwise, from a sale and leaseback or other sale, rental or licensing of such Picture and/or any of the elements of such Picture including, without limitation, from collateral, allied, subsidiary and merchandising rights, and further including, without limitation, all monies held in any Collection Account;

(x) the dramatic, nondramatic, stage, television, radio and publishing rights, title

and interest in and to such Picture, and the right to obtain copyrights and renewals of copyrights therein, if applicable;

(xi) the name or title of such Picture and all rights of such Credit Party to the use thereof, including, without limitation, rights protected pursuant to trademark, service mark, unfair competition and/or any other applicable statutes, common law, or other rule or principle of law;

(xii) any and all contract rights and/or chattel paper which may arise in connection with such Picture;

(xiii) all accounts and/or other rights to payment which such Credit Party currently owns or which may arise in favor of such Credit Party in the future, including, without limitation, any refund or rebate in connection with a completion bond or otherwise, any and all refunds in connection with any VAT or value added tax, all accounts and/or rights to payment due from Persons in connection with the distribution of such Picture, or from the exploitation of any and all of the collateral, allied, subsidiary, merchandising and other rights in connection with such Picture, including tax refunds and tax rebates received in connection with tax incentives;

(xiv) any and all “general intangibles” (as that term is defined in Section 9□102(42) of the UCC) not elsewhere included in this definition, including, without limitation, any and all general intangibles consisting of any right to payment which may arise in connection with the distribution or exploitation of any of the rights set out herein, and any and all general intangible rights in favor of such Credit Party for services or other performances by any third parties, including actors, writers, directors, individual producers and/or any and all other performing or nonperforming artists in any way connected with such Picture, any and all general intangible rights in favor of such Credit Party relating to licenses of sound or other equipment, or licenses for any photograph or photographic or other processes, and any and all general intangibles related to the distribution or exploitation of such Picture including general intangibles related to or which grow out of the exhibition of such Picture and the exploitation of any and all other rights in such Picture set out in this definition;

(xv) any and all “goods” (as defined in Section 9□102(44) of the UCC) including, without limitation, “inventory” (as defined in Section 9□102(48) of the UCC) which may arise in connection with the creation, production or delivery of such Picture, which goods are owned by such Credit Party pursuant to any production agreement or Distribution Agreement or otherwise;

(xvi) all and each of the rights, regardless of denomination, which arise in connection with the acquisition, creation, production, completion of production, delivery, distribution, or other exploitation of such Picture, including, without limitation, any and all rights in favor of such Credit Party, the ownership or control of which are or may become necessary or desirable, in the reasonable opinion of the Administrative Agent, in order to complete production of such Picture in the event that the Administrative Agent exercises any rights it may have to take over and complete production of such Picture;

(xvii) any and all documents issued by any pledgeholder or bailee with respect to such Picture or any Physical Materials (whether or not in completed form) with respect thereto;

(xviii) any and all Production Accounts or other bank accounts established by such Credit Party with respect to such Picture;

(xix) any and all rights of such Credit Party under any Distribution Agreements relating to such Picture, including, without limitation, all rights to payment thereunder;

(xx) any and all rights of such Credit Party under contracts relating to the production or acquisition of such Picture or otherwise, including, but not limited to, all such contracts which have been delivered to the Administrative Agent pursuant to this Credit Agreement;

(xxi) any and all patents, patent rights, software, proprietary processes or other rights with respect to the creation or production of computer animated Pictures; and

(xxii) any rebates, credits, grants or other similar benefits relating to any Picture;

provided, however, that anything to the contrary herein notwithstanding, the Collateral shall not include any Equity Interests issued by a Controlled Foreign Corporation in excess of 65% of the issued and outstanding Equity Interests in such Controlled Foreign Corporation, and provided, further, that no security interest shall be deemed granted in any U.S. trademark application filed, in whole or in part, on an intent to use the subject trademark (“ITU Application”), for which an Amendment to Allege Use or Statement of Use has not been filed under 15 U.S.C. §1051(c) or 15 U.S.C. § 1051(d), respectively, or if filed, has not been deemed in conformance with 15 U.S.C. § 1051(a) or (c). Notwithstanding the foregoing, ITU Applications shall be included in the Collateral after an Amendment to Allege Use or a Statement of Use has been filed, and has been deemed in conformance with 15 U.S.C. § 1051(a) or (c), respectively, and accepted by the U.S. Patent & Trademark Office. For the avoidance of doubt, the Collateral shall include, with respect to each Credit Party, all of such Credit Party’s right, title and interest in and to any independent common law rights in the trademarks or service marks that are the subject of the ITU Applications, whether now owned, currently existing or hereafter acquired or created.

“Collection Account” shall have the meaning given to such term in Section 8.3(a).

“Comerica Agent” shall mean Comerica Bank, N.A., in its capacity as collateral agent under the Existing Comerica Loan Facility.

“Commitment” shall mean the commitment of each Lender to make Loans to the Borrower up to an aggregate amount not in excess of the amount set forth (i) opposite its name in the Schedule of Commitments, or (ii) in any applicable Assignment and Assumption(s) to which it may be a party, as the case may be.

“Competitor” shall mean a Person (other than any Affiliate of the Borrower) engaged, directly or indirectly, in any one or more of the development, production, marketing, distribution and/or exploitation of motion pictures; it being agreed that (a) a Person providing passive financing for any of the foregoing activities (including, for the avoidance of doubt, any such passive financier that succeeds to ownership of a Person engaged in any of the foregoing activities through foreclosure of a Lien) and it or its designees serving as managers, managing members, general partners or

directors of another Person in connection with its passive investment, shall not be deemed to be a “Competitor” unless that Person is also engaged in one or more of the foregoing activities, and (b) General Electric Capital Corporation is not a “Competitor.”

“Complete” or “Completed” or “Completion” shall mean that, with respect to any Picture, (i) sufficient elements thereof have been delivered by the applicable Credit Party or Co-Financing Venture Entity (as applicable) to, and accepted, deemed accepted and/or exploited by, the applicable Approved Domestic Distributor to permit it to exhibit the Picture in the theatrical or other medium for which the Picture is intended for initial exploitation in the United States of America or elsewhere, or (ii) if such Picture was acquired by a Credit Party or Co-Financing Venture Entity from a third Person, the entire fixed acquisition price or minimum advance shall have been paid to the extent then due, sufficient elements thereof have been made available to the applicable Credit Party to permit it to exhibit the Picture in the theatrical or other medium for which the Picture is intended for initial exploitation in the United States of America or elsewhere, and there is no condition or event, other than the payment of money not yet due (solely based on economic performance of the Picture), the occurrence of which might result in the applicable Credit Party or Co-Financing Venture Entity losing any of its rights in such Picture.

“Consolidated” shall mean, when used to modify a financial term, test, statement, or report of a Person, the application or preparation of such term, test, statement or report (as applicable) based upon the consolidation, in accordance with GAAP, of the financial condition or operating results of such Person and its Subsidiaries.

“Consolidated Subsidiaries” shall mean, with respect to any Person at any time, all Subsidiaries of such Person which are required or permitted to be consolidated with such Person for financial reporting purposes in accordance with GAAP.

“Consolidating Financial Information” shall have the meaning given to such term in Section 5.1(a).

“Contribution Agreement” shall mean a Contribution Agreement, substantially in the form of Exhibit L, as the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time.

“Controlled Foreign Corporation” shall mean a Subsidiary that is a “controlled foreign corporation” as defined in Section 957(a) of the Code or any successor provision thereto, so long as there is a reasonable expectation that such Subsidiary will have earnings and profits the U.S. taxation of which may be deferred.

“Copyright Security Agreement” shall mean a Copyright Security Agreement, substantially in the form of Exhibit B-1 that was filed in the U.S. Copyright Office, as the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time by delivery of a Copyright Security Agreement Supplement or otherwise.

“Copyright Security Agreement Supplement” shall mean a Copyright Security Agreement Supplement substantially in the form of Exhibit B-2 to be filed in the U.S. Copyright

Office, as amended, supplemented or otherwise modified, renewed or replaced from time to time.

“Credit Parties” shall mean collectively, the Borrower and each of the Guarantors.

“Default” shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

“Defaulting Lender” shall mean any Lender, as determined by the Administrative Agent, that has (i) failed to fund any portion of its Loans within three (3) Business Days of the date required to be funded by it hereunder, unless determined by the Administrative Agent in its sole discretion to be the subject of a good faith dispute, (ii) notified the Administrative Agent, any Lender (subject to such Lender having given notice thereof to the Administrative Agent) or the Borrower (subject to the Borrower having given notice thereof to the Administrative Agent) in writing that it does not intend to comply with any of its funding obligations under this Credit Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Credit Agreement or under other agreements in which it commits to extend credit, unless with respect to such other agreements, the Administrative Agent, in its sole discretion, determines there to be a good faith dispute, (iii) failed, within three (3) Business Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Credit Agreement relating to its obligations to fund prospective Loans, (iv) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless determined by the Administrative Agent in its sole discretion to be the subject of a good faith dispute, or (v) (A) become or is insolvent or has a parent company that has become or is insolvent, or (B) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not become a Defaulting Lender pursuant to this clause (v) solely as a result of the acquisition or maintenance of an ownership interest in such Lender or Person controlling such Lender, or the exercise of control over such Lender or Person controlling such Lender, in each case by a Governmental Authority or instrumentality thereof.

“DGA” shall mean Directors Guild of America, Inc.

“Disposition” shall mean any sale, assignment, transfer or other disposition of any assets (whether now owned or hereafter acquired) by the Borrower or any of its Subsidiaries to any Person that is not a Credit Party, excluding (i) any sale, assignment, transfer or other disposition of any property sold or disposed of in the ordinary course of business and on ordinary business terms (including, without limitation, any sale of tax credits as permitted under Section 6.8), (ii) any Permitted Encumbrance, and (iii) any sale, license or transfer of distribution rights, including underlying rights, for a Picture in the ordinary course of business. For the avoidance of doubt, outright sales of foreign distribution rights in perpetuity for Pictures which are not subject to a Foreign Rights Loan are Dispositions hereunder.

“Disqualified Capital Stock” shall mean any Equity Interest other than any Equity Interests of the Borrower of the type currently outstanding and described in the Borrower LLC Agreement in effect as of the Closing Date, which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder or beneficial owner thereof, in whole or in part, at any time on or prior to the Maturity Date, (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or other evidences of indebtedness or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to the Maturity Date, (c) contains any repurchase obligation which may come into effect prior to payment in full of all Obligations, (d) requires mandatory distributions or other mandatory payments, or (e) with respect to a Credit Party, other than the Borrower, a Non-Theatrical Subsidiary, a Special Purpose Producer, or a Co-Financing Venture Entity, provides the holder or beneficial owner of such Equity Interest the right to veto or consent to any matters or action by such Credit Party other than voting in proportion to, and without preference over, all Equity Interests of all classes of such Credit Party.

“Distribution Agreement” shall mean any distribution agreement or license agreement heretofore or hereafter entered into by a Credit Party, Foreign Rights Borrower, Co-Financing Venture Entity or Licensing Intermediary (or in either case a sales agent on its behalf), as licensor, with a Distributor, as licensee, with respect to the distribution, license or other exploitation of one or more Pictures in any medium, as any such agreement may be amended, supplemented or otherwise modified, renewed or replaced from time to time as permitted herein.

“Distributor” shall mean any entity which a Credit Party, Foreign Rights Borrower, Co-Financing Venture Entity or Licensing Intermediary (or, in each case, a sales agent on its behalf) engages to distribute, license or otherwise exploit any Picture in any medium.

“Dollars” and “\$” shall mean lawful money of the United States of America.

“domestic” shall mean in, of or relating to the United States of America, any State thereof, the District of Columbia, and its territories and possessions, and Canada, any province thereof, and its territories and possessions.

“Environmental Laws” shall mean any and all federal, state, local, provincial and foreign, civil and criminal laws, statutes, ordinances, orders, common law, codes, rules, regulations, environmental permits, judgments, decrees, injunctions, or agreements with any Governmental Authority, relating to the protection of health and the environment, worker health and safety, and/or governing the handling, use, generation, treatment, storage, transportation, disposal, manufacture, distribution, formulation, packaging, labeling, or Release of or exposure to Hazardous Materials, as now or at any time hereafter in effect, including without limitation, the Clean Water Act also known as the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq., the Clean Air Act, 42 U.S.C. §§ 7401 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq., the Surface Mining Control and Reclamation Act, 30 U.S.C. §§ 1201 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Superfund Amendments and Reauthorization Act of 1986, Public Law 99□499, 100

Stat. 1613, the Emergency Planning and Community Right to Know Act, 42 U.S.C. §§ 11001 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Occupational Safety and Health Act as amended, 29 U.S.C. § 655 and § 657, together, in each case, with the publications promulgated thereunder and any and all analogous state, local and foreign laws.

“Equity Interests” shall mean shares of the capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any Person or any warrants, options or other rights to acquire such interests.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as heretofore and hereafter amended, as codified at 29 U.S.C. § 1001 et seq.

“ERISA Affiliate” shall mean each Person (as defined in Section 3(9) of ERISA) which is treated as a single employer with any Credit Party under Section 414(b), (c), (m) or (o) of the Code.

“Event of Default” shall have the meaning given to such term in Article 7.

“Excess Cash Flow” shall mean, for any period, (x) the cash received by the Credit Parties from all sources in excess of (y) the aggregate cash disbursements for corporate purposes permitted hereunder (other than Permitted Distributions), as well as the Released Picture Expense Reserve Amount, the Unreleased Picture Expense Reserve Amount and the New Picture Expense Reserve Amount, in each case which is reserved pursuant to Section 7 of the Services Agreement; provided, that (1) Borrower shall maintain such reserve in a Credit Party account that is subject to an Account Control Agreement and (2) if any such reserved amounts are released pursuant to the Services Agreement, such reserved amounts shall be counted as cash received during the fiscal quarter in which such a determination is made. For the avoidance of doubt, (i) this amount is to be determined strictly on a cash basis (but shall include the reserved amounts set forth above), and (ii) cash paid by a foreign Distributor (whether paid to a Foreign Rights Borrower or to a Credit Party) in excess of amounts owed to the applicable Foreign Rights Agent (if any) shall be included in Excess Cash Flow.

“Excluded Liens” shall mean Liens (i) granted to SAG, DGA and WGA; (ii) unless they are the subject of UCC filings, Liens customarily granted or incurred in the ordinary course of business with regard to goods provided or services rendered by laboratories and production houses, record warehouses, common carriers, landlords, warehousemen, mechanics and suppliers of materials and equipment; provided such Liens are limited to the goods provided or to the goods relating to which services were rendered; (iii) granted to Distributors to secure distribution rights under Distribution Agreements where the amount anticipated to be received in respect of any such Distribution Agreement from and after the Closing Date is not reasonably anticipated to exceed \$2,000,000; and (iv) securing the Existing Comerica Loan Facility.

“Excluded Subsidiaries” shall mean:

(a) Controlled Foreign Corporations;

(b) Immaterial Subsidiaries;

(c) Foreign Rights Borrowers and any production services company formed in respect of a Picture which is the subject of a Foreign Rights Loan;

(d) Special Purpose Producers;

(e) Non-Theatrical Subsidiaries; and

(f) Co-Financing Venture Entities and their Subsidiaries.

“Excluded Taxes” shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of a Credit Party hereunder, (i) income or franchise taxes imposed on (or measured by) such Person’s net income by the United States of America, or by the jurisdiction under the laws of which such Person is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, (ii) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which such Person is located, (iii) any withholding tax (in the case of a Foreign Lender) or backup withholding tax (in the case of any other Lender) that (x) is imposed on amounts payable to such Lender at the time such Lender becomes a party to this Credit Agreement (or designates a new Lending Office) or (y) is attributable to such Lender’s failure to comply with Section 2.11(e) or Section 2.11(f), except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from a Credit Party with respect to such withholding tax pursuant to Section 2.11(a), and (iv) taxes imposed by Section 1471 through 1474 of the Code as in effect on the date of this Credit Agreement and any current or future regulations or official interpretations thereof.

“Existing Credit Agreement” shall have the meaning given to such term in the Introductory Statement hereto.

“Existing Comerica Loan Facility” shall mean that certain Ultimates Facility Credit Agreement, dated as of April 18, 2007, among the Borrower, the financial institutions party thereto, as lenders, and HSBC Bank USA, N.A., as Ultimates Facility Agent, as amended or otherwise modified from time to time through the Closing Date and, with the consent of the Administrative Agent, subsequent to the date hereof.

“Facility” shall have the meaning given to such term in the Introductory Statement.

“Federal Securities Laws” shall have the meaning given to such term in Section 10.7.

“FFI” shall mean Film Finances, Inc.

“Finance Parties” shall mean, collectively, the Credit Parties and the Excluded Subsidiaries.

“First Cycle Period” shall mean, for any Seasoned Picture, the ten-year period commencing on the date of the first U.S. theatrical release of such Seasoned Picture.

“Fixed Charge Coverage Ratio” shall mean, for each applicable measurement period, the ratio of (a) the sum (without double counting) of all cash received from released Pictures and from sales agency fees, in each case of the Credit Parties, less the sum of (i) the amount of the obligations secured by minimum guarantees paid in cash, plus (ii) acquisition and production costs paid in cash, net of the proceeds of Foreign Rights Loans, subsidies and co-financings (including co-financings structured as revenue participations), plus (iii) cash distribution expenses (other than P&A expenditures), plus (iv) cash residuals and participations, plus (v) cash general and administrative expenses (as such term is ordinarily understood in the presentation of an income statement in accordance with GAAP), plus (vi) cash operational capital expenditures, plus (vii) cash development expenses (if not funded via discrete limited recourse production loans), plus (viii) tax obligations (which shall include amounts reserved for tax distributions to its members), to (b) the sum of (i) interest expense on the Facility, plus (ii) payments of the Loan required pursuant to Section 2.1(c), less the amount of any reduction to such payments (as a result of other mandatory prepayments, but not voluntary prepayments) pursuant to the penultimate sentence of Section 2.1(c); provided, that with respect to each of the first three quarters ending immediately following the Closing Date, clause (b) shall be calculated by annualizing each component thereof for each quarter ending after the Closing Date.

“Foreign Lender” shall mean any Lender that is not a United States person, within the meaning of Section 7701(a)(30) of the Code.

“Foreign Rights Agent” shall mean the administrative agent acting on behalf of the Foreign Rights Lenders under a Foreign Rights Loan.

“Foreign Rights Borrower” shall mean a special purpose Subsidiary (which may be a Co-Financing Venture Entity) created for the purpose of becoming the borrower of a Foreign Rights Loan.

“Foreign Rights Lender” shall mean the lender of a Foreign Rights Loan.

“Foreign Rights Loan” shall mean a production loan for a particular Picture that satisfies the following conditions: (i) the loan is made to a Foreign Rights Borrower which is a producer-for-hire but otherwise does not own any rights in such Picture (other than foreign distribution rights and, if such Foreign Rights Borrower will be used to obtain additional financing of the type referred to in Section 6.1(u), rights to the applicable subsidies or other soft money benefits); (ii) such Picture shall be owned by the Borrower or a Co-Financing Venture Entity and all distribution rights shall be licensed to Lions Gate Films, Inc. (as contemplated by the Services Agreement) or to Summit Distribution, LLC, other than the foreign distribution rights which may be licensed to or retained by the Foreign Rights Borrower; (iii) the loan shall be secured by the Foreign Rights Borrower’s rights in the Picture (but limited to foreign distribution rights (and, to the extent necessary to exploit such rights, a non-exclusive right of access to film elements) and, if such loan includes financing of the type referred to in Section 6.1(u), rights to the applicable subsidies or other soft money benefits), (iv) the loan may be secured by a pledge of foreign rights in the

Picture (and, to the extent necessary to exploit such rights, a non-exclusive right of access to film elements) from the Borrower and/or Summit Distribution, LLC, but the loan shall otherwise be non-recourse to any Credit Party (including the Borrower and Summit Distribution, LLC) and (v) the Foreign Rights Agent with respect to such loan shall have entered into an Interparty Agreement with the Administrative Agent (other than with respect to any such loans made prior to the Closing Date). Notwithstanding the foregoing, with respect to Foreign Rights Loan transactions entered into after the Closing Date, the Foreign Rights Borrower may also own or control domestic distribution rights in such Picture and the Foreign Rights Borrower, Borrower or Summit Distribution, LLC (as applicable) may pledge such rights to the Foreign Rights Lender, so long as such Foreign Rights Loan transaction is otherwise reasonably acceptable to the Administrative Agent (it being agreed that the Administrative Agent's reasonable approval rights include the ability to require that, unless the payor of any minimum guaranty or similar payment to the Foreign Rights Borrower or Summit Distribution, LLC, as applicable, corresponding to the portion of the Foreign Rights Loan made in respect of the domestic rights is in default of such payment obligation, the Foreign Rights Lender may not claim against the domestic rights and it will release its lien on such domestic rights when such payment is made).

"Fundamental Documents" shall mean this Credit Agreement, the Notes, the Pledgeholder Agreements, Laboratory Access Letters (solely with respect to the Administrative Agent's rights thereunder), the Copyright Security Agreement, the Copyright Security Agreement Supplements, Trademark Security Agreements (and any supplements thereto), the Notices of Assignment, the Instruments of Assumption and Joinder, the Account Control Agreements, each Interparty Agreement, the Contribution Agreement, each Co-Financing Intercreditor Agreement, all security documentation entered into by each Co-Financing Venture Entity and each Foreign Rights Borrower in favor of the Administrative Agent, the Co-Financing Venture Interparty Agreements, each Borrowing Notice, all security documentation executed by a Licensing Intermediary in favor of the Administrative Agent in respect of a Picture, the Existing Comerica Loan Facility and all security documentation and intercreditor agreements executed in connection therewith, any fee letter and any commitment letter in respect of the Facility entered into by Lions Gate Entertainment Corp. and the Persons who are Lenders on the Closing Date, UCC financing statements and any other material ancillary documentation which is required to be or is otherwise executed by any Credit Party and delivered to the Administrative Agent in connection with this Credit Agreement or any of the documents listed above (including any amendments or modifications to any of the documents listed above).

"Funding Office" shall mean the offices of JPMorgan Chase Bank, N.A., JPMorgan Loan Services, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603, Attention: Darren Cunningham (telecopy no. (888) 292-9533) for credit to the JPMorgan Clearing Account (with a specific reference to "Summit Entertainment, LLC").

"GAAP" shall mean generally accepted accounting principles in the United States of America in effect from time to time consistently applied (except for accounting changes in response to FASB releases, or other authoritative pronouncements).

"Governmental Authority" shall mean any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or any court, in

each case whether of the United States of America or any foreign jurisdiction.

“Greenlit” or “Greenlight” or “Greenlighting” shall mean, with respect to a Picture, that such Picture is or has been greenlit pursuant to the terms of the Borrower LLC Agreement.

“Guarantors” shall mean LGAC and any direct and indirect Subsidiaries of it and the Borrower which now exist and which may from time to time be created or acquired, but excluding the Excluded Subsidiaries.

“Guaranty” shall mean, as to any Person, any direct or indirect obligation of such Person guaranteeing or intended to guarantee any Indebtedness, Capital Lease, dividend or other monetary obligation (“primary obligation”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (a) for the purchase or payment of any such primary obligation, or (b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or (iii) to purchase property, securities or services, in each case, primarily for the purpose of assuring the performance by the primary obligor of any such primary obligation; provided, however, that the term Guaranty shall not include endorsements for collection or collections for deposit, in either case in the ordinary course of business. The amount of any Guaranty shall be deemed to be an amount equal to the lesser of (x) the stated or determinable amount of the primary obligation in respect of which such Guaranty is made (or, if the amount of such primary obligation is not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder)), or (y) the stated maximum liability under such Guaranty.

“Hazardous Material” means petroleum, petroleum hydrocarbons or petroleum products, petroleum by-products, radioactive materials, asbestos or asbestos-containing materials, gasoline, diesel fuel, pesticides, radon, urea formaldehyde, mold, lead or lead-containing materials, polychlorinated biphenyls; and any other chemicals, materials, substances or wastes in any amount or concentration which are now or hereafter (a) become defined as or included in the definition of “hazardous substances,” “hazardous materials,” “hazardous wastes,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “pollutants,” “regulated substances,” “solid wastes,” or “contaminants” or words of similar import, under any Environmental Law or (b) are regulated by or for which Liability can be imposed under any Environmental Law.

“Immaterial Subsidiary” shall mean (a) a Subsidiary which has (i) assets with a fair market value of less than \$1,000,000 and annual revenues of less than \$1,000,000, and (ii) together with all other Immaterial Subsidiaries, aggregate assets with a fair market value of less than \$5,000,000 and aggregate annual revenues of less than \$5,000,000, in each case of clause (i) and (ii) above, calculated on the basis of the latest financial statements delivered by the Borrower to the Lenders pursuant to Section 5.1(a) or (b), as the case may be; provided that in the case of a material transfer of assets to any such Subsidiary, the fair market value of such assets shall be calculated on the date of such transfer on the basis of the fair market value of such assets as reasonably determined in good faith by the Borrower until such time as financial statements reflecting such

transfer of assets are delivered by the Borrower to the Lenders pursuant to Section 5.1(a) or (b), as the case may be, or (b) a Subsidiary otherwise determined by the Administrative Agent to be immaterial pursuant to Section 12.1(b)(ii) hereof.

“Indebtedness” shall mean (without double counting), at any time and with respect to any Person, (i) indebtedness of such Person for borrowed money (whether by loan or the issuance and sale of debt securities) or for the deferred purchase price of property or services purchased (other than (x) amounts constituting trade payables (payable within one hundred twenty (120) days or such longer term as may be customary in the industry), or (y) other amounts due for the rental of space in connection with the production of a Picture, in each case arising in the ordinary course of business), (ii) obligations of such Person in respect of letters of credit, acceptance facilities, or drafts or similar instruments issued or accepted by banks and other financial institutions for the account of such Person, (iii) obligations of such Person under Capital Leases and any financing lease involving substantially the same economic effect, (iv) deferred payment obligations of such Person resulting from the adjudication or settlement of any litigation to the extent not already reflected as a current liability on the balance sheet of such Person, and (v) indebtedness of others of the type described in clauses (i) through (iv) hereof which such Person has (a) directly or indirectly assumed or guaranteed in connection with a Guaranty, or (b) secured by a Lien on the assets of such Person, whether or not such Person has assumed such indebtedness; provided, that Indebtedness shall not include any non-refundable advance made to a Credit Party by a third party Distributor in connection with the production, distribution or sale of any Picture.

“Indemnified Party” shall have the meaning given to such term in Section 13.5.

“Indemnified Taxes” shall mean Taxes other than Excluded Taxes and Other Taxes.

“Information” shall have the meaning given to such term in Section 13.18.

“Initial 2012 Credit Agreement” shall have the meaning given to such term in the Introductory Statement hereof.

“Initial Date” shall mean (i) in the case of the Administrative Agent, the Closing Date, (ii) in the case of each Initial 2012 Lender, the Closing Date, and (iii) in the case of any other Lender, the effective date on which it became a Lender pursuant to an Assignment and Assumption.

“Initial 2012 Lenders” shall have the meaning given to such term in the Introductory Statement hereof.

“Instrument of Assumption and Joinder” shall mean an Instrument of Assumption and Joinder substantially in the form of Exhibit H.

“Interest Deficit” shall have the meaning given to such term in Section 2.12(a).

“Interest Payment Date” shall mean (i) as to any LIBOR Loan having an Interest Period of one (1), two (2) or three (3) months, the last day of such Interest Period, (ii) as to any LIBOR Loan having an Interest Period of more than three (3) months, the last day of such Interest

Period and, in addition, each date during such Interest Period occurring at three-month intervals after the first day of such Interest Period, and (iii) with respect to any Alternate Base Rate Loan, the last day of each March, June, September and December (commencing March 31, 2012).

“Interest Period” shall mean as to any LIBOR Loan, the period commencing on the date such Loan is made, continued or converted, and ending on the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is one (1), two (2), three (3), six (6), nine (9) or twelve (12) months; provided, however, that (i) if any Interest Period would end on a day which shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such next succeeding Business Day would fall in the next calendar month, in which case, such Interest Period shall end on the next preceding Business Day, and (ii) no Interest Period may be selected which would end later than the Maturity Date.

“Interparty Agreement” shall mean, with respect to a Picture, an interparty agreement, as such agreement may be amended, supplemented or otherwise modified, renewed or replaced from time to time, among, (i) the Administrative Agent, (ii) the relevant Credit Party, (iii) the relevant Distributor, (iv) the Approved Completion Guarantor, (v) with respect to a Picture that is financed in part by a Foreign Rights Loan, the Foreign Rights Agent, (vi) if such Picture is a Co-Financed Picture, the Approved Co-Financier and (vii) any other appropriate Person which agreement (a) is necessary in the reasonable judgment of the Administrative Agent to (x) if applicable, allocate the risks of Completion and delivery of such Picture and/or (y) address respective funding obligations if any portion of the Negative Cost in respect of such Picture not being contributed by a Credit Party is to be funded during the course of production or upon Completion of such Picture, and (b) shall otherwise be in form and substance reasonably satisfactory to the Administrative Agent.

“Investment” shall mean any stock, evidence of indebtedness or other securities of any Person, any loan, advance, contribution of capital, extension of credit or commitment therefor (including, without limitation, the Guaranty of loans made to others, but excluding current trade and customer accounts receivable arising in the ordinary course of business and payable in accordance with customary trading terms in the ordinary course of business), any purchase of (i) any Equity Interests of another Person, or (ii) any business or undertaking of any Person or any commitment to make any such purchase, or any other investment.

“JPMorgan Clearing Account” shall mean the account of the Administrative Agent (for the benefit of itself and the Lenders) maintained at the office of JPMorgan Chase Bank, N.A., 10 South Dearborn, 7th Floor, Chicago, Illinois 60603, ABA/Routing No.: 021000021, Account No. 9008113381C3698, Reference: Summit Ent.

“Key Materials” shall have the meaning given to such term in Section 5.11.

“knowledge” shall mean the current actual knowledge of an Authorized Officer of a Person that is not a natural Person.

“Laboratory” shall mean (i) any of Technicolor, Deluxe Laboratories, Inc., NT Audio, Fotokem, EFilm, ARRI Film & TV Services GmbH, Company 3, LLC, Warner Bros. Motion Picture

Imaging, Pro Tek and Iron Mountain, and any of their respective Affiliates (including, without limitation, Deluxe Italia) and any laboratory customarily used by Lions Gate Entertainment Inc. or any of its Subsidiaries (other than the Borrower and its Subsidiaries), (ii) any laboratory commonly used by Major Studios and (iii) any other laboratory reasonably acceptable to the Administrative Agent, in each case, where such laboratory is a party to a Pledgeholder Agreement or a Laboratory Access Letter; provided, that none of the foregoing shall include locations outside of the United States, United Kingdom or Canada (unless the Key Materials with respect to the applicable Picture are held at a Laboratory in the United States, United Kingdom or Canada) without the consent of the Administrative Agent, except for a limited duration as may be reasonably required for a Picture produced in another territory; provided further, that for any acquisition or co-financing in which a Credit Party is not acting as “lead studio”, the laboratory at which such Picture’s materials are on deposit shall be deemed a Laboratory.

“Laboratory Access Letter” shall mean a letter agreement among (i) a Laboratory holding any elements (including data backups of work in progress) of any Picture to which any Credit Party has the right of access, (ii) the applicable Credit Party, (iii) if appropriate, the applicable Distributor, and (iv) any other appropriate Person, substantially in the form of Exhibit E or in such other form otherwise reasonably acceptable to the Administrative Agent, in each case as the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time; provided that any such letter agreement may not be amended in a manner which adversely affects the rights of (or the benefit to) the Administrative Agent or any Lender thereunder without the prior written consent of the Administrative Agent.

“Lender” and “Lenders” shall mean the financial institutions whose names appear on the signature pages hereof, any assignee of a Lender pursuant to Section 13.3, and their respective successors.

“Lending Office” shall mean, with respect to any Lender, the branch or branches (or Affiliate or Affiliates of such Lender) from which any of such Lender’s LIBOR Loans or Alternate Base Rate Loans, as the case may be, are made or maintained and for the account of which all payments of principal of, and interest on, such Lender’s LIBOR Loans or Alternate Base Rate Loans are made, as notified to the Administrative Agent from time to time.

“LG Credit Agreement” shall mean that certain Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement, dated as of July 25, 2008, (as may be further amended, supplemented or otherwise modified, renewed or replaced from time to time after the Closing Date), among (i) Lions Gate Entertainment Inc., a Delaware corporation, Lions Gate UK Limited, a private company limited by shares incorporated in England and Wales and Lions Gate Australia Pty Limited, an Australian company (ACN 122 557 260), as borrowers; (ii) the guarantors referred to therein; (iii) the lenders referred to therein; (iv) JPMorgan Chase Bank, N.A., as administrative agent for such lenders, and as issuing bank; (v) Wachovia Bank, N.A., as syndication agent.

“LG Intercreditor Agreement” shall mean the intercreditor agreement, dated as of January 13, 2012 among the Servicer, the Borrower, U.S. Bank National Association as trustee under the LG Notes Indenture, the administrative agent under the LG Credit Agreement, and the

Administrative Agent under the Credit Agreement, which intercreditor agreement shall be in form and substance satisfactory to the Administrative Agent.

“LG Notes Indenture” shall mean that certain Indenture, dated as of October 21, 2009, (as may be amended, supplemented or otherwise modified, renewed or replaced from time to time after the Closing Date) among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp., the other guarantors party thereto, and U.S. Bank National Association, as trustee, providing for the issuance of the 10.25% senior secured second priority notes due 2016.

“LG Rights Sales Transaction” shall mean a sale by a Credit Party of distribution rights to a Picture to Lions Gate Entertainment Corp. or any of its wholly-owned Subsidiaries, in each case subject to the approval of the Administrative Agent in its sole discretion.

“LG Sublicense” shall mean a license of rights owned by Servicer or its Affiliate (other than Borrower and its Subsidiaries) to the Borrower in order to allow the exploitation of such rights, provided that the terms of each such LG Sublicense (i) must be reasonably acceptable to the Administrative Agent, (ii) shall include an indemnity in favor of Borrower on terms acceptable to the Administrative Agent and (iii) shall not require or permit the Borrower to exploit such rights pursuant to any such output agreement if doing so would prevent any rights owned by any Credit Party (if otherwise eligible for exploitation thereunder) from being exploited pursuant to any distribution agreement.

“LGAC” shall mean LGAC 1, LLC, or in the case of a reorganization of the ownership of the Borrower pursuant to Section 13.25, the LGAC Successor.

“LGAC 1 Account” shall mean the account of LGAC maintained with Union Bank and set forth on Schedule 6.14 hereto.

“LGAC Successor” shall have the meaning given to such term in Section 13.25(a)
(i).

“LGEC” shall mean Lions Gate Entertainment Corporation.

“LIBOR” shall mean, with respect to any Interest Period for a Borrowing consisting of LIBOR Loans, a rate per annum equal to the greater of (a) 1.25% and (b) the quotient of (A) (i) the British Bankers’ Association Interest Settlement Rate per annum at which Dollar deposits are offered in London, England to prime banks in the London Interbank Market for such Interest Period as displayed on the Reuters LIBOR01 screen (or on any successor or substitute screen provided by Reuters) as of 11:00 a.m. (London time) two (2) Business Days before the first day of such Interest Period, or (ii) if the rate described in clause (A)(i) does not appear on the Reuters LIBOR01 screen (or on any successor or substitute screen provided by Reuters) on any relevant date of determination, the average of the rates (rounded upwards, if necessary, to the next 1/16 of 1%) at which Dollar deposits for a maturity equal to the applicable Interest Period are offered to the Lending Office of the Administrative Agent in immediately available funds in the London Interbank Market for Eurodollars at approximately 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period, in each case divided by (B) one (1) minus the applicable

statutory reserve requirements of the Administrative Agent, expressed as a decimal (including without duplication or limitation, basic, supplemental, marginal and emergency reserves), from time to time in effect under Regulation D or similar regulations of the Board with respect to eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in such Regulation D). It is agreed that for purposes of this definition, LIBOR Loans made hereunder shall be deemed to constitute Eurocurrency Liabilities (as defined in Regulation D) and to be subject to the reserve requirements of Regulation D.

“LIBOR Loan” shall mean a Loan bearing interest at a rate determined by reference to LIBOR in accordance with the provisions of Article 2.

“Licensing Intermediary” shall mean any of the following and their respective Affiliates: Fintage House, Freeway, Summit International Distribution, Inc., Cinephil France S.A.S. and Proscenium Pictures Ltd., and (iv) any other Person acceptable to the Administrative Agent, which in each case will serve as a licensing intermediary for distribution rights in respect of a Picture, provided in each case that the Administrative Agent may in good faith using its reasonable credit judgment from time to time by written notice to the Borrower remove any such Person as a Licensing Intermediary on a prospective basis only with respect to Pictures which have not yet been Greenlit.

“Lien” shall mean any mortgage, copyright mortgage, pledge, security interest, encumbrance, lien or charge of any kind whatsoever (including, without limitation, any conditional sale or other title retention agreement, any agreement to grant a security interest at a future date, any lease in the nature of security, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction).

“Liquidity Certificate” shall mean a liquidity certificate in substantially the form of Exhibit K, executed by an Authorized Officer of the Borrower and delivered to the Administrative Agent as required hereunder.

“Loans” shall have the meaning given to such term in Section 2.1(a).

“Major Studio” shall mean each of the following studios and its primary U.S. distribution Subsidiary, or any other subsidiary so long as its performance is guaranteed by such studio or its primary U.S. distribution Subsidiary: (i) Paramount Pictures Corporation, (ii) Twentieth Century Fox Film Corporation, (iii) Sony Pictures Entertainment Inc., (iv) Walt Disney Motion Pictures Group, Inc., (v) Warner Bros. Entertainment Inc., (vi) Universal Pictures, a division of Universal City Studios, LLLP, and (vii) Lions Gate Entertainment Inc.

“Margin Stock” shall be as defined in Regulation U of the Board.

“Master Recordings” shall mean all master tapes (whether digital or analog) and every recording of sound (by any method and on any substance or material, now known or hereafter developed), whether or not coupled with a visual image, including all multitrack master tapes (including any eight (8), sixteen (16), twenty-four (24) and forty-eight (48) track master tapes and all two (2) track sequenced, fully-mixed, edited, equalized, leaded and mastered digital audio tapes and/or U-Matic 1630 tapes) and all acetates and metal or other equivalent parts or reproductions

of such master tapes and recordings, and all other materials used or useful in the recording, production or manufacture of Records.

“Material Adverse Effect” shall mean any change or effect that (i) has a materially adverse effect on the business, assets, properties, operations or financial condition of the Credit Parties (taken as a whole), (ii) materially impairs the legal right, power or authority of any Credit Party to perform its respective obligations under the Fundamental Documents to which it is a party, or (iii) materially impairs the validity or enforceability of, or materially impairs the rights, remedies or benefits available to the Administrative Agent (for the benefit of the Secured Parties) under the Fundamental Documents.

“Maturity Date” shall mean the earlier of (i) September 7, 2016, and (ii) such other date as the Loans shall become due and payable in accordance with Article 7.

“Maximum Domestic Net Exposure” shall mean, for any Picture determined as of the date such Picture becomes a Seasoned Picture, the Credit Parties’ share of Negative Cost, which shall be net of the Credit Parties’ share of (i) minimum guarantees, (ii) subsidies and other incentive payments, (iii) co-financing amounts and (iv) any other similar amounts which are credited against the Negative Cost of such Picture (but which are not tied to the performance of such Picture), in each case either (a) already received or (b) which are fixed amounts that have been contracted; provided that any voluntary payments of (or agreements to pay) amounts to be applied to the Negative Cost of such Picture subsequent to the date such Picture becomes a Seasoned Picture shall be included in the Credit Parties’ share of Negative Cost; provided further that any such contracted amounts which are ultimately disaffirmed or not paid when due for any reason post-seasoning shall be retroactively added to the calculation of Maximum Domestic Net Exposure (but exposure may be reduced by a replacement contract or if such amount is ultimately collected from the applicable counterparty).

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Multiemployer Plan” shall mean a plan described in Section 4001(a)(3) of ERISA.

“Music Agreements” shall mean all license agreements, or any other agreements pursuant to which the Borrower or any of its Subsidiaries acquires rights to publish, distribute or otherwise exploit Master Recordings, Musical Compositions or other Music Product.

“Music Product” shall mean (i) Master Recordings; (ii) Musical Compositions; (iii) any and all appurtenant rights to the Master Recording, Musical Compositions and Sound Recordings pursuant to the grant of rights under a Music Agreement or otherwise (including, without limitation, with respect to videos, packaging, artwork and rights to use a recording artist or songwriter’s name and likeness, merchandise, live performances, ticketing, sponsorships, and/or artist endorsements or commercial “tie-ins”) and (iv) any Records on which any of the foregoing are embodied.

“Musical Compositions” shall mean that portion of all right, title and interest in and to any musical compositions (whether published or unpublished, registered or unregistered), which

is owned by or licensed to the Borrower or any of its Subsidiaries, including without limitation, all rights to (a) the exploitation thereof in the form of sheet music, orchestrations, folios, compilations, songbooks and other forms of print, (b) the exploitation thereof as embodied in Records, (c) the inclusion of performances thereof in motion pictures, videotapes and other audiovisual works and (d) the granting to third parties of the right to perform the such musical compositions publicly, world-wide.

“Negative Cost” shall mean, with respect to any Picture, the aggregate amount of the development and pre-production expenses of such Picture plus the cost of all production elements usually and customarily included as part of the negative cost of a Picture (including any contingency fee required under the applicable Approved Completion Bond) plus customary post production costs of such Picture and all other delivery items, and shall specifically include charges for any Approved Completion Bond fee which is to be paid but shall be net of any casualty insurance proceeds related to such Picture; provided, in the case of a Picture which is acquired rather than produced by a Credit Party, the term “Negative Cost” shall mean the acquisition price paid or to be paid by such Credit Party for such Picture pursuant to the applicable negative pickup documentation or co-financing documentation.

“Negative Pick-Up Obligation” shall mean, with respect to any Picture, a commitment by a Credit Party to pay a certain sum of money in order to obtain ownership of, or certain distribution rights in, such Picture on Completion and delivery to such Credit Party.

“Net Available Proceeds” shall mean:

(i) in the case of any Disposition, the amount of Net Cash Payments actually or constructively received by a Credit Party in connection with such Disposition;

(ii) casualty insurance proceeds actually received by a Credit Party, provided, that such proceeds shall be excluded from Net Available Proceeds to the extent required to pay Approved Co-Financiers or Approved Completion Guarantors as required pursuant to existing agreements; and

(iii) cash proceeds actually received by a Credit Party from the incurrence, issuance or sale by the Borrower or any Subsidiary of any Indebtedness, net of all taxes, fees, commissions, costs and expenses incurred in connection with such issuance or sale; provided that the proceeds of Foreign Rights Loans, loans pertaining to tax credits or other soft money benefits as permitted under Section 6.8, production loans to Special Purpose Producers and other Indebtedness incurred, issued or sold by a Subsidiary that is not a Guarantor and which is non-recourse to the Credit Parties, in each case shall be excluded from Net Available Proceeds.

“Net Cash Payments” shall mean, with respect to any Disposition, the aggregate amount of all cash payments actually or constructively received by a Credit Party from a third party directly or indirectly in connection with such Disposition; provided that (a) Net Cash Payments shall be net of (i) the amount of any legal, title and recording tax expenses, commissions and other fees and expenses incurred or paid by the Borrower or any of its Subsidiaries to unaffiliated parties (or to Affiliates of Credit Parties for payment to unaffiliated third parties) in connection with such

Disposition, (ii) the amount of any closure, removal, relocation, reorganization and/or restructuring costs incurred by the Borrower or any of its Subsidiaries preparatory to or in consequence of such Disposition, (iii) any Federal, state, local and non-United States income or other taxes estimated to be payable by the Borrower (including its members) or any of its Subsidiaries as a result of such Disposition and (iv) all reasonable provisions made in relation to potential indemnity, warranty, post-closing adjustment and similar claims in connection with such Disposition (provided, that once the liabilities for which such provisions are made terminate or are released, any remaining portion of such provisions shall be treated as included in the Net Cash Payments), and (b) Net Cash Payments shall be net of any repayments by the Borrower or any of its Subsidiaries of Indebtedness to the extent that (i) such Indebtedness is secured by a Lien on the property that is the subject of such Disposition and (ii) the transferee of (or holder of a Lien on) such property requires that such Indebtedness be repaid as a condition to the purchase of such property, and shall be net of any amounts contractually required to be paid to any unaffiliated third party as a result of such Disposition.

“New Picture Expense Reserve Amount” shall have the meaning set forth in the Services Agreement.

“Non-Theatrical Subsidiary” shall mean a Subsidiary created or acquired after the date hereof which is not capitalized with Loan proceeds, Collateral or Collateral proceeds (except as permitted in Section 6.4) and which is not used to produce or acquire Pictures (or rights therein or related thereto) intended for theatrical distribution.

“Note” or “Notes” shall have the meaning given to such term in Section 2.2(a).

“Notice of Assignment” shall mean a Notice of Assignment and Irrevocable Instruction which shall include language substantially in the form of Exhibit I which may be incorporated into an Interparty Agreement) or in such other form as shall be reasonably acceptable to the Administrative Agent; provided that any such Notice of Assignment may not be amended in a manner which adversely affects the rights of (or the benefit to) the Administrative Agent thereunder without the prior written consent of the Administrative Agent.

“Obligations” shall mean (i) the obligation of the Borrower to make due and punctual payment of principal and interest on the Loans, costs and attorneys’ fees and all other monetary obligations of the Borrower to the Administrative Agent, the Arrangers or any Lender under and to the extent required by this Credit Agreement, the Notes, any other Fundamental Document or any fee letter in respect of the Facility, (ii) all amounts payable by any Credit Party to JPMorgan Chase Bank, N.A., any Bookrunner, any Lender or any of their respective Affiliates under any Swap Agreement permitted under Section 6.18; provided, that the Administrative Agent shall have received written notice thereof from the applicable Lender (other than the Administrative Agent) or the applicable Bookrunner within ten (10) Business Days after execution of such Swap Agreement, (iii) amounts payable to a Lender or any of its Affiliates in connection with any bank account maintained by the Borrower or any other Credit Party at such Lender and its Affiliates or any other treasury, depositary, purchasing card, cash management or banking services provided to the Borrower or any other Credit Party by such Lender and its Affiliates, including any automated clearing house transfers of funds or similar services and (iv) any other monetary obligations of the

Borrower or a Guarantor to the Administrative Agent or any Lender (and their respective related indemnified parties) under and to the extent required by the Fundamental Documents.

“Original Closing Date” shall have the meaning given to such term in the Introductory Statement hereof.

“Other Taxes” shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Credit Agreement except for any amounts imposed with respect to an assignment.

“Overhead” shall mean all cash selling, general and administrative expenses determined in accordance with GAAP consistently applied. For the avoidance of doubt, neither Sales Fees nor customary distribution expenses incurred for a particular motion picture shall constitute Overhead hereunder.

“P&A” shall mean theatrical print and advertising expenses with respect to a Picture.

“PBGC” shall mean the Pension Benefit Guaranty Corporation or any successor thereto.

“Percentage” shall mean with respect to any Lender, the percentage which the aggregate principal amount of such Lender’s Loans then outstanding constitutes of the aggregate principal amount of the Loans then outstanding; provided, that when a Defaulting Lender shall exist, the term “Percentage” shall mean the percentage of the total outstanding Loans (disregarding such Defaulting Lender’s Loans) represented by such Lender’s Loans, and such Defaulting Lender’s Percentage shall be 0%.

“Performance Test” shall mean, on any date of determination after the fifteenth Picture released theatrically in the United States by a Credit Party after the Closing Date becomes a Seasoned Picture, the ratio (expressed as a percentage) of (i) the aggregate amount of proceeds (net of all deductions for amounts payable to, or retainable by, third parties) received and projected to be received by the Credit Parties from the most recent fifteen (15) consecutive Seasoned Pictures released after the Closing Date but prior to the applicable testing date, calculated on the basis of their Ultimates, to (ii) the aggregate amount of the Credit Parties’ investment in the Negative Cost (net of all proceeds of Foreign Rights Loans, minimum guarantees (to the extent not payable to a third party), subsidies and Approved Co-Financings from any such Picture received prior to the date that such Picture became a Seasoned Picture) and P&A expenses for such Pictures; provided that (a) the Twilight Franchise shall be excluded from such calculation and (b) the amount of any minimum guaranty, subsidy, co-financing amount or similar payment shall not count toward proceeds received in clause (i) above, except with respect to Pictures for which the Credit Parties’ share of Negative Cost has already been reduced to zero by such payments, in which case any such additional payments with respect to such Pictures may count towards proceeds received in clause (i) above. If the percentage calculated above is equal to at least 75%, then the Performance Test shall be satisfied on such date.

“Permitted Distributions” shall mean distributions or payments (in addition to, for the avoidance of doubt, Permitted Tax Distributions) (i) made by the Borrower to the Sellers on the Closing Date (the “Closing Date Permitted Distribution”) and (ii) to the holders of Equity Interests of Borrower (other than LGAC) or LGAC, of up to \$25,000,000 in the aggregate in any calendar year; provided, that no such distribution or payment may be made pursuant to the foregoing clause (ii) unless each of the following conditions is satisfied:

- (a) no Default or Event of Default shall have occurred or would result therefrom;
- (b) *Breaking Dawn 2* shall have been released in the home entertainment market;
- (c) at least 75% of the Loan balance shall have been amortized following the Closing Date by payments made pursuant to Section 2.1(c) and/or prepayments made pursuant to Section 2.7(e), (f) or (g);
- (d) each such distribution or payment shall be funded solely from the portion of Adjusted Excess Cash Flow and Breaking Dawn Cash Flow which is not required to prepay the Loans pursuant to Section 2.7(e) or (f);
- (e) the Asset Coverage Ratio, as set forth in an Asset Coverage Certificate, calculated on a pro forma basis after giving effect to such distribution or payment, shall be at least 1.5 to 1.0; and
- (f) the Borrower has submitted to the Administrative Agent a certificate executed by an Authorized Officer of the Borrower, dated the date of the proposed distribution or payment, certifying that the foregoing requirements have been satisfied.

“Permitted Encumbrances” shall mean Liens permitted under Section 6.2.

“Permitted Tax Distributions” shall mean distributions from the Borrower to the holder of its Equity Interests (other than LGAC) and from LGAC to the holders of its Equity Interests equal to the sum in the aggregate of:

- (A) the lesser of (i) the U.S. federal income tax liability of the Borrower and its Subsidiaries that would be owing if Borrower was a corporation and the parent of a U.S. federal consolidated return group (net of any such taxes owing on account of taxable income of the Excluded Subsidiaries, Co-Financing Joint Venture Entities and their Subsidiaries, unless such tax amount has been distributed to a Credit Party and such tax is not a liability of such Excluded Subsidiary, Co-Financing Joint Venture Entity and any of their Subsidiaries) and (ii) the actual consolidated U.S. federal consolidated return income tax liability of Lions Gate Entertainment Inc. or the applicable most senior U.S. tax paying entity that is a subsidiary of Lions Gate Entertainment Corp. (with the excess of (i) over (ii), if any, for any taxable year (or portion thereof) commencing on or after the Closing Date referred to as the “Carryover U.S. Federal Amount” for such taxable year, and the excess of (ii) over (i), if any, for any taxable year (or portion thereof) commencing on or after the Closing Date referred to as the “Excess U.S. Federal Amount” for such taxable year);

(B) the lesser of (i) the California franchise tax liability of the Borrower and its Subsidiaries that would be owing if Borrower was a corporation and the parent of a California unitary group (net of any such taxes owing on account of taxable income of the Excluded Subsidiaries, Co-Financing Joint Venture Entities and their Subsidiaries, unless such tax amount has been distributed to a Credit Party and such tax is not a liability of such Excluded Subsidiary, Co-Financing Joint Venture Entity and any of their Subsidiaries) and (ii) the actual California unitary tax liability of Lions Gate Entertainment Inc. or the applicable most senior U.S. tax paying entity that is a subsidiary of Lions Gate Entertainment Corp. (with the excess of (i) over (ii), if any, for any taxable year (or portion thereof) commencing on or after the Closing Date referred to as the “Carryover California Amount” for such taxable year, and the excess of (ii) over (i), if any, for any taxable year (or portion thereof) commencing on or after the Closing Date referred to as the “Excess California Amount” for such taxable year);

(C) if with respect to a taxable year there is an Excess U.S. Federal Amount, and in one or more prior taxable years there was a Carryover U.S. Federal Amount, an amount equal to the lesser of such Excess U.S. Federal Amount or the cumulative Carryover U.S. Federal amount for all prior years that has not been paid pursuant to this clause (C) for any prior year;

(D) if with respect to a taxable year there is an Excess California Amount, and in one or more prior taxable years there was a Carryover California Amount, an amount equal to the lesser of such Excess California Amount or the cumulative Carryover California amount for all prior years that has not been paid pursuant to this clause (D) for any prior year; and

(E) income and franchise taxes imposed by any jurisdiction other than the United States and California with respect to the income of the Borrower and its Subsidiaries (net of any such taxes owing on account of taxable income of the Excluded Subsidiaries, Co-Financing Joint Venture Entities and their Subsidiaries, unless such tax amount is a liability of a Credit Party and not a liability of such Excluded Subsidiary, Co-Financing Joint Venture Entity and any of their Subsidiaries) to the extent such taxes are imposed on the holder of Equity Interests in the Borrower and are not a liability of the Borrower or any of its Subsidiaries, but not in excess of the lesser of (i) the income or franchise tax liability to such jurisdiction of the Borrower and, if applicable, its Subsidiaries, that would be owing if Borrower was a corporation and, if applicable, the parent of a combined, unitary, consolidated or similar group (net of any such taxes owing on account of taxable income of the Excluded Subsidiaries, Co-Financing Joint Venture Entities and their Subsidiaries, unless such tax amount is a liability of a Credit Party and not a liability of such Excluded Subsidiary, Co-Financing Joint Venture Entity and any of their Subsidiaries) and (ii) the actual tax liability to such jurisdiction of the holder of Equity Interests in Borrower (with the excess of (i) over (ii), if any, for any taxable year (or portion thereof) commencing on or after the Closing Date referred to as the “Carryover Other Jurisdiction Amount” for such taxable year, and the excess of (ii) over (i), if any, for any taxable year (or portion thereof) commencing on or after the Closing date referred to as the “Excess Other Jurisdiction Amount” for such taxable year); and

(F) if with respect to a taxable year there is an Excess Other Jurisdiction Amount, and in one or more prior taxable years there was a Carryover Other Jurisdiction Amount, an amount equal to the lesser of such Excess Other Jurisdiction Amount or the cumulative Carryover Other Jurisdiction Amount for all prior years that has not been paid pursuant to this clause (F) for any

prior year.

provided the following conditions are satisfied:

(a) no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(b) such calculations with respect to Borrower and its Subsidiaries are computed after permitted deduction of all losses, loss and credit carryforwards and other deductions which may be claimed at such time in respect of such period or prior periods (in each case, commencing not earlier than the Closing Date), and after giving effect (on a cumulative basis) to any foreign tax credits or other credits or treaties the benefit of which any Credit Party or its Subsidiaries may avail itself, and on the basis that the first taxable year commences on the Closing Date;

(c) such calculations with respect to Lions Gate Entertainment Inc. are computed after permitted deduction of all losses, loss and credit carryforwards and other deductions which may be claimed at such time in respect of such period or all prior periods, and after giving effect (on a cumulative basis) to any foreign tax credits or other credits or treaties the benefit of which any Lions Gate Entertainment Inc. or its Subsidiaries may avail itself; and

(d) the Borrower has submitted to the Administrative Agent a certificate executed by an Authorized Officer of the Borrower, dated the date of the proposed distribution, certifying that the foregoing requirements have been satisfied.

“Person” shall mean any natural person, corporation, division of a corporation, limited liability company, partnership, trust, joint venture, association, company, estate, unincorporated organization or government or any agency or political subdivision thereof.

“Physical Materials” shall have the meaning given to such term in clause (iv) of the definition of the term “Collateral” herein.

“Picture” shall mean any motion picture, film or video tape, whether recorded on film, videotape, cassette, cartridge, disc or on or by any other means, method, process or device whether now known or hereafter developed, and with respect to which a Credit Party (i) has (either directly or through a Co-Financing Venture Entity) an ownership interest in the copyright under U.S. law, or (ii) acquires any distribution rights. The term “Picture” shall include, without limitation, the scenario, screenplay or script upon which such Picture is based, all of the properties thereof, tangible and intangible, and whether now in existence or hereafter to be made or produced, whether or not in possession of a Credit Party, and all rights therein and thereto, of every kind and character.

“Plan” shall mean an employee benefit plan within the meaning of Section 3(3) of ERISA, other than a Multiemployer Plan, maintained or contributed to by any Credit Party, or any ERISA Affiliate, or any other plan covered by Title IV of ERISA that covers employees of the Credit Parties.

“Pledged Collateral” shall mean the Pledged Securities and any proceeds (as defined

in Section 9-102(64) of the UCC) including cash proceeds (as defined in Section 9-102(9) of the UCC) of the Pledged Securities.

“Pledged Securities” shall mean all of the issued and outstanding Equity Interests, whether now formed or formed hereafter, owned directly or indirectly by LGAC or the Borrower of (i) the Borrower, (ii) the Guarantors, (iii) the Subsidiaries of the Guarantors (other than Immaterial Subsidiaries) and (iv) joint venture interests (including, without limitation, Co-Financing Venture Entities, but excluding any such entities formed in connection with the Pictures titled *The Alibi* and *In the Valley of Elah* to the extent such entities would qualify as Immaterial Subsidiaries based on the materiality thresholds set forth in the definition thereof); provided, however, that the definition of “Pledged Securities” with respect to any Controlled Foreign Corporation shall refer to 65% of the issued and outstanding Equity Interests in such Controlled Foreign Corporation.

“Pledgeholder Agreement” shall mean a laboratory pledgeholder agreement among (i) the applicable Credit Party (or Credit Parties), (ii) the Administrative Agent and, with respect to certain Produced Pictures which commenced principal photography prior to the Closing Date, the Comerica Agent, (iii) if appropriate, the applicable Distributor, (iv) if appropriate, the applicable Approved Completion Guarantor, (v) the applicable Laboratory and (vi) any other appropriate Persons, substantially in the form of Exhibit D-1 or Exhibit D-2, or in such other form reasonably acceptable to the Administrative Agent, in each case, as the same may be amended, supplemented or otherwise modified from time to time.

“Pledgors” shall mean the Borrower and each Credit Party that from time to time owns any of the Pledged Securities.

“Pro Rata Share” shall mean (i) in the case of any Obligation owed or allocable to a Lender in respect of a Loan, such Lender’s pro rata share of such Obligation determined in accordance with such Lender’s Percentage and (ii) in the case of any other Obligation to a Person, such Person’s pro rata share of such Obligation determined in comparison to all pari passu Obligations of like kind, in either case as adjusted pursuant to Section 2.13.

“Produced Picture” shall mean a Picture for which a Credit Party is acting as “lead studio” and at least a portion of the Negative Cost is provided during the course of principal photography by a Credit Party.

“Production Account” shall mean individually or collectively, as the context so requires, each demand deposit account established by a Credit Party at a commercial bank acceptable to the Administrative Agent located in the United States of America or any other jurisdiction acceptable to the Administrative Agent, for the sole purpose of paying the Negative Cost of a particular Picture.

“Production Services Agreement” shall mean any production services agreement entered into between the Borrower and any Credit Party relating to production services to be rendered by such Credit Party in connection with the production of a Produced Picture, as the same may be amended, supplemented or otherwise modified, renewed or replaced from time to time.

“Purchase Agreement” shall mean the Membership Interest Purchase Agreement dated as of January 13, 2012 among LGAC, LGAC 3, LLC and Sellers (as such term is defined therein).

“Quiet Enjoyment” shall have the meaning given to such term in Section 8.12.

“Records” shall mean all forms of reproductions, transmissions, combinations of tracks or communications of Master Recordings, of any kind, nature or description, now known or hereafter devised, manufactured, distributed, transmitted or communicated on or at or through any medium or device primarily for home use, school use, juke box use, or use in any means of transportation, including records of sound alone and audiovisual records (including music videos and DVD), digital compact cassette tapes, analog cassettes, audio tapes, digital audio tapes, compact discs, videodiscs, minidiscs, vinyl records, SACD, DVD-Audio and CD-ROM, CD I and CD Plus recordings. For the avoidance of doubt, “Records” shall include the transmission or communication of a Master Recording directly to the consumer regardless of whether previously or subsequently embodied in a physical record configuration by any Person.

“Refinancing Notice” shall mean a notice substantially in the form of Exhibit N-1 or Exhibit N-2, as applicable.

“Register” shall have the meaning given to such term in Section 13.3(e).

“Regulation D” shall mean Regulation D of the Board.

“Related Fund” shall have the meaning given to such term in Section 13.3(b).

“Release” shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Materials into the indoor or outdoor environment, including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata.

“Released Picture Expense Reserve Amount” shall have the meaning set forth in the Services Agreement.

“Reportable Event” shall mean any reportable event as defined in Section 4043(c) of ERISA, other than a reportable event as to which provision for 30-day notice to the PBGC has been waived under applicable regulations.

“Required Lenders” shall mean Lenders holding greater than 50% of the total Loans, subject to adjustment as provided in Section 2.13, at such time.

“Restricted Payment” shall mean (i) any distribution, cash dividend or other direct or indirect payment on account of shares of any Equity Interest in any Finance Party, (ii) any redemption or other acquisition, re-acquisition or retirement by a Finance Party of any Equity Interests in any Finance Party, now or hereafter outstanding, (iii) any payment made by any Finance

Party to retire, or obtain the surrender of, any outstanding warrants, puts or options or other rights to purchase or otherwise acquire any Equity Interest in any Finance Party, now or hereafter outstanding, (iv) any payment by a Finance Party of principal of, premium, if any, or interest on, or any redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Subordinated Debt, (v) any payment under any Synthetic Purchase Agreement and (vi) any payment by a Finance Party in respect of any indebtedness owing by another Finance Party and which is non-recourse to the Finance Party making such payment (including but not limited to payments by a Credit Party in respect of a Foreign Rights Loan); provided that payments referred to in clause (vi) shall be excluded from the foregoing definition so long as (a) the indebtedness was incurred to finance such Finance Party's share of the Negative Cost of a Picture owned directly by the Borrower, (b) making such payment shall not result in a violation of the exposure tests set forth in Section 4.2(a) and (b) with respect to the Picture in connection to which such indebtedness was incurred, and (c) the aggregate amount of such payments for all Pictures shall not exceed \$5,000,000 (after taking into account any minimum guarantees and overages from non-U.S. territories which are paid to a Credit Party in respect of a Picture for which a Credit Party has repaid any portion of a Foreign Rights Loan).

“S&P” shall mean Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

“SAG” shall mean Screen Actors Guild, Inc.

“Sales Expenses” shall have the meaning given to such term in the Services Agreement.

“Sales Fees” shall have the meaning given to such term in the Services Agreement.

“Schedule of Commitments” shall mean the schedule of Commitments of the Lenders set forth on Schedule 1.

“Seasoned Picture” shall mean a Picture that has been first released in the U.S. market for eight (8) weeks.

“Secured Party” or “Secured Parties” shall mean the Administrative Agent, the Lenders, any other Person which is the holder of an Obligation and any other Person which the Administrative Agent (in its sole discretion) specifically agrees upon Borrower's request is to be secured by the Liens granted to the Administrative Agent under this Credit Agreement and/or under the other Fundamental Documents from time to time pursuant to the terms hereof and thereof.

“Sellers” shall have the meaning given to such term in the Purchase Agreement.

“Servicer” shall mean Lions Gate Films, Inc.

“Services Agreement” shall mean the Services Agreement, dated as of January 13, 2012 between the Borrower and the Servicer, as amended, restated or otherwise modified from time to time.

“Solvency Certificate” shall mean a solvency certificate substantially in the form of Exhibit O hereto, executed by the Chief Financial Officer of the Borrower and delivered to the Administrative Agent as required hereunder.

“Sound Recordings” shall mean all sound recordings (whether published or unpublished, registered or unregistered, presently existing or created or acquired in the future), including sound recordings embodied on Records, with respect to which the Borrower or any of its Subsidiaries now or in the future has any ownership interest or distribution right or which the Borrower or any of its Subsidiaries otherwise controls.

“Special Purpose Producer” shall mean a special purpose Subsidiary of a Credit Party created solely for the purpose of producing a particular Picture or group of Pictures with production financing which is non-recourse to any Credit Party or any Subsidiary of a Credit Party other than such Special Purpose Producer; provided that if any Special Purpose Producer is part of an Approved Co-Financing Venture Transaction, it shall satisfy the requirements set forth in Schedule 3; provided further, that such Special Purpose Producer shall distribute all of its cash to a Credit Party to the extent not restricted from doing so by its production loan agreement (if any) or any applicable co-financing agreements or agreement with any third party holders of Equity Interests of such Special Purpose Producer; provided further, that if any Special Purpose Producer is created to produce more than one Picture, Summit Distribution, LLC shall be the U.S. Distributor for such Pictures.

“Specified Assets” shall mean the product of the Ultimates Advance Rate and the Credit Parties’ share of Ultimates; provided, that (i) no Specified Asset credit may be given with respect to Ultimates for any Picture unless the Administrative Agent shall have received the most recent Ultimates Report required pursuant to Section 5.1(g), and (ii) for the avoidance of doubt, Ultimates with respect to New Pictures and Unreleased Pictures (as each term is defined in the Services Agreement) shall be limited to the projected net amounts payable to and retained by the Borrower with respect to New Pictures and Unreleased Pictures (as applicable) pursuant to the Services Agreement; provided further, that, with respect to any Picture for which the Borrower determines not to finance any portion of the Negative Cost thereof with a Foreign Rights Loan, with the consent of the Administrative Agent, receivables in respect of such Picture may be included in “Specified Assets” on terms agreed by the Borrower and the Administrative Agent.

“Specified Permitted Encumbrances” shall mean those Liens permitted under Sections 6.2(b), (c), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p) and (u).

“Subordinated Debt” shall mean any subordinated Indebtedness of any Credit Party or its Subsidiaries which is unsecured and has interest rates, payment terms, maturities, amortization schedules, covenants, defaults, remedies, subordination provisions and other material terms in form and substance satisfactory to the Required Lenders.

“Subsidiary” shall mean with respect to any Person, any corporation, association, joint venture, partnership or other business entity (whether now existing or hereafter organized) of which at least a majority of the voting stock or other ownership interests therein having ordinary voting power for the election of directors (or the equivalent) is, at the time as of which any

determination is being made, owned or controlled by such Person or one or more subsidiaries of such Person or by such Person and one or more subsidiaries of such Person.

“Swap Agreement” shall mean any agreement with respect to any swap, forward, future or derivative transaction, financial exchange transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

“Syndication Agents” shall mean J.P. Morgan Securities LLC, Barclays Capital, the investment banking division of Barclays Bank PLC, and Jefferies Finance LLC, in their capacities as joint syndication agents in connection with the Facility, and any successor thereof.

“Synthetic Purchase Agreement” shall mean any Swap Agreement or similar agreement or combination of agreements pursuant to which any Credit Party is or may become obligated to make (i) any payment in connection with a purchase by any third Person from a Person other than a Credit Party of any Equity Interest in any Credit Party or any Subordinated Debt, or (ii) any payment (other than on account of a permitted purchase by it of any Equity Interest in any Credit Party or any Subordinated Debt) the amount of which is determined by reference to the price or value at any time of any Equity Interest in any Credit Party or any Subordinated Debt.

“Taxes” shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges, withholdings or other amounts in the nature of a tax imposed by any Governmental Authority, including any interest and penalties imposed with respect thereto.

“Trademark Security Agreement” shall mean the Trademark Security Agreement substantially in the form of Exhibit C that was filed in the U.S. Patent and Trademark Office, as such agreement may be amended, supplemented or otherwise modified, renewed or replaced from time to time.

“Twilight Franchise” shall mean the Completed Pictures *Twilight*, *The Twilight Saga: New Moon*, *The Twilight Saga: Eclipse*, *Breaking Dawn 1* and the Uncompleted Picture *Breaking Dawn 2*.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Alternate Base Rate or to LIBOR.

“UCC” shall mean the Uniform Commercial Code as in effect in the State of New York.

“Ultimates” shall mean with respect to any Seasoned Picture, the First Cycle Period amounts which are projected by Servicer to become payable to a Credit Party as determined by the Servicer from time to time in accordance with this paragraph and in a manner otherwise reasonably acceptable to the Administrative Agent. The Ultimates shall be calculated initially on the date which such Picture becomes a Seasoned Picture and thereafter on each date on which revised Ultimates

projections are delivered from time to time pursuant to Section 5.1(g). The computation of the Ultimates will be (i) computed in a manner consistent with ultimates prepared by Lions Gate Entertainment Inc. for accounting purposes, (ii) based, to the extent available, upon any supporting written material delivered to the Borrower under the relevant Distribution Agreement which will indicate the remaining uncollected amounts payable to a Credit Party, (iii) present valued at the rate used by Servicer for accounting purposes, (iv) after deduction for all distribution fees and other remaining amounts deductible or which may be offset by a distributor or licensee from its obligation to make payments to a Credit Party and any other remaining cost or expense incurred by a Credit Party for the distribution or other exploitation of such Picture, and (v) shall not include any amounts in which the Administrative Agent (for the benefit of itself, any Issuing Bank and the Group Lenders) does not have a first priority (subject to Specified Permitted Encumbrances) perfected security interest under the Uniform Commercial Code or other relevant personal property regime and applicable copyright law. If Services Agreement is terminated, then notwithstanding the foregoing, Ultimates shall be calculated in a manner acceptable to the Administrative Agent by an independent consultant selected by the Administrative Agent and approved and paid for by the Borrower, provided, that the following parties are hereby pre-approved by the Borrower: The Salter Group LLC, Cineval LLC, PricewaterhouseCoopers, Deloitte Touche Tohmatsu, Ernst & Young, KPMG and any Major Studio.

“Ultimates Advance Rate” shall initially be 0.80; provided that, if at any testing required under Section 5.1(h) hereof the Ultimates Ratio is less than 1.0 to 1.0, the Ultimates Advance Rate shall be 0.80 multiplied by such Ultimates Ratio for so long as the Ultimates Ratio is less than 1.0 to 1.0; provided that following any reduction in the Ultimates Advance Rate, the Ultimates Advance Rate may only be subsequently increased if at least two (2) additional Pictures have become eligible for inclusion in the Ultimates Ratio and the Ultimates Ratio for the last four (4) Seasoned Pictures (including the two (2) additional Seasoned Pictures) is at least 1.0 to 1.0. For the avoidance of doubt, the Ultimates Advance Rate may never be greater than 0.80.

“Ultimates Ratio” shall mean at any time, a ratio of (i) the sum of the Ultimates for the last four (4) Seasoned Pictures for which six (6) months has elapsed from their respective U.S. theatrical release dates plus the actual proceeds received by any Credit Party (and not payable to a third party) with respect to each such Picture after it became a Seasoned Picture and prior to such date of determination to (ii) the sum of the Ultimates for such Seasoned Pictures determined for each such Seasoned Picture on the date it became a Seasoned Picture.

“Ultimates Report” shall mean, with respect to a Picture, a written Ultimates report prepared by the Borrower in the manner contemplated for determining “Ultimates” in the definition thereof and in a form satisfactory to the Administrative Agent.

“Uncompleted” shall mean, with respect to any Picture, that such Picture is not Completed.

“Unreleased Picture Expense Reserve Amount” shall have the meaning set forth in the Services Agreement.

“USA Patriot Act” shall mean the USA PATRIOT Act (Title III of Pub. L. 107□56

(signed into law October 26, 2001)) as amended, and the rules and regulations thereunder and any successors thereto.

“WGA” shall mean, collectively, Writers Guild of America, West, Inc. and Writers Guild of America, East, Inc.

2. AMOUNT AND TERMS OF THE COMMITMENTS AND LOANS

SECTION 2.1 Commitments and Loans.

(a) Commitments. Subject to the terms and conditions hereof, each Initial 2012 Lender made a term loan denominated in Dollars (a “Loan”) to the Borrower on the Closing Date in the amount of the Commitment of such Lender. Once repaid, amounts constituting the Commitments may not be reborrowed. The Loans may from time to time be LIBOR Loans or Alternate Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.1(b) and 2.6.

(b) Procedure for Borrowing. The Borrower gave the Administrative Agent irrevocable notice in writing in the form of a Borrowing Notice requesting that the Initial 2012 Lenders make the Loans on the Closing Date. Such Borrowing Notice specified whether the Loans initially consisted of Alternate Base Rate Loans or LIBOR Loans and in the case of LIBOR Loans, the Interest Period or Interest Periods with respect thereto. If no election of an Interest Period was specified in such Borrowing Notice in the case of a Borrowing consisting of LIBOR Loans, such notice was deemed to be a request for an Interest Period of one (1) month. If no election was made as to the Type of Loan, such Borrowing Notice was deemed to be a request for a Borrowing consisting of Alternate Base Rate Loans. Upon receipt of such Borrowing Notice the Administrative Agent notified each Initial 2012 Lender thereof. Not later than 2:00 P.M., New York City time, on the Closing Date each Initial 2012 Lender made available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to its Commitment. The Administrative Agent disbursed the aggregate of the amounts made available to the Administrative Agent by the Lenders by depositing such amount in immediately available funds to the account of the Borrower specified in the Borrowing Notice. Each Lender may, at its option, fulfill its obligation to make LIBOR Loans by causing a foreign branch or Affiliate of such Lender to fund such LIBOR Loans; provided, however, that any exercise of such option shall not affect the obligation of the Borrower to repay Loans in accordance with the terms hereof or increase the costs to the Borrower payable hereunder in respect of LIBOR Loans. Subject to the other provisions of this Section 2.1 and the provisions of Section 2.6, Loans of more than one Type may be outstanding at the same time.

(c) Repayment of Loans. The Loan of each Lender shall mature (i) in equal consecutive quarterly installments on the last day of each March, June September and December (commencing on March 31, 2012), each in an amount equal to such Lender’s Percentage multiplied by \$13,750,000 and (ii) on the Maturity Date in an amount equal to all remaining outstanding Loans of such Lender. The Loans shall be subject to mandatory prepayment as provided in Section 2.7 and acceleration as provided in Article 7. Any mandatory prepayments of the Loans pursuant to Sections 2.7(d), (e), (f) and (g) shall reduce, on a pro-rata basis the remaining required and scheduled amortization installment payments set forth above. Any voluntary prepayments of the Loans

pursuant to Section 2.7(a) shall reduce the remaining required and scheduled amortization installment payments set forth above in forward order of maturity.

SECTION 2.2 Notes.

(a) At the request of any Lender, each Loan made by such Lender hereunder shall be evidenced by a promissory note in such Lender's favor substantially in the form of Exhibit A (each a "Note" and collectively the "Notes") in the face amount of such Lender's Commitment payable to the order of such Lender, duly executed by an Authorized Officer of the Borrower and dated as of the Amendment and Restatement Effective Date.

(b) Each Lender and the Administrative Agent on its behalf is hereby authorized by the Borrower, but not obligated, to enter the amount of each Loan and the amount of each payment or prepayment of principal or interest thereon in the appropriate spaces on the reverse of or on an attachment to any Notes; provided, however, that the failure of any Lender or the Administrative Agent to set forth such Loans, principal payments or other information shall not in any manner affect the obligations of the Borrower to repay such Loans.

SECTION 2.3 Interest on Loans.

(a) In the case of a LIBOR Loan, interest shall be payable at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to LIBOR plus the Applicable Margin. Interest shall be payable on each LIBOR Loan in arrears on each applicable Interest Payment Date, on the Maturity Date, on the date of a conversion of such LIBOR Loan to an Alternate Base Rate Loan and on the date of any prepayment. The Administrative Agent shall determine the applicable LIBOR for each Interest Period as soon as practicable on the date when such determination is to be made in respect of such Interest Period and shall notify the Borrower and the Lenders of the applicable interest rate so determined. Such determination shall be conclusive absent manifest error.

(b) In the case of an Alternate Base Rate Loan, interest shall be payable at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 365/366 days, as the case may be, during such times as the Alternate Base Rate is based upon the Prime Rate and over a year of 360 days at all other times) equal to the Alternate Base Rate plus the Applicable Margin. Interest shall be payable on each Alternate Base Rate Loan in arrears on each applicable Interest Payment Date, on the Maturity Date and on the date of any prepayment.

(c) Interest in respect of any Loan hereunder shall accrue from and including the date such Loan is made to but excluding the date on which such Loan is paid or converted to a Loan of a different Type.

(d) Anything in this Credit Agreement or the Notes to the contrary notwithstanding (but subject to Section 2.12), the interest rate on the Loans shall in no event be in excess of the maximum permitted by Applicable Law.

SECTION 2.4 Fees. The Borrower agrees to pay all fees that are then due and

payable pursuant hereto or pursuant to any fee letter agreement executed by any Credit Party with respect to the Facility.

SECTION 2.5 Default Interest; Alternate Rate of Interest.

(a) If an Event of Default shall exist, then the rate of interest on all outstanding Loans shall be increased by 2.00% per annum and all other Obligations shall accrue interest from the date due at the rate for Alternate Base Rate Loans plus 2.00% per annum.

(b) In the event, and on each occasion, that two (2) Business Days prior to the commencement of any Interest Period for a LIBOR Loan:

(i) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining LIBOR for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that LIBOR determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any LIBOR Loans under the Facility requested to be made on the first day of such Interest Period shall be made as Alternate Base Rate Loans, (y) any Loans under the Facility that were to have been converted on the first day of such Interest Period to LIBOR Loans shall be continued as Alternate Base Rate Loans and (z) any outstanding LIBOR Loans under the Facility shall be converted, on the last day of the then-current Interest Period, to Alternate Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further LIBOR Loans under the Facility shall be made or continued as such, nor shall the Borrower have the right to convert Loans under the Facility to LIBOR Loans.

SECTION 2.6 Continuation and Conversion of Loans. The Borrower shall have the right, at any time, (i) to convert any LIBOR Loan or portion thereof to an Alternate Base Rate Loan or to continue such LIBOR Loan or a portion thereof for a successive Interest Period, or (ii) to convert any Alternate Base Rate Loan or a portion thereof to a LIBOR Loan, subject to the following:

(a) the Borrower shall give the Administrative Agent prior written, facsimile or telephonic (promptly confirmed in writing, including via electronic mail) notice of each continuation or conversion hereunder (i) at least three (3) Business Days for continuation as or conversion to a LIBOR Loan and (ii) one (1) Business Day for conversion to an Alternate Base Rate Loan; such notice shall be irrevocable and to be effective, must be received by the Administrative Agent not later than 2:00 p.m., New York City time, on the day required;

(b) unless the Required Lenders otherwise consent, no Event of Default or Default shall have occurred and be continuing at the time of any conversion to a LIBOR Loan or continuation of any such LIBOR Loan into a subsequent Interest Period;

(c) no Alternate Base Rate Loan may be converted to a LIBOR Loan and no LIBOR Loan may be continued as a LIBOR Loan if, after such conversion or continuance, and after giving effect to any concurrent prepayment of Loans, an aggregate of more than ten (10) separate LIBOR Loans would be outstanding hereunder (for purposes of determining the number of such Loans outstanding, Loans with different Interest Periods shall be counted as different Loans even if made on the same date);

(d) if fewer than all Loans at the time outstanding shall be continued or converted, such continuation or conversion shall be made pro rata among the Lenders in accordance with the respective Percentage of the principal amount of such Loans held by the Lenders immediately prior to such continuation or conversion;

(e) the aggregate principal amount of Loans continued as or converted to LIBOR Loans as part of the same Borrowing shall be in a minimum aggregate principal amount of \$250,000 or such greater amount that is an integral multiple of \$100,000;

(f) accrued interest on the LIBOR Loans (or portion thereof) being continued shall be paid by the Borrower at the time of continuation;

(g) the Interest Period with respect to a new LIBOR Loan effected by a continuation or conversion shall commence on the date of such continuation or conversion;

(h) if a LIBOR Loan is converted to another Type of Loan prior to the last day of the Interest Period with respect thereto, the amounts required by Section 2.7(b) shall be paid as provided in such Section;

(i) each request for a continuation as or conversion to a LIBOR Loan which fails to state an applicable Interest Period shall be deemed to be a request for an Interest Period of one (1) month; and

(j) in the event that the Borrower shall not give the Administrative Agent a notice to continue or convert any LIBOR Loan as provided above, then such Loan (unless repaid) shall automatically be converted to an Alternate Base Rate Loan at the expiration of the then current Interest Period.

The Administrative Agent shall, after it receives notice from the Borrower, promptly give the Lenders notice of any continuation or conversion.

SECTION 2.7 Voluntary and Mandatory Prepayment of Loans; Reimbursement of Lenders.

(a) (i) Subject to the terms of Section 2.7(b) below, the Borrower shall have the right at its option at any time and from time to time to prepay without premium or penalty (except as set forth in clause (ii) below) (A) any Alternate Base Rate Loan, in whole or in part, upon at least one (1) Business Day's prior written, telephonic (promptly confirmed in writing, including via electronic mail) or facsimile notice to the Administrative Agent given prior to 2:00 p.m. New York City time, in a minimum aggregate principal amount of \$250,000 or such greater amount that is an integral multiple of \$100,000 if prepaid in part, or the remaining balance of such Loan if prepaid in full, and (B) any LIBOR Loan, in whole or in part, upon at least three (3) Business Days' prior written, telephonic (promptly confirmed in writing, including via electronic mail) or facsimile notice given prior to 2:00 p.m. New York City time, in a minimum aggregate principal amount of \$250,000 or such greater amount that is an integral multiple of \$100,000 if prepaid in part, or the remaining balance of such Loan if prepaid in full. Each notice of prepayment shall specify the prepayment date, each Loan to be prepaid and the principal amount thereof, shall be irrevocable and shall commit the Borrower to prepay such Loan in the amount and on the date stated therein. All prepayments under this Section 2.7(a) shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to (but excluding) the date of prepayment.

(ii) Notwithstanding anything to the contrary herein, (A) any prepayment of the Loans effected on or prior to the first anniversary of the Closing Date with the proceeds of a Repricing Transaction described in clause (1) of the definition thereof below shall be accompanied by a fee equal to 1.00% of the principal amount of the Loans prepaid, and (B) if in connection with a Repricing Transaction described in clause (2) of the definition thereof below on or prior to such first anniversary of the Closing Date, any Lender is replaced as a result of its being a non-consenting Lender in respect of such Repricing Transaction pursuant to Section 2.14(i), such Lender shall be entitled to the 1.00% fee provided under this Section 2.7(a)(ii) as to its Loans so assigned. A "Repricing Transaction" means (1) any prepayment of the Loans using proceeds of Indebtedness for which the interest rate payable thereon on the date of such prepayment is lower than LIBOR on the date of such prepayment plus the Applicable Margin with respect to the Loans on the date of such prepayment, provided that the primary purpose of such prepayment is to refinance Loans at a lower interest rate or (2) any repricing of the Loans pursuant to an amendment hereto resulting in the interest rate payable thereon on the date of such amendment being lower than LIBOR on the date of such prepayment plus the Applicable Margin with respect to the Loans on the date of such prepayment.

(b) The Borrower shall reimburse each Lender on demand for any loss, cost or expense incurred or to be incurred by any such Lender in the reemployment of the funds released (i) by any prepayment (for any reason) of any LIBOR Loan if such Loan is repaid prior to the last day of the Interest Period for such Loan, or (ii) in the event that, after the Borrower delivers a notice of Borrowing under Section 2.1(b), or a notice of continuation or conversion of a Borrowing under Section 2.6(a) in respect of LIBOR Loans, such Loan is not made, converted to or continued as a LIBOR Loan on the first day of the Interest Period specified in such notice of Borrowing for any reason other than (A) a suspension or limitation under Section 2.5(b) of the right of the Borrower to select a LIBOR Loan, (B) a breach by any such Lender of its obligation to fund such Borrowing when it is otherwise required to do so hereunder, or (C) a repayment resulting from a conversion required by a Lender pursuant to Section 2.9(a). Such loss shall be the amount as reasonably determined by such Lender as the excess, if any, of (I) the amount of interest which would have

accrued to such Lender on the amount so paid or not borrowed, continued or converted at a rate of interest equal to the interest rate applicable to such Loan pursuant to Section 2.3, for the period from the date of such payment or failure to borrow, continue or convert to the last day (x) in the case of a payment prior to the last day of the Interest Period for such Loan, of the then current Interest Period for such Loan, or (y) in the case of a failure to borrow, continue or convert, of the Interest Period for such Loan which would have commenced on the date of such failure to borrow, continue or convert, over (II) the amount realized or to be realized by such Lender in reemploying the funds not advanced or the funds received in prepayment or realized from the Loan not so continued or converted during the period referred to above at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for Dollar deposits of a comparable amount and period from other banks in the London Interbank Market. Each Lender shall deliver to the Borrower from time to time one or more certificates setting forth the amount of such loss, cost or expense as determined by such Lender, which certificates shall be conclusive absent manifest error. The Borrower shall pay such Lender the amounts shown on such certificate within ten (10) Business Days of the Borrower's receipt of such certificate. The Administrative Agent or any affected Lender is hereby authorized (but not obligated) to debit any deposit account of any Credit Party now or hereafter maintained by such Credit Party at such entity (including, without limitation, the JPMorgan Clearing Account, any Cash Collateral Account or any Collection Account) to pay any such amounts that are not paid when due.

(c) In the event the Borrower fails to prepay any Loan on the date specified in any prepayment notice delivered pursuant to Section 2.7(a), the Borrower shall pay to the Administrative Agent for the account of the applicable Lender any amounts required to compensate such Lender for any actual loss incurred by such Lender as a result of such failure to prepay, including, without limitation, any loss, cost or expenses incurred by reason of the acquisition of deposits or other funds by such Lender to fulfill deposit obligations incurred in anticipation of such prepayment. Each Lender shall deliver to the Borrower and the Administrative Agent from time to time one or more certificates setting forth the calculation of the amount of such loss, cost or expense as determined by such Lender, which certificates shall be conclusive absent manifest error. The Borrower shall pay such Lender the amounts shown on such certificate within ten (10) Business Days of the Borrower's receipt of such certificate. The Administrative Agent or any affected Lender is hereby authorized (but not obligated) to debit any deposit account of any Credit Party now or hereafter maintained by such Credit Party at such entity (including, without limitation, the JPMorgan Clearing Account, any Cash Collateral Account or any Collection Account) to pay any such amounts that are not paid when due.

(d) The Borrower shall apply 100% of Net Available Proceeds promptly upon receipt thereof to prepay the Loans.

(e) Not later than 60 days after the end of each fiscal quarter of the Borrower (commencing with the quarter ending March 31, 2012), the Borrower shall calculate Adjusted Excess Cash Flow for such fiscal quarter and shall prepay the Loans in an amount equal to 50% of such Adjusted Excess Cash Flow. Not later than the date on which the Borrower makes the foregoing payment (or if no such payment is required, then not later than the end of the foregoing 60-day period), the Borrower will deliver to the Administrative Agent a certificate signed by an Authorized Officer of the Borrower setting forth the amount, if any, of Adjusted Excess Cash Flow for such

fiscal quarter and the calculation thereof in reasonable detail.

(f) On the date of the prepayment set forth in Section 2.7(e), but in no case later than 60 days after the end of each fiscal quarter of the Borrower (commencing with the quarter ending March 31, 2012), the Borrower shall calculate Breaking Dawn Cash Flow for such fiscal quarter and shall prepay the Loans in an amount equal to 75% of such Breaking Dawn Cash. Not later than the date on which the Borrower makes the foregoing payment (or if no such payment is required, then not later than the end of the foregoing 60-day period), the Borrower will deliver to the Administrative Agent a certificate signed by an Authorized Officer of the Borrower setting forth the amount, if any, of Breaking Dawn Cash Flow for such fiscal quarter and the calculation thereof in reasonable detail.

(g) On the date of each of the prepayments set forth in Sections 2.7(e) and (f) above (commencing with the payments made in respect of the quarter ending June 30, 2012), but in no case later than 60 days after the end of each fiscal quarter of the Borrower, the Borrower shall prepay the Loans in an amount equal to 100% of the amount by which, after giving effect to the prepayments in Sections 2.7(e) and (f) above, available cash of the Credit Parties (excluding Unreleased Picture Expense Reserve Amounts and New Picture Expense Reserve Amounts) exceeds the following thresholds on the last day of such quarter (after giving effect to any amortization payment on such date) or on the date of such payment (using the date that results in a smaller excess, and the amount of such excess shall be "Excess Available Cash"): (i) for each quarter through and including the quarter ending June 30, 2013, \$75,000,000, (ii) for each quarter thereafter through and including the quarter ending June 30, 2014, \$50,000,000, and (iii) for each quarter thereafter, \$35,000,000. Not later than each date on which the Borrower makes each of the foregoing payments (or if no such payment is required, then not later than the end of the foregoing 60-day period), the Borrower will deliver to the Administrative Agent a certificate signed by an Authorized Officer of the Borrower setting forth the amount, if any, of the Excess Available Cash on such date of determination and the calculation thereof in reasonable detail.

(h) If at any time after December 31, 2014, the ratio of (i) available cash of the Credit Parties (excluding Unreleased Picture Expense Reserve Amounts and New Picture Expense Reserve Amounts) to (ii) outstanding Loans exceeds 3.0 to 1.0, the Borrower shall prepay all outstanding Obligations.

(i) The Borrower shall apply 100% of the proceeds of any initial public offering of Equity Interests in the Borrower, any Subsidiary of the Borrower or any holding company parent of the Borrower (as applicable, the "Offeror") that are payable in respect of Equity Interests issued in such offering by the Offeror (net of reasonable and customary transaction costs and excluding proceeds that such entity or holders of Equity Interests are not entitled to receive) promptly following completion thereof to prepay the Loans.

(j) All outstanding Obligations shall be paid in full on the Maturity Date.

(k) Notwithstanding anything to the contrary herein, if an Event of Default shall have occurred and be continuing, (i) all proceeds that the Credit Parties are entitled to receive from the distribution or other exploitation or disposition of a Picture (but subject to any third-party rights

under any Co-Financing Intercreditor Agreement, the LG Intercreditor Agreement and any other Interparty Agreement), shall be applied to satisfy the Obligations in the manner set forth in Section 8.7 and (ii) all other payments shall be applied to satisfy the Obligations in the manner set forth in Section 12.2.

(l) Unless otherwise designated in writing by the Borrower, all prepayments of principal shall be applied to the applicable principal payment set forth in this Section 2.7, first to that amount of such applicable principal payment then maintained as Alternate Base Rate Loans by the Borrower, and then, to that amount of such applicable principal payment maintained as LIBOR Loans by the Borrower in order of the scheduled expiry of Interest Periods with respect thereto.

(m) All prepayments shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to but not including the date of prepayment.

(n) If, on any day on which Loans are required to be prepaid (each, a "Prepayment Date"), the aggregate principal amount of the Loans required to be so prepaid would exceed the then outstanding aggregate principal amount of the Loans that constitute Alternate Base Rate Loans, and no Default or Event of Default is then continuing, then on such Prepayment Date the Borrower may, at its option, deposit Dollars into the Cash Collateral Account in an amount equal to such excess. If the Borrower makes such deposit, then (i) only the outstanding Alternate Base Rate Loans shall be required to be prepaid on such Prepayment Date, and (ii) on the last day of each Interest Period with respect to any LIBOR Loan ending after such Prepayment Date, the Administrative Agent is irrevocably authorized and directed to apply funds from the Cash Collateral Account, if any (and liquidate investments held in such Cash Collateral Account as necessary) to prepay LIBOR Loans for which the Interest Period is then ending until the aggregate principal amount of all Loans prepaid pursuant to clauses (i) and (ii) above equals the aggregate principal amount of Loans which would have been required to be prepaid on such Prepayment Date but for the operation of this Section 2.7(n).

(o) Except as otherwise specifically provided in this Article 2, should any payment or prepayment of principal of or interest on the Loans or any other amount due hereunder become due and payable on a day other than a Business Day, the due date of such payment or prepayment shall be extended to the next succeeding Business Day and, in the case of a payment or prepayment of principal, interest shall be payable thereon at the rate herein specified during such extension.

(p) On the date of payment of the Additional Amount (as defined in Section 2.2(a)(iii) of the Purchase Agreement), Borrower shall prepay the Loans in an amount equal to \$20,000,000 minus the Additional Amount actually paid pursuant to Section 2.2(a)(iii) of the Purchase Agreement; provided that such prepayment must be made with the proceeds of additional cash equity contributions made to a Credit Party from a non-Credit Party after the Closing Date.

SECTION 2.8 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the LIBOR); or

(ii) impose on any Lender or the London Interbank Market any other condition affecting this Credit Agreement or LIBOR Loans made by such Lender;

and the result of any of the foregoing shall be to increase, from the conditions that existed on the Closing Date, the cost to such Lender of making or maintaining any LIBOR Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender or hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered; provided, however, that (x) the Borrower shall not be obligated to pay such compensation to any Lender on account of any Change in Law affecting or altering the Excluded Taxes, and (y) any amounts in respect of Indemnified Taxes and Other Taxes shall be governed exclusively by Section 2.11.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Credit Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or its holding company the changes as a result of which such amounts are due and the manner of computing such amounts, as specified in Section 2.10(a) or (b) above (as the case may be) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.10 shall not constitute a waiver of such Lender's right to demand such compensation. Notwithstanding anything to the contrary in this Section, the Borrower shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than 270 days prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided, that if the Change in Law giving rise to such claim have a retroactive effect, then such 270-day period shall be extended to include the period of such retroactive effect. The obligations of the Borrower pursuant to this Section shall survive the termination of this Credit Agreement and the payment of the Loans and all other amounts payable hereunder.

(e) Each Lender agrees that after it becomes aware of the occurrence of an event or the existence of a condition that (i) would cause it to incur any increased cost hereunder or render it unable to perform its agreements hereunder for the reasons specifically set forth in Section 2.5

(b), this Section 2.8 or Section 2.9, or (ii) would require the Borrower to pay an increased amount under Section 2.5(b), this Section 2.8 or Section 2.11, it will use commercially reasonable efforts to notify the Borrower of such event or condition and, to the extent not inconsistent with such Lender's internal policies, will use commercially reasonable efforts to make, fund or maintain the affected Loans of such Lender through another Lending Office of such Lender if as a result thereof the additional monies which would otherwise be required to be paid or the reduction of amounts receivable by such Lender thereunder in respect of such Loans would be materially reduced, or such inability to perform would cease to exist, or the increased costs which would otherwise be required to be paid in respect of such Loans pursuant to Section 2.5(b), this Section 2.8 or Section 2.11 would be materially reduced or taxes or other amounts otherwise payable under Section 2.5 (b), this Section 2.8 or Section 2.11 would be materially reduced, and if, as determined by such Lender, in its sole discretion, the making, funding or maintaining of such Loans through such other Lending Office would not otherwise adversely affect such Loans or such Lender. Notwithstanding the foregoing, a failure on the part of any Lender to provide notice or take any other action pursuant to this Section 2.8(e) shall not affect the Borrower's obligation to make any payments or deductions required by this Article 2. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

SECTION 2.9 Change in Legality.

(a) Notwithstanding anything to the contrary contained elsewhere in this Credit Agreement, if any change after the Closing Date in any Applicable Law, guideline or order, or in the interpretation thereof by any Governmental Authority charged with the administration thereof, shall make it unlawful for any Lender to make or maintain any LIBOR Loan or to give effect to its obligations as contemplated hereby with respect to a LIBOR Loan, then, by written notice to the Borrower and the Administrative Agent, such Lender may (i) declare that LIBOR Loans will not thereafter be made by such Lender hereunder for as long as such condition may be continuing, and/or (ii) require that, subject to Section 2.7(b), all outstanding LIBOR Loans made by it be converted to Alternate Base Rate Loans, whereupon all of such LIBOR Loans shall automatically be converted to Alternate Base Rate Loans, as of the effective date of such notice as provided in Section 2.9(b) below. Such Lender's Pro Rata Share of any subsequent LIBOR Borrowing shall instead be an Alternate Base Rate Loan unless such declaration is subsequently withdrawn.

(b) A notice to the Borrower by any Lender pursuant to Section 2.9(a) above shall be effective for purposes of clause (ii) thereof, if lawful, on the last day of the current Interest Period for each outstanding LIBOR Loan; and in all other cases, on the date of receipt of such notice by the Borrower.

SECTION 2.10 Manner of Payments. Subject to Section 2.13, all payments of principal and interest by the Borrower in respect of any Loans made to it shall be remitted to the Lenders in accordance with their Pro Rata Share of the outstanding Loans and all Borrowings of any Loans by the Borrower hereunder shall be made by the Lenders in accordance with their Pro Rata Share thereof. All payments by the Borrower hereunder shall be absolute and unconditional obligations not subject to offset, counterclaim, recoupment or reduction of any kind and shall be made in Dollars in Federal or other immediately available funds at the Funding Office for credit to the JPMorgan Clearing Account (with a specific reference to "Summit Entertainment, LLC") no

later than 2:00 p.m., New York City time, on the date on which such payment shall be due.

SECTION 2.11 Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided, however, that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.11) the Administrative Agent or the applicable Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within ten (10) Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.11) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority (except for any interest, penalties, or expenses payable by the Administrative Agent or a Lender if caused by its own gross negligence or willful misconduct as determined by a final, non-appealable judgment). A certificate setting forth the nature and amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Credit Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), on or prior to the Initial Date with respect to such Foreign Lender (and from time to time thereafter at the time or times prescribed by Applicable Law or upon the request of the Borrower or the Administrative Agent), two (2) copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Foreign Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of “portfolio interest”, a statement substantially in the form of Exhibit M and an Internal Revenue Service Form W-8BEN, or any subsequent versions thereof or successors

thereto, duly executed and properly completed by such Foreign Lender.

(f) Any Lender that is not a Foreign Lender and has not otherwise established to the reasonable satisfaction of the Borrower and the Administrative Agent that it is an exempt recipient (as defined in section 6049(b)(4) of the Code and the regulations thereunder) shall deliver to the Borrower (with a copy to the Administrative Agent) on or prior to the Initial Date with respect to such Lender (and from time to time thereafter as prescribed by Applicable Law or upon the request of the Borrower or the Administrative Agent), a duly executed and properly completed copy of Internal Revenue Service Form W-9 (or any subsequent versions thereof or successors thereto).

(g) If the Administrative Agent or a Lender determines, in its sole discretion exercised in good faith, that it has received a refund of or any credit for any Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.11, it shall pay over such refund or credit to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.11 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund or credit), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund or credit); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund or credit to such Governmental Authority. This Section 2.11 shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.12 Interest Adjustments.

(a) If the provisions of this Credit Agreement or any Note would at any time require payment by the Borrower to a Lender of any amount of interest in excess of the maximum amount then permitted by the law applicable to any Loan, the interest payments to that Lender shall be reduced to the extent necessary so that such Lender shall not receive interest in excess of such maximum amount. If, as a result of the foregoing, a Lender receives interest payments hereunder or under a Note in an amount less than the amount otherwise provided hereunder, such deficit (hereinafter called the "Interest Deficit") will, to the fullest extent permitted by Applicable Law, cumulate and will be carried forward (without interest) until the termination of this Credit Agreement. Interest otherwise payable to a Lender hereunder or under a Note for any subsequent period shall be increased by the maximum amount of the Interest Deficit that may be so added without causing such Lender to receive interest in excess of the maximum amount then permitted by the law applicable to the Loans.

(b) The amount of any Interest Deficit relating to a particular Loan or Note shall be treated as a prepayment penalty and shall, to the fullest extent permitted by Applicable Law, be paid in full at the time of any optional prepayment by the Borrower to the Lenders of all the Loans at that time outstanding pursuant to Section 2.7(a). The amount of any Interest Deficit relating to

a particular Loan or Note at the time of the termination of the Commitments and payment in full of the Loans at that time outstanding (other than an optional prepayment thereof pursuant to Section 2.7(a)), shall be canceled and not paid.

SECTION 2.13 Defaulting Lenders. Notwithstanding any provision of this Credit Agreement to the contrary, if any Lender becomes a Defaulting Lender, the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) The Commitment of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or modification pursuant to Section 13.10(a)); provided, that any amendment, waiver or modification requiring the consent of all Lenders or each affected Lender which affects such Defaulting Lender or all Defaulting Lenders differently than other affected Lenders shall require the consent of such Defaulting Lender.

(b) So long as no Event of Default shall have occurred and be continuing, any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 12.3 but excluding payments to the Defaulting Lender pursuant to Section 13.10(b)) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its Pro Rata Share as required by this Credit Agreement, (iii) third, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender under this Credit Agreement, (iv) fourth, pro rata, to the payment of any amounts owing to the Borrower or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by the Borrower or any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Credit Agreement, and (v) fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided, that if such payment is a prepayment of the principal amount of any outstanding Loans, such payment shall be applied solely to prepay the outstanding Loans of, and reimbursement obligations owed to, all non-Defaulting Lenders pro rata prior to being applied to the prepayment of any outstanding Loans of, or reimbursement obligations owed to, such Defaulting Lender.

(c) Upon the occurrence and during the continuance of an Event of Default, all amounts which would otherwise be payable to the Defaulting Lender shall, in lieu of being distributed to such Defaulting Lender, be applied to satisfy in full the Obligations owing to the Administrative Agent and the non-Defaulting Lenders in accordance with the other provisions of this Credit Agreement with the balance, if any, being applied to the Obligations owing to such Defaulting Lender.

(d) Neither the provisions of this Section 2.13, nor the provisions of any other Section of this Credit Agreement relating to a Defaulting Lender, are intended by the parties to constitute liquidated damages. Subject to the limitations contained in Section 13.8 regarding special,

indirect, consequential and punitive damages, each of the Administrative Agent, each non-Defaulting Lender and each Credit Party hereby reserves its respective rights to proceed against such Defaulting Lender for any damages incurred as a result of it becoming a Defaulting Lender hereunder.

SECTION 2.14 Replacement of Lenders. If any Lender (i) requests compensation under Section 2.5(b), 2.8 or 2.11, or (ii) becomes a Defaulting Lender, or (iii) is replaced pursuant to Section 13.10(d), then the Borrower may, at its sole expense and effort and upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 13.3), all of its interests, rights and obligations under this Credit Agreement and the other Fundamental Documents to another Lender or a replacement lender approved by the Administrative Agent (such approval not to be unreasonably withheld), which shall assume such obligations and which accepts such assignment; provided, that (x) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees, and all other amounts then payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (y) in the case of any such assignment resulting from a claim for compensation under Section 2.8 or payments required to be made pursuant to Section 2.5(b) or 2.11, such assignment will result in a reduction in such compensation or payment on an ongoing basis. No Lender shall be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. No such replacement shall be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender or of any rights that such replaced Lender shall have against the Borrower, the Administrative Agent or any other Lender.

3. REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES

In order to induce the Administrative Agent and the Lenders to enter into this Credit Agreement and make the Loans provided for herein, as applicable, the Credit Parties, jointly and severally, make the following representations and warranties to, and agreements with, the Administrative Agent and the Lenders, all of which shall survive the execution and delivery of this Credit Agreement, the issuance of the Notes and the making of the Loans.

SECTION 3.1 Existence and Power.

(a) Each of the Credit Parties is a limited liability company or corporation, duly formed or organized, validly existing and (other than Proscenium Pictures Ltd. as a result of its failure to file its 2010 annual report with the UK Registrar) in good standing under the laws of its jurisdiction of formation or organization, and in good standing as a foreign entity in all other jurisdictions where the failure to be so qualified or be in good standing in such other jurisdictions could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. A list of the foregoing jurisdictions as of the Closing Date is attached hereto as Schedule 3.1.

(b) Each Credit Party has the power and authority (i) to own its respective properties and carry on its respective business as now being conducted and as intended to be

conducted, (ii) to execute, deliver and perform, as applicable, its obligations under the Fundamental Documents and any other documents contemplated thereby to which it is or will be a party, (iii) to grant to the Administrative Agent, for the benefit of the Secured Parties, a security interest in the Collateral as contemplated by Article 8, (iv) in the case of the Pledgors, to grant to the Administrative Agent, for the benefit of the Secured Parties, a security interest in the Pledged Collateral as contemplated by Article 10, and (v) in the case of the Guarantors, to guaranty the Obligations as contemplated by Article 9.

SECTION 3.2 Authority and No Violation.

(a) The execution, delivery and performance by each Credit Party of the Fundamental Documents to which it is a party, the grant by each Credit Party to the Administrative Agent for the benefit of the Secured Parties of the security interest in the Collateral and the grant by each Pledgor to the Administrative Agent for the benefit of the Secured Parties of the security interest in the Pledged Collateral, in each case, as contemplated by the Fundamental Documents and, in the case of the Borrower, the Borrowings hereunder and the execution, delivery and performance of the Notes and, in the case of each Guarantor, the guaranty of the Obligations as contemplated in Article 9, (i) have been duly authorized by all necessary company action (or similar action) on the part of each Credit Party, (ii) will not constitute a violation of any provision of Applicable Law or any order of any Governmental Authority applicable to such Credit Party or any of its properties or assets, (iii) will not violate any provision of the certificate of formation or organization, bylaws, operating agreement, partnership agreement or any other organizational document of such Credit Party, (iv) will not violate any provision of, be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or create any right to terminate, any Distribution Agreement, or any indenture, agreement, bond, note or other similar instrument to which a Credit Party or by which a Credit Party or any of its properties or assets are bound, other than where any such violation, conflict, breach, default or termination described in clauses (ii) and (iv) above could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (v) will not result in the creation or imposition of any Lien of any nature whatsoever upon any of the properties or assets of such Credit Party other than pursuant to the Fundamental Documents.

(b) Other than the restrictions listed on Schedule 3.2(b), there are no restrictions on the transfer of any of the Pledged Securities other than as a result of this Credit Agreement or Applicable Law, including any securities laws and the regulations promulgated thereunder.

SECTION 3.3 Governmental Approval. All authorizations, approvals, consents, registrations or filings from or with any Governmental Authority required for the consummation of the execution, delivery and performance by any Credit Party of the Fundamental Documents to which it is a party in accordance with its terms, and the execution and delivery by the Borrower of the Notes, have been duly obtained or made or duly applied for, and are in full force and effect and, if any further such authorizations, consents, approvals, registrations or filings should hereafter become necessary, the Credit Parties shall obtain or make all such authorizations, approvals, registrations or filings.

SECTION 3.4 Binding Agreements. This Credit Agreement and the other

Fundamental Documents, when executed, will constitute the legal, valid and binding obligations of each Credit Party that is a party hereto or thereto, enforceable against each Credit Party in accordance with their respective terms, subject, as to the enforcement of remedies, to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.5 Financial Statements. The audited consolidated balance sheets for the fiscal year ending December 31, 2010 and unaudited consolidated balance sheets for the fiscal quarter ending September 30, 2011, in each case of the Borrower and its Consolidated Subsidiaries, together with the related statements of income, members' equity and cash flows, and the related notes and supplemental information for the audited statements, and the most recent annual audited and quarterly unaudited consolidated balance sheet, together in each case with the related statements of income, members' equity and cash flows, and the related notes and supplemental information for the audited statements, in each case delivered pursuant to Section 5.1, have been prepared in accordance with GAAP then in effect, except as otherwise indicated in the notes to such financial statements and subject, in the case of unaudited statements, to changes resulting from year-end and audit adjustments and the absence of footnotes. All of such financial statements fairly present in all material respects the financial position or the results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated basis at the dates or for the periods indicated, subject, in the case of unaudited statements, to changes resulting from year-end and audit adjustments and the absence of footnotes, and reflect all known liabilities, contingent or otherwise, that GAAP requires, as of such dates, to be shown or reserved against.

SECTION 3.6 No Material Adverse Change. There has been no material adverse change, or any occurrence, condition or circumstance which could reasonably be expected to be a material adverse change, with respect to the business, operations, performance, assets, properties or financial condition of the Credit Parties, taken as a whole, since December 31, 2010.

SECTION 3.7 Ownership of Pledged Securities, Subsidiaries, etc.

(a) Attached hereto as Schedule 3.7(a) is a correct and complete list as of the Closing Date of each Credit Party showing as to each (i) the jurisdiction of formation or organization (as the case may be) of such Credit Party, (ii) the authorized capitalization of such Credit Party, (iii) each Person holding ownership interests in such Credit Party and the type of such interests, and (iv) the percentage of ownership of such Credit Party represented by such ownership interests.

(b) Except as disclosed on Schedule 3.7(b), (i) no Credit Party owns any voting stock, Equity Interest or other beneficial interest, either directly or indirectly, in any Person other than another Credit Party, and (ii) no Credit Party is a general or limited partner in any partnership or a participant in a joint venture (other than Approved Co-Financing Venture Transactions).

(c) Attached hereto as Schedule 3.7(c) is a correct and complete organizational chart as of the Closing Date reflecting the organizational structure of the Credit Parties and their Subsidiaries.

SECTION 3.8 Copyrights, Trademarks and Other Rights.

(a) As of the Closing Date, Schedule 3.8(a) included: (i) the application filing dates or copyright registration numbers and name of the Credit Party that is the applicant or registrant for each U.S. copyright owned, in whole or in part, by a Credit Party in (x) Completed Pictures which have been commercially released in the U.S. (“Released Pictures”), (y) screenplays for Pictures which are not Released Pictures but have commenced or completed production, or which a Credit Party has otherwise elected to register (excluding with respect to screenplays, registrations issued before April 18, 2007 which in the aggregate are not material) (“Produced Screenplays”) and (z) items of Music Product for which a Credit Party has elected to obtain a registration, and (ii) the recordation filing dates or recordation numbers and dates, for each acquisition of a Completed Picture for which a Credit Party obtained the U.S. distribution rights (an “Acquired Picture”) other than with respect to non-theatrical direct to video Pictures for which a Credit Party obtained less than all of the United States distribution rights and did not obtain the copyright in and to such Picture, or which a Credit Party has otherwise elected to record (it being understood that with respect to any such Acquired Pictures acquired prior to April 18, 2007, Schedule 3.8(a) will only list the titles thereof). As of the date hereof, each Credit Party that owns a copyright, in whole or in part, to a Completed Picture or Produced Screenplay, has registered such copyright, or has filed an application for registration of such copyright, with the U.S. Copyright Office. As of the date hereof, each Credit Party that obtained the U.S. distribution rights to a Completed Picture has recorded an instrument of transfer, or has filed an instrument of transfer for recordation, with the U.S. Copyright Office in respect of its rights to such Acquired Picture (with the exception of Acquired Pictures acquired prior to April 18, 2007 and non-theatrical direct to video Pictures for which a Credit Party obtained less than all of the United States distribution rights and did not obtain the copyright in and to such Picture). To the best of each Credit Party’s knowledge, (A) all such Pictures and all component parts thereof do not and will not violate or infringe upon any copyright, right of privacy, trademark, patent, trade name, performing right or any literary, dramatic, musical, artistic, personal, private, civil, contract, property or copyright right or any other right of any Person or contain any libelous or slanderous material, and (B) from and after the commencement of principal photography for any Picture, or if acquired subsequent to the commencement of principal photography, then at the time of such acquisition, each Credit Party owns or is licensed sufficient rights under copyright to such Picture to perform its obligations under (and not be in breach of) the Distribution Agreements applicable to such Picture in effect at such time. Except as disclosed on Schedule 3.12, there is no claim, suit, action or proceeding pending or, to the best of each Credit Party’s knowledge, threatened against any Credit Party that involves a claim of infringement of any copyright with respect to any Picture or item of Music Product listed on Schedule 3.8(a), and no Credit Party has any knowledge of any existing infringement or any other violation by any other Person of any copyright held by any Credit Party with respect to any Picture or item of Music Product listed on Schedule 3.8(a) which, in each case, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Each copyright set forth on Schedule 3.8(a) that is registered or has been duly submitted for registration to the U.S. Copyright Office in the name of a Credit Party and each Completed Picture for which a Credit Party obtained the U.S. distribution rights after April 18, 2007, in each case as of the Closing Date, has been included on Schedule A to the Copyright Security Agreement that was delivered to the Administrative Agent on or prior to the Closing Date pursuant to Section 4.1(f).

(b) Schedule 3.8(b) lists all the trademarks registered and trademark applications (excluding any applications filed, in whole or in part, on an intent to use basis) filed in the U.S. Patent and Trademark Office by any Credit Party (including those to be registered or filed as of the Closing Date) and identifies the Credit Party which registered or filed (or which will register or file, as of the Closing Date) each such trademark, including the respective registration or application numbers and applicable dates of registration or application. Each trademark set forth on Schedule 3.8(b) that is registered in the U.S. Patent and Trademark Office or for which an application has been filed in the U.S. Patent and Trademark Office in the name of a Credit Party, in each case as of the Closing Date, has been included on Schedule A to the Trademark Security Agreement that was delivered to the Administrative Agent on or prior to the Closing Date pursuant to Section 4.1(f).

(c) Except as disclosed on Schedule 3.8(c), to the knowledge of the Credit Parties, all registrations for all copyrights, trademarks and service marks in which any Credit Party has any rights described in subsections (a) and (b) above are valid and in full force and effect (other than registrations for copyrights, trademarks and service marks that in the aggregate are not material) and are not and will not be subject to the payment of any taxes or maintenance fees (other than U.S. Patent & Trademark Office fees for filings made pursuant to Sections 8, 9 and 15 of the Lanham Act, 15 U.S.C. § 1050 et al, to maintain and/or renew the trademark and/or service mark registrations) or other actions prior to the Maturity Date to maintain their validity or effectiveness.

SECTION 3.9 Fictitious Names. Except as disclosed on Schedule 3.9, no Credit Party has done business, is doing business or intends to do business other than under its full legal name, including, without limitation, under any trade name or other “doing business as” name.

SECTION 3.10 Title to Properties. Each Credit Party has good title to, or valid leasehold interests in, each of the properties and assets reflected on the most recent financial statements referred to in Section 3.5, except, in each case, to the extent failure to possess such title or valid leasehold interest could not reasonably be expected to have a Material Adverse Effect, and all such properties and assets are free and clear of Liens, except Permitted Encumbrances.

SECTION 3.11 Chief Executive Office; Location of Collateral; Tax Identification Number. Schedule 3.11 lists (i) the chief executive office of each Credit Party, (ii) all of the places where any Credit Party keeps the records (other than any off-site storage facilities from which such records are readily retrievable, a list of which facilities is available upon the Administrative Agent’s request) concerning the Collateral or regularly keeps any goods included in the Collateral as of the Closing Date, and (iii) each Credit Party’s tax identification and organizational number.

SECTION 3.12 Litigation. Schedule 3.12 sets forth a list as of the Closing Date of all actions, suits or other proceedings at law or in equity by or before any arbitrator, arbitration panel or Governmental Authority (including, but not limited to, matters arising under or related to Environmental Law), and to the best of each Credit Party’s knowledge, any investigation by any Governmental Authority of the affairs of, or threatened action, suit or other proceeding against or affecting, any Credit Party or any of their respective properties or rights, none of which actions, suits, proceedings or investigations would, if adversely determined, have a Material Adverse Effect. No Credit Party is in default with respect to any order, writ, injunction, decree, rule or regulation of any Governmental Authority binding upon such Person, which default could reasonably be

expected to result in a Material Adverse Effect.

SECTION 3.13 Federal Reserve Regulations. None of the Credit Parties is engaged principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Loans will be used, directly or indirectly, whether immediately, incidentally or ultimately (i) to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, or (ii) for any other purpose, in each case, violative of or inconsistent with any of the provisions of any regulation of the Board, including, without limitation, Regulations T, U and X thereto.

SECTION 3.14 Investment Company Act. None of the Credit Parties is, or will during the term of this Credit Agreement be, (i) an “investment company,” within the meaning of the Investment Company Act of 1940, as amended or (ii) subject to regulation under any foreign, federal or local statute or any other Applicable Law of the United States of America or any other jurisdiction, in each case limiting its ability to incur indebtedness for money borrowed as contemplated hereby or by any other Fundamental Document.

SECTION 3.15 Taxes. Each Credit Party has filed or caused to be filed all material federal, state, local and foreign tax returns which are required to be filed with any Governmental Authority after giving effect to applicable extensions, and has paid or has caused to be paid all material taxes as shown on said returns or on any assessment received by it in writing, to the extent that such taxes have become due, except as permitted by Section 5.12. No Credit Party knows of any material additional assessments or any basis therefor. The Credit Parties believe that the charges, accruals and reserves on its books in respect of taxes or other governmental charges are accurate and adequate, in accordance with GAAP.

SECTION 3.16 Compliance with ERISA. Each of the Credit Parties’ Plans (if any), all of which, as of the Closing Date, are listed on Schedule 3.16, and each of which has been maintained and operated in all material respects in accordance with all Applicable Laws, including ERISA and the Code, and each Plan (if any) intended to qualify under section 401(a) of the Code satisfies the requirements of this Section 3.16 in all material respects. No Reportable Event has occurred as to any Plan, and the present value of all benefits under all Plans subject to Title IV of ERISA (based on those assumptions used to fund such Plans) did not, in the aggregate, as of the last annual valuation date applicable thereto, exceed the actuarial value of the assets of such Plans allocable to such benefits. No material liability has been, and no circumstances exist pursuant to which any material liability is reasonably likely to be, imposed upon any Credit Party or ERISA Affiliate (i) under sections 4971 through 4980E of the Code, sections 502(i) or 502(l) of ERISA, or Title IV of ERISA with respect to any Plan or Multiemployer Plan, or with respect to any plan heretofore maintained by any Credit Party or ERISA Affiliate, or any entity that heretofore was an ERISA Affiliate, (ii) for the failure to fulfill any obligation to contribute to any Multiemployer Plan, or (iii) with respect to any Plan that provides post-retirement welfare coverage (other than as required pursuant to Section 4980B of the Code). Neither any Credit Party nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated.

SECTION 3.17 Agreements.

(a) No Credit Party is in default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any material agreement or instrument (including, without limitation, any Distribution Agreement) to which it is a party, which default could have a materially negative impact on the business of the Credit Parties.

(b) Schedule 3.17 is a true and complete listing as of the Closing Date of (i) all currently operative credit agreements, indentures, notes, and other agreements related to any indebtedness for borrowed money of any Credit Party, other than the Fundamental Documents, (ii) all material Distribution Agreements, (iii) all joint ventures to which a Credit Party is a party, (iv) all agreements or other arrangements pursuant to which any Credit Party has granted a Lien to any Person (other than Excluded Liens) on or after April 18, 2007 and (v) each other material contractual agreement and each material amendment thereto. The Credit Parties have delivered or made available to the Administrative Agent a true and complete copy of each agreement (or, if not yet executed, the most recent draft) described on Schedule 3.17, including all exhibits and schedules thereto. For purposes of this Section 3.17, a Distribution Agreement or other contractual arrangement shall be deemed “material” if any Credit Party reasonably expects that a Credit Party would, pursuant to the terms thereof, (A) recognize future revenues in excess of \$20,000,000, (B) incur liabilities or obligations in excess of \$20,000,000, or (C) could reasonably be likely to suffer damages or losses in excess of \$20,000,000 by reason of the breach or termination thereof; provided the foregoing shall not include any agreement with any Person rendering services on any Picture.

SECTION 3.18 Security Interest. This Credit Agreement and the other Fundamental Documents, when executed and delivered and, upon the making of the extension of credit hereunder, will create and grant to the Administrative Agent (for the benefit of the Secured Parties), upon (i) the filing of the appropriate UCC 1 financing statements with the filing offices listed on Schedule 3.18, (ii) the filing of Form MG01 in connection with the U.K. Credit Parties, (iii) the filing of the Copyright Security Agreement with the U.S. Copyright Office, (iv) the filing of the Trademark Security Agreement with the U.S. Patent and Trademark Office, (v) the delivery of any certificated Pledged Securities with appropriate stock powers (or any comparable document for non corporate entities to the extent certificated) duly executed in blank to the Administrative Agent (and the Administrative Agent having taken possession or control of such Pledged Securities), (vi) the execution and delivery of any applicable Account Control Agreements, and (vii) the payment of all applicable filings fees for the documents referenced in the preceding clauses (i), (ii), (iii) and (iv) a valid and perfected security interest in the Collateral to the extent (A) in the case of Pictures, set forth on Schedule 3.8(a), or (B) such security interest can be perfected by the actions described in clauses (i) through (vi) above (prior to all other Liens other than any Specified Permitted Encumbrances (including, for the avoidance of doubt, the lien of the Comerica Agent) not otherwise subordinated to such security interest pursuant to the terms of any applicable intercreditor agreement and, in the case of certificated Pledged Securities so delivered, prior to all other Liens).

SECTION 3.19 Environmental Liabilities.

(a) Except as disclosed on Schedule 3.19, no Credit Party (and to the best of each Credit Party’s knowledge no other Person) has used, stored, treated, transported, manufactured,

refined, handled, produced, Released or disposed of any Hazardous Materials on, under, at, from or in any way affecting, any of the properties or assets owned, operated, occupied or leased by a Credit Party, in material violation of any Environmental Law, or in any other manner, that in either case could result in a material liability to the Credit Parties and their Subsidiaries taken as a whole.

(b) (i) No Finance Party has any obligations or liabilities, known or unknown, matured or not matured, absolute or contingent, or assessed or unassessed, arising under or related to Environmental Laws or Hazardous Materials which could reasonably be expected to have a Material Adverse Effect, and (ii) no claims have been made against any of the Finance Parties in the past five (5) years and no pending, threatened or outstanding citations, orders, proceedings or notices have been issued against any of the Credit Parties arising under or related to Environmental Laws or Hazardous Materials, which could reasonably be expected to have a Material Adverse Effect, in each case of (i) and (ii) including, without limitation, any such obligations or liabilities relating to or arising out of activities of any of its respective employees, agents, representatives, affiliates or predecessors in interest or any other Person with respect to which any Credit Party is responsible, either contractually, by operation of law or otherwise.

SECTION 3.20 Pledged Securities.

(a) All of the Pledged Securities are duly authorized, validly issued, fully paid and non-assessable, and are owned and held by the Pledgors (as applicable), free and clear of any Liens, other than those created pursuant to this Credit Agreement and Liens securing the Existing Comerica Loan Facility, and there are no restrictions on the transfer of the Pledged Securities other than as a result of this Credit Agreement or applicable securities laws and the regulations promulgated thereunder. The Pledged Securities are owned by the Persons specified on Schedule 3.7(a) and Schedule 3.7(b).

(b) There are no (i) outstanding rights, warrants, options, conversion or similar rights currently outstanding with respect to, and no agreements to purchase or otherwise acquire, any shares of the capital stock or other Equity Interests of any issuer of any of the Pledged Securities, or (ii) securities or obligations of any kind convertible into any shares of the capital stock or other Equity Interests of any issuer of any of the Pledged Securities.

(c) Article 10 creates in favor of the Administrative Agent (on behalf of the Secured Parties), a valid, binding and enforceable security interest in, and Lien upon, all right, title and interest of the Pledgors in the Pledged Collateral and upon delivery to the Administrative Agent of the certificated instruments (if any) representing all Pledged Securities, accompanied by undated stock powers (or any comparable documents for non-corporate entities to the extent certificated), duly endorsed or executed in blank by the appropriate Pledgor, shall constitute a fully perfected first priority security interest and Lien upon all right, title and interest of the Pledgors in such Pledged Collateral.

SECTION 3.21 Compliance with Laws. No Credit Party is in violation of any Applicable Law which violation could reasonably be expected to result in a Material Adverse Effect. The Borrowings hereunder, the intended use of the proceeds of the Loans as contemplated by Section 5.17 and any other transactions contemplated hereby will not violate any Applicable Law.

SECTION 3.22 Subsidiaries. Set forth on Schedule 3.22 is a true and complete list of all of the Subsidiaries of the Credit Parties and all Co-Financing Venture Entities, together with, for each such Subsidiary and Co-Financing Venture Entity, (i) the jurisdiction of formation or organization (as the case may be) of such Subsidiary and Co-Financing Venture Entity, (ii) the authorized capitalization of such Subsidiary and Co-Financing Venture Entity, (iii) each Person holding ownership interests in such Subsidiary and Co-Financing Venture Entity and the type of such interests, and (iv) the percentage of ownership of such Subsidiary and Co-Financing Venture Entity represented by such ownership interests.

SECTION 3.23 Solvency. No Credit Party has entered, or is entering, into the arrangements contemplated hereby or by the other Fundamental Documents, or intends to make any transfer or incur any obligations hereunder or thereunder, with actual intent to hinder, delay or defraud either present or future creditors. On and as of the Closing Date and any date on which an extension of credit is made hereunder, on a pro forma basis after giving effect to all Indebtedness (including the Loans): (a) each Credit Party expects the cash available to such Credit Party, after taking into account all other anticipated uses of the cash of such Credit Party (including the payments on or in respect of debt referred to in clause (c) below), will be sufficient to satisfy all final judgments for money damages which have been docketed against such Credit Party or which may be rendered against such Credit Party in any action in which such Credit Party is a defendant (taking into account the reasonably anticipated maximum amount of any such judgment and the earliest time at which such judgment might be entered); (b) the sum of the present fair saleable value of the assets of each Credit Party will exceed the probable liability of such Credit Party on its debts (including its Guarantees after giving effect to the Contribution Agreement); (c) no Credit Party will have incurred or intends to, or believes that it will, incur debts beyond its ability to pay such debts as such debts mature (taking into account the timing and amounts of cash to be received by such Credit Party from any source, and of amounts to be payable on or in respect of debts of such Credit Party and the amounts referred to in clause (b) above); and (d) each Credit Party believes it will have sufficient capital with which to conduct its present and proposed business and the property of such Credit Party does not constitute unreasonably small capital with which to conduct its present or proposed business. For purposes of this Section 3.23, “debt” means any liability or a claim, and “claim” means any (i) right to payment whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, or (ii) right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

SECTION 3.24 True and Complete Disclosure. Neither any Fundamental Document nor any other material agreement, document, instrument, certificate or statement (other than (i) the Business Plan, (ii) any other projections, estimates, or other forward-looking information, and (iii) any forward-looking pro forma financial information) furnished to the Administrative Agent and the Lenders by or on behalf of any Credit Party in connection with the transactions contemplated hereby, at the time it was furnished contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements contained herein or therein, under the circumstances under which they were made, not misleading (considered in the context of all other information provided to the Lenders). The Business Plan and any other projections, estimates, forward-looking information or any forward-looking pro forma financial information furnished to

the Administrative Agent pursuant to this Credit Agreement are based on good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made in light of the circumstances in existence at such time, it being understood by the Administrative Agent and the Lenders that, without limiting the foregoing representation, (i) the Business Plan or such other information as they relate to future events is not to be viewed as fact, and (ii) actual results during the period or periods covered by the Business Plan or such other information are subject to significant uncertainties and contingencies and may differ materially from the projected results set forth therein. There is no fact known to any Credit Party (other than general industry conditions) which materially and adversely affects, or in the future may reasonably be expected to materially and adversely affect, the business, properties, assets, operations or condition (financial or otherwise) of the Credit Parties, taken as a whole.

SECTION 3.25 Status as a Pass-Through Entity. At all times since its formation, each Credit Party has been either a “disregarded entity” or a “partnership” for U.S. federal, state and local income and franchise tax purposes (other than Summit Distribution, LLC; Summit International Distribution, Inc. and Summit Entertainment Development Services).

SECTION 3.26 Excluded Subsidiaries.

(a) Attached hereto as Schedule 3.26 is a correct and complete list as of the Closing Date of each Excluded Subsidiary showing as to each (i) the jurisdiction of formation or organization (as the case may be) of such Excluded Subsidiary, (ii) the authorized capitalization of such Excluded Subsidiary, (iii) each Person holding ownership interests in such Excluded Subsidiary and the type of such interests, (iv) the percentage of ownership of such Excluded Subsidiary represented by such ownership interests and (v) an explanation as to why it qualifies as an Excluded Subsidiary.

SECTION 3.27 Representations on behalf of Excluded Subsidiaries. The Credit Parties repeat the representations, warranties and agreements contained in Sections 3.1(a), 3.1(b) (i) and (ii), 3.2 (other than with respect to Collateral and Pledged Securities), 3.3, 3.4, 3.7, 3.12, 3.15, 3.16, 3.17, 3.19, 3.20 (other than Co-Financing Venture Entities and their Subsidiaries) and 3.21; provided, that each reference therein to a Credit Party shall be deemed to also include each Finance Party (other than Co-Financing Venture Entities and their Subsidiaries which are neither controlled by a Credit Party nor for which production or exploitation of the related Picture is controlled by a Credit Party (in each case, as opposed to the applicable Approved Co-Financing Venture Counterparty)).

4. CONDITIONS OF LENDING

SECTION 4.1 Conditions Precedent to Loan. The obligation of each Initial 2012 Lender to make its Loan hereunder was subject to the satisfaction in full of the following conditions precedent:

- (a) Organizational Documents. The Administrative Agent shall have received:
 - (i) a copy of the certificate of formation or articles or certificate of incorporation

(or equivalent document) of each Credit Party, certified as of a recent date by the Secretary of State or other relevant office of such Person's jurisdiction of formation or incorporation, which certificate lists (if such type of list is generally available in the applicable jurisdiction) the charter documents on file in the office of such Secretary of State;

(ii) a certificate of the Secretary of State of such jurisdiction of formation or incorporation, dated as of a recent date, as to the good standing of, and, if generally available in the applicable jurisdiction, the payment of taxes then due and payable by, each Credit Party (other than Proscenium Pictures, Ltd.);

(iii) a certificate dated as of a recent date as to the good standing and/or authority to do business of each Credit Party, issued by the Secretary of State or other relevant office of each jurisdiction in the United States, if any, in which such Person is qualified as a foreign entity; and

(iv) a certificate of the Secretary, Assistant Secretary or other appropriate officer (or member or manager, as the case may be, in the case of limited liability companies) acceptable to the Administrative Agent, of each Credit Party, dated as of the Closing Date and certifying (A) that attached thereto is a true and complete copy of the certificate of formation or articles or certificate of incorporation (or equivalent document) of such Person; (B) that attached thereto is a true and complete copy of the operating agreement, bylaws, or equivalent document of such Person as in effect on the date of such certification; (C) that attached thereto is a true and complete copy of the resolutions adopted by the applicable managing body of such Person authorizing the execution, delivery and performance in accordance with their respective terms of the Fundamental Documents executed by such Person, and any other documents required or contemplated hereunder or thereunder, the grant of the security interests in the Collateral and the Pledged Collateral, and in the case of the Borrower, the Borrowings hereunder, and that such resolutions have not been amended, rescinded or supplemented and are currently in effect; (D) that the certificate of formation or articles or certificate of incorporation (or equivalent document) of such Person has not been amended since the date of the last amendment thereto indicated on the certificates of the Secretary of State or other appropriate office furnished pursuant to clause (i) above; and (E) as to the incumbency and specimen signature of each officer (or member or manager, as the case may be) of such party executing any Fundamental Document or such other documents required or contemplated hereunder or thereunder (such certificate to contain a certification by another officer (or member or manager, as the case may be) of such Person as to the incumbency and signature of the officer (or member or manager, as the case may be) signing the certificate referred to in this clause (iv) or a certification by the signing officer (or member or manager, as the case may be) that he or she is the sole officer (or member or manager, as the case may be) of such Person.

(b) Credit Agreement; Notes. The Administrative Agent shall have received (i) executed counterparts of the Initial 2012 Credit Agreement, which, when taken together, bear the signatures of the Administrative Agent, each Lender, and the Credit Parties, and (ii) the Notes executed by the Borrower in favor of each Lender so requesting a Note.

(c) Opinions of Counsel. The Administrative Agent shall have received the written opinions of (i) Liner Grode Stein LLP, as counsel to the Credit Parties and (ii) with respect to the due execution, delivery, authorization and enforceability of the Services Agreement, Wachtell, Lipton, Rosen & Katz, as counsel to the Servicer, in each case dated the Closing Date and addressed to the Administrative Agent and the Lenders, which opinions shall be in form and substance

reasonably satisfactory to the Administrative Agent.

(d) No Material Adverse Effect. Since December 31, 2010, no change or development shall have occurred and no new information shall have been received or discovered by the Administrative Agent or the Lenders regarding any Credit Party (other than changes in general economic conditions) that either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(e) Insurance. The Credit Parties shall have furnished the Administrative Agent with (i) a summary of all existing insurance coverage in respect of the Credit Parties, (ii) evidence acceptable to the Administrative Agent that the insurance policies required by Section 5.5 have been obtained and are in full force and effect, and (iii) certificates of insurance with respect to all insurance coverage existing as of the Closing Date, which certificates shall name the Administrative Agent as an additional insured and/or loss payee and shall evidence compliance with Section 5.5.

(f) Security and Other Documentation. The Administrative Agent shall have received fully executed (where applicable) copies of: (i) a Copyright Security Agreement, listing the copyright interests set forth on Schedule 3.8(a), (ii) a Trademark Security Agreement, listing the trademarks set forth on Schedule 3.8(b), (iii) appropriate UCC-1 financing statements that are required to be filed in order to perfect the Liens in the Collateral and the Pledged Collateral to the extent required by, and with the priority contemplated by, Section 3.18, (iv) Account Control Agreements for each deposit account of a Credit Party (including Collection Accounts maintained with Comerica but excluding the LGAC 1 Account) existing at a bank as of the Closing Date (to the extent not waived by the Administrative Agent in its sole discretion pursuant to Section 12.1(b)(xi)); provided, that with respect to any deposit account of a Credit Party that is subject to an Account Control Agreement in favor of the Administrative Agent prior to the Closing Date, with the approval of the Administrative Agent, a Refinancing Notice may be sent to such bank pursuant to Section 4.1(aa) hereof in lieu of execution of a new Account Control Agreement, (v) the Pledged Securities with appropriate undated stock powers executed in blank (or any comparable document for non-corporate entities to the extent certificated), other than ownership interests in the Borrower, and (vi) with respect to any guild which has been granted a Lien by any Credit Party prior to the Closing Date which has not been released, a notice sent to each such guild notifying it of the Lien granted to the Administrative Agent on all assets of the Credit Parties and which is otherwise in form and substance reasonably satisfactory to the Administrative Agent;

(g) Security Interests in Copyrights and other Collateral. The Administrative Agent shall have received evidence satisfactory to it that each Credit Party and each Pledgor has sufficient right, title and interest in and to the Collateral and Pledged Collateral, respectively, and other assets that it purports to own (including appropriate licenses under copyright), as set forth in the documents and other materials presented to the Lenders, to enable the applicable Credit Party to perform the Distribution Agreements to which it is a party, and as to each Credit Party and each Pledgor, to grant to the Administrative Agent (for the benefit of the Secured Parties) the security interests contemplated by the Fundamental Documents.

(h) Payment of Fees. All fees and expenses (which expenses have been set forth in reasonable detail in an invoice received by the Borrower), in each case, then due and payable by

the Borrower to the Administrative Agent, the Arrangers and/or the Lenders in connection with the transactions contemplated hereby, or as required by any fee letter in respect of the Facility, shall have been paid or shall be paid contemporaneously therewith.

(i) Litigation. Except as disclosed on Schedule 3.12, no litigation, inquiry, injunction or restraining order shall be pending, entered or threatened which could reasonably be expected to have a Material Adverse Effect.

(j) Lien Searches. The Administrative Agent shall have received UCC, copyright office and other searches satisfactory to it covering the Collateral and Pledged Collateral located in the United States indicating that no other filings, encumbrances or transfers (other than in connection with Permitted Encumbrances) with regard to such Collateral and Pledged Collateral are of record in any jurisdiction in which it shall be necessary or desirable for the Administrative Agent to make a filing in order to provide the Administrative Agent (for the benefit of the Secured Parties) with a perfected security interest in the Collateral or Pledged Collateral located in the United States.

(k) Material Agreements. The Administrative Agent shall have received a copy of or been given access to each agreement listed on Schedule 3.17 that has been requested by the Administrative Agent. The Administrative Agent shall be satisfied that the transactions contemplated hereby and by the other Fundamental Documents will not conflict with, or result in a default, breach or right of termination or acceleration under, any material agreement to which any Credit Party is a party, other than such as could not reasonably be expected to result in a Material Adverse Effect.

(l) Contribution Agreement. The Administrative Agent shall have received a fully executed copy of the Contribution Agreement.

(m) Notices of Assignment. To the extent not previously provided to the Administrative Agent, the Administrative Agent shall have received a copy of a Notice of Assignment duly executed by the appropriate Credit Party with respect to each material domestic Distribution Agreement, together with evidence that each such Notice of Assignment has been delivered to the applicable account debtor.

(n) Acquisition. The Administrative Agent shall have received fully executed copies of (i) the Purchase Agreement and (ii) the Services Agreement, in each case in form and substance satisfactory to the Administrative Agent, and the Acquisition of the Borrower shall have been consummated simultaneously in accordance with the Purchase Agreement.

(o) LG Intercreditor Agreement. The Administrative Agent shall have received a fully executed LG Intercreditor Agreement.

(p) Debenture. The Administrative Agent shall have received (i) a Debenture executed by each of the U.K. Credit Parties, governed by English law, and in form and substance satisfactory to the Administrative Agent and (ii) an appropriate Form MG01 for filing in Companies House with respect to the U.K. Credit Parties.

(q) Financial Statements. The Administrative Agent shall have received on or prior to the Closing Date true and complete copies of all of the financial statements referred to in Section 3.5.

(r) ERISA. The Administrative Agent shall have received copies of all Plans of each Credit Party subject to Title IV of ERISA that are in existence on the Closing Date, and descriptions of those that are committed to as of the Closing Date.

(s) Required Consents and Approvals. The Administrative Agent shall be reasonably satisfied that (i) all required consents and approvals have been obtained with respect to the transactions contemplated hereby from all Governmental Authorities with jurisdiction over the business and activities of the Credit Parties and from any other entity whose consent or approval the Administrative Agent in its reasonable discretion deems necessary to the transactions contemplated hereby, and (ii) all such consents and approvals remain in full force and effect.

(t) Federal Reserve Regulations. The Administrative Agent shall be satisfied that the provisions of Regulations T, U and X of the Board will not be violated by the transactions contemplated hereby.

(u) Compliance with Laws. The Administrative Agent shall be reasonably satisfied that the transactions contemplated hereby and by the other Fundamental Documents will not violate any provision of Applicable Law, or any order of any court or other agency of the United States of America or any state thereof applicable to any of the Credit Parties or any of their respective properties or assets.

(v) Closing Date Permitted Distribution Documentation. The Administrative Agent shall have received from the Borrower copies of any resolutions and other corporate documentation, and any solvency opinions and other analysis performed, in each case in connection with the Closing Date Permitted Distribution.

(w) Approval of Counsel to the Administrative Agent. All legal matters incident to the Initial 2012 Credit Agreement and the other transactions contemplated hereby shall have been reasonably satisfactory to Morgan, Lewis & Bockius LLP, counsel to the Administrative Agent.

(x) USA Patriot Act. The Administrative Agent shall have received any information requested by the Administrative Agent or any Lender that is required under or in connection with the USA Patriot Act.

(y) Projections. The Administrative Agent shall have received satisfactory projections for the Borrower and its Subsidiaries through 2016.

(z) Solvency Certificate. The Administrative Agent shall have received a Solvency Certificate executed by the Chief Financial Officer of the Borrower in form and substance satisfactory to the Administrative Agent.

(aa) Refinancing Notices. The Administrative Agent shall be satisfied that

Refinancing Notices have been sent by the applicable Credit Parties in connection with third party agreements that will remain in place following the Closing Date.

(bb) Other Documents. The Administrative Agent shall have received such other documentation and information as the Administrative Agent may reasonably request.

SECTION 4.2 Conditions Precedent in connection with Pictures. The commencement by a Credit Party or Co-Financing Venture Entity of principal photography on any Picture or the acquisition by a Credit Party or Co-Financing Venture Entity of any Picture (in either case for which a Credit Party may (or is required to) pay or contribute all or a portion of the Negative Cost), shall be subject to the satisfaction of the following conditions precedent:

(a) the Credit Parties and the Special Purpose Producers shall not have had (directly or through a permitted Investment) Maximum Domestic Net Exposure of [**] or more for any Picture (other than the Twilight Franchise, sequels to any Picture previously released by the Credit Parties and one additional Picture per calendar year);

(b) the Credit Parties and the Special Purpose Producers shall not have had (directly or through a permitted Investment), for any Picture, U.S. P&A of [**] or more (other than the Twilight Franchise and sequels to any Picture previously released by the Credit Parties);

(c) the Credit Parties shall have satisfied the Performance Test (and shall provide a calculation demonstrating the same in form and substance reasonably satisfactory to the Administrative Agent);

(d) if such Picture or an interest therein is to be produced or acquired, the requirements of Section 5.21 shall have been satisfied with respect to such Picture;

(e) if such Picture is being co-financed by a third party, such Picture satisfies the requirements of a Co-Financed Picture;

(f) default shall not have occurred and be continuing (after the expiration of any applicable cure period therefor) by the applicable Credit Party or the Approved Co-Financier under any provision of any document executed in connection with a Co-Financed Picture, as a result of which the Administrative Agent has determined that the Approved Co-Financier either will not be, or is not, obligated to advance its share of the Negative Cost of such Picture, unless (i) the Borrower has replaced such Approved Co-Financier with another Approved Co-Financier on substantially the same terms or terms more favorable to such Credit Party, in each case, within fifteen (15) Business Days of such determination, or (ii) the Borrower has demonstrated to the reasonable satisfaction of the Administrative Agent that the Borrower has sufficient liquidity to finance such Approved Co-Financier's share of the Negative Cost for such Picture without exceeding the exposure tests set forth in Section 4.2(a) or (b), or (iii) such Approved Co-Financier has provided evidence reasonably satisfactory to the Administrative Agent that such Approved Co-Financier will fund its share of the Negative Cost for such Picture; and

(g) an Approved Completion Guarantor shall not have disaffirmed its obligations

under any Approved Completion Bond required hereunder, and shall not have suffered an insolvency event of the type described in Sections 7.1(g) or (h), and an Approved Completion Bond shall not have been determined to be void or voidable prior to the Completion and delivery of the applicable Picture to the applicable Approved Domestic Distributor, in each case unless either (i) a replacement Approved Completion Bond containing substantially the same terms and conditions to payment shall have been executed within ten (10) Business Days; (ii) the Borrower can demonstrate to the satisfaction of the Administrative Agent that the applicable Picture will be Completed substantially as contemplated by the terms of the Approved Completion Bond; or (iii) the Credit Parties shall have abandoned the Picture with the approval of the Administrative Agent.

SECTION 4.3 Conditions Precedent to the Extension of the Loan. The obligations of the Lenders to make the Loan are subject to the following conditions precedent:

(a) Notice. The Administrative Agent shall have received a Borrowing Notice with respect to such Borrowing as required by Section 2.2(b), duly executed by an Authorized Officer of the Borrower.

(b) Representations and Warranties. The representations and warranties of each Credit Party set forth in Article 3 (as amended from time to time in accordance with Section 5.1 (m)) and in the other Fundamental Documents shall be true and correct in all material respects on and as of the date of such Borrowing (except to the extent that such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) with the same effect as if made on and as of such date.

(c) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing, nor shall any such Default or Event of Default occur as a result of the making of such Borrowing, or the application of the proceeds thereof.

Each request for a Borrowing shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing as to the matters specified in clauses (b) and (c) of this Section 4.3.

5. AFFIRMATIVE COVENANTS

From the date hereof and for so long as the Commitments shall be in effect, any amount shall remain outstanding under any Note or any other Obligation shall remain unpaid or unsatisfied, each of the Credit Parties agrees that it will, and (to the extent required under Section 5.24) will cause each of its Subsidiaries and the Co-Financing Joint Venture Entities to:

SECTION 5.1 Financial Statements, Reports and Audits. Furnish or cause to be furnished to the Administrative Agent:

(a) Within one hundred twenty (120) days after the end of each fiscal year of Lions Gate Entertainment Corp. commencing with the fiscal year ending March 31, 2012, (i) the audited consolidated balance sheet of Lions Gate Entertainment Corp. and its subsidiaries, as at the end of, and the related consolidated statements of income, shareholders' equity and cash flows for,

such fiscal year and the corresponding figures as at the end of, and for, the preceding fiscal year (if applicable), accompanied by an unqualified report and opinion of independent public accountants of nationally recognized standing as shall be retained by the Borrower and be reasonably satisfactory to the Administrative Agent (it being agreed that PricewaterhouseCoopers and Ernst & Young are satisfactory to the Administrative Agent), which report and opinion shall be prepared in accordance with generally accepted auditing standards relating to reporting and which report and opinion shall not be subject to any explanation, qualification or exception as to the scope of such audit and shall contain no material exceptions or qualifications except for qualifications relating to accounting changes (with which such independent public accountants concur) in response to FASB releases or other authoritative pronouncements, together with a certificate of an Authorized Officer of the Borrower, to the effect that such financial statements fairly present in all material respects the consolidated financial position of Lions Gate Entertainment Corp. and its Subsidiaries as at the dates indicated and the consolidated results of their operations for the periods indicated in conformity with GAAP and (ii) a schedule of consolidating information (“Consolidating Financial Information”) reflecting (x) the consolidated balance sheet, statements of income, shareholders equity and statements of cash flows of the Borrower and its Subsidiaries (it being understood that for the Lions Gate Entertainment Corp. fiscal year ended March 31, 2012, the Consolidating Financial Information of the Borrower will be for the period from the Closing Date through March 31, 2012), (y) the consolidated balance sheet, statements of income, shareholders equity and statements of cash flows of Lions Gate Entertainment Corp. exclusive of the Borrower and its Subsidiaries and (z) consolidating adjustments, if any. Such Consolidating Financial Information will be accompanied by a separate report and opinion of the accountants referred to above which indicates that such information has been subjected to the auditing procedures applied in their audit of the consolidated financial statements of Lions Gate Entertainment Corp. and, in the opinion of such accountants, is fairly stated in all material respects in relation to the consolidated financial statements of Lions Gate Entertainment Corp. taken as whole. The Consolidating Financial Information need only include comparative financial information for post-Acquisition periods.

(b) (i) By no later than March 31, 2012, the unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries and the related unaudited consolidated statements of income, members’ equity and cash flows for, the calendar year ending December 31, 2011, and the corresponding figures, for the corresponding period, in the preceding calendar year, together with a certificate signed by an Authorized Officer of the Borrower, to the effect that such financial statements, while not examined by independent public accountants, reflect, in the opinion of the Borrower, all adjustments necessary to present fairly in all material respects the financial position of the Borrower and its Consolidated Subsidiaries as at the end of such calendar year and the results of operations for such calendar year then ended in conformity with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; and (ii) within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of Lions Gate Entertainment Corp., commencing with the fiscal quarter ending June 30, 2012, the unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries and the related unaudited consolidated statements of income, members’ equity and cash flows for, such fiscal quarter, and for the portion of the fiscal year through the end of such fiscal quarter and the corresponding figures, all as at the end of the corresponding quarter, and for the corresponding period, in the preceding fiscal year (if applicable, it being understood that periods prior to the Closing Date are not applicable), together with a certificate signed by an Authorized Officer of the Borrower, to the effect that such financial statements, while not examined by independent public accountants, reflect, in the opinion of the

Borrower, all adjustments necessary to present fairly in all material respects the financial position of the Borrower and its Consolidated Subsidiaries as at the end of the fiscal quarter and the results of operations for the fiscal quarter then ended in conformity with GAAP, subject to normal year-end audit adjustments and the absence of footnotes.

(c) Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, a copy of the Business Plan for the then current fiscal year (with quarterly figures) and the subsequent full fiscal year (with annual figures), which the Borrower shall make available to any Lender upon request.

(d) From time to time upon written request by the Administrative Agent to the Borrower, following Completion of a Picture, the then current Negative Cost statement for such Picture.

(e) From time to time, upon the written request of the Administrative Agent, copies of regular periodic financial reports prepared by or for any Credit Party with respect to each Picture from the beginning of pre-production for any such Picture until such Picture is Completed.

(f) Simultaneously with the delivery of the financial statements required under Section 5.1(a) and (b), a certificate of an Authorized Officer of the Borrower, in form and substance reasonably satisfactory to the Administrative Agent, (i) stating whether or not such Authorized Officer has knowledge, after due inquiry, of any condition or event which would constitute a Default or Event of Default and, if so, specifying the details of each such condition or event and any action taken or proposed to be taken with respect thereto, (ii) demonstrating in reasonable detail compliance with the provisions of Sections 6.10, 6.27 and 6.30, (iii) certifying that all filings required under Section 5.7 have been made and listing each such filing that has been made since the date of the last certificate delivered in accordance with this Section 5.1(f), and also listing any recordation or registration number received by any Credit Party with respect to such filings or any prior filings that have not previously been provided pursuant to a certificate delivered under this Section 5.1(f), (iv) stating whether any change in GAAP or in the application thereof has occurred since the date of the most recent audited financial statements delivered to the Administrative Agent hereunder (or until the delivery of any audited financial statements hereunder, since the date of the unaudited quarterly financial statements referred to in Section 3.5) resulting in a change in the preparation of the financial statements accompanying such certificate, and specifying the effect of such change on such financial statements, (v) identifying all Subsidiaries of each Credit Party existing on the date of such certificate and indicating, for each such Subsidiary, whether such Subsidiary was formed or acquired since the end of the previous fiscal quarter and whether such Subsidiary is an Excluded Subsidiary, (vi) identifying any changes of the type described in Section 6.9 that have not been previously reported by a Credit Party, (vii) identifying any events that give rise to an obligation by the Borrower hereunder to prepay all or any portion of the Loans that have occurred since the end of the previous fiscal quarter and setting forth a reasonably detailed calculation of the amount of such prepayment obligation, (viii) attaching copies of any material debt instruments or other evidence of material Indebtedness incurred by any Credit Party since the date of the most recent certificate delivered under this Section 5.1(f), (ix) listing all bank accounts opened by or in the name of a Co-Financing Venture Entity since the later of the Closing Date and delivery of the most recent certificate delivered pursuant to this Section 5.1(f) and (x) with respect to the financial statements

required under Section 5.1(a) and (b)(ii), providing management's commentary on financial results of the Borrower for the period covered by such financial statements, including a discussion of significant operational and financial developments during such period and setting forth such other information as may be reasonably requested by the Administrative Agent.

(g) (i) Within ten (10) Business Days after a Picture for which a Credit Party is the U.S. Distributor becomes a Seasoned Picture, an Ultimates Report for such Picture, and (ii) thereafter, together with each certificate delivered pursuant to Section 5.1(f) (which shall be, for the avoidance of doubt, not less often than once in each calendar quarter), an Ultimates Report for each Seasoned Picture, together with the customary calculations thereof. If such Picture is distributed domestically by a non-Credit Party, the relevant Credit Party shall also deliver to the Administrative Agent information supporting the calculation of the Ultimates (such information to be provided by such U.S. distributor and to include any third-party Ultimates calculation received by such Credit Party).

(h) Simultaneously with the delivery of each Ultimates Report pursuant to clause (g)(ii) above after the date which is six (6) months following the release of the fourth Seasoned Film after the Closing Date, a reasonably detailed calculation of the Ultimates Ratio and the Ultimates Advance Rate.

(i) Within ten (10) Business Days after receipt thereof by a Credit Party, copies of all management letters issued to such Person by its auditors.

(j) Promptly upon their becoming available, copies of all registration statements, proxy statements, notices and reports any Credit Party shall file with any securities exchange or with the Securities and Exchange Commission or any successor agency, if any.

(k) Together with the delivery of each certificate required under Section 5.1(f), a Liquidity Certificate indicating that, for the applicable four-fiscal-quarter period described therein, the ratio of the Credit Parties' projected cash flow sources to the Credit Parties' projected cash uses (other than the mandatory prepayments set forth in Sections 2.7(e), (f) and (g)) will exceed 1.1:1.0 in each quarter.

(l) Upon the reasonable request of the Administrative Agent, accounting statements with respect to receipts and distribution expenses relating to the applicable Pictures with respect to which a Credit Party has in its possession.

(m) Such information as may be required to keep current each of the Schedules attached to this Credit Agreement, it being agreed that the relevant Schedules shall be deemed to be updated automatically to reflect any pertinent information or documentation provided, in the form of updated schedules, by a Credit Party to the Administrative Agent from time to time without any further action by the Credit Parties; provided, that Schedules 3, 3.12, 3.2(b), 3.16, 6.1, 6.2(j), 6.3, 6.4 and 6.11 may not be amended without the prior written consent of the Required Lenders.

(n) Promptly upon written request therefor, any information required by the Administrative Agent or any Lender under or in connection with the USA Patriot Act.

(o) Any reports, analyses or other information required to be delivered to the Administrative Agent by the Borrower under any of the other Fundamental Documents to which it is a party, at such time or times as are required therein.

(p) From time to time such additional information regarding the financial condition or business of any Credit Party or Excluded Subsidiary, or otherwise regarding the Collateral and the Pledged Collateral, as the Administrative Agent or any Lender (through the Administrative Agent) may reasonably request in writing.

SECTION 5.2 Corporate Existence; Compliance with Laws.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its organizational existence, except as otherwise permitted under Sections 6.6 and 6.20; provided, that Summit International Distribution, Inc. may be dissolved within one year of the Closing Date after transferring all of its assets to a Credit Party.

(b) Maintain all rights, licenses, permits and franchises necessary or desirable in the normal conduct of its business, except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(c) Comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, any Governmental Authority, except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.3 Maintenance of Properties. Keep its tangible properties which are material to its business in good repair, working order and condition (ordinary wear and tear excepted) and (i) from time to time make (or cause to be made) all necessary and proper repairs, renewals, replacements, additions and improvements thereto, and (ii) comply at all times with the provisions of all material leases and other material agreements to which it is a party so as to prevent any loss or forfeiture thereof or thereunder unless compliance therewith is being currently contested in good faith by appropriate proceedings and appropriate reserves have been established in accordance with GAAP; provided, however, that nothing in this Section 5.3 shall prevent any Credit Party from discontinuing the use, operation or maintenance of such properties or disposing of them if (x) such discontinuance or disposal is, in the reasonable judgment of the governing body of such Credit Party, desirable in the conduct of the business, and (y) such discontinuance or disposal could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.4 Notice of Material Events.

(a) Promptly upon any Authorized Officer of any Credit Party obtaining knowledge of (i) any Default or Event of Default, or a failure of the Performance Test, (ii) any action or event which could reasonably be expected to materially and adversely affect the performance of the Credit Parties' obligations under the Fundamental Documents, the repayment of the Loans, or the security interests granted to the Administrative Agent (for the benefit of the Secured Parties) under the Fundamental Documents, (iii) any other action or event which could reasonably be expected to result in a Material Adverse Effect, (iv) any event which could reasonably

be expected to materially and adversely impact upon the amount or collectibility of accounts receivable of the Credit Parties or otherwise materially decrease the value of any Collateral or Pledged Collateral, (v) any proposed material amendment to any material agreements that are part of the Collateral or the Pledged Collateral and which amendment could reasonably be expected to be materially adverse to the business of the Credit Parties as a whole, or (vi) any Person giving any notice to any Credit Party, or taking any other action to enforce remedies with respect to a claimed default or event or condition of the type referred to in Section 7.1(g) or (h), such Credit Party shall promptly give written notice thereof to the Administrative Agent specifying the nature and period of existence of any such condition or event, or specifying the notice given or action taken by such Person and the nature of such claimed default or event or condition and what action any Credit Party has taken, is taking and proposes to take with respect thereto.

(b) Promptly upon any Authorized Officer of any Credit Party obtaining knowledge of (i) either (1) the institution of any action, suit, proceeding, investigation or arbitration by any Governmental Authority or other Person against or affecting any Credit Party or any material portion of any Credit Party's assets (including any Picture) which, if adversely decided would be reasonably likely to result in a Material Adverse Effect (each, a "Proceeding") or (2) the threat of any Proceeding, or (ii) any material adverse development in any Proceeding described in clauses (1) or (2) above (whether or not previously disclosed to the Administrative Agent or the Lenders), such Credit Party shall (x) give written notice thereof to the Administrative Agent and provide such other information as has been made available to such Credit Party to enable the Administrative Agent to evaluate such matters; and (y) upon written request, promptly give notice of the status of any Proceeding covered by a notice delivered to the Administrative Agent pursuant to clause (x) and provide such other information as may be reasonably requested and available to such Credit Party to enable the Administrative Agent and the Lenders to evaluate such matters.

SECTION 5.5 Insurance.

(a) Keep its assets which are of an insurable character insured (to the extent and for the time periods consistent with, or greater than, customary industry standards) by financially sound and reputable insurers against all risks of loss or damage by fire, explosion, theft or other hazards which are included under extended coverage in amounts not less than the insurable value (as reasonably determined by the Borrower) of the property insured or such lesser amounts, and with such self-insured retention or deductible levels, as are generally consistent with normal industry standards.

(b) Maintain with financially sound and reputable insurers, insurance against other hazards and risks and liability to Persons and property to the extent and in the manner consistent with, or greater than, customary standards.

(c) Maintain, or cause to be maintained, in effect during the period from the commencement of principal photography of each Picture produced by any Credit Party or from the date of acquisition of each Picture acquired by any Credit Party, through the third anniversary of the date on which such Picture is delivered, a so-called "Errors and Omissions" policy or policies covering such Pictures, and cause such Errors and Omissions policy or policies to provide coverage to the extent and in such manner as is customary for Pictures of a like type but at a minimum to the

extent and in such manner as is required under all applicable Distribution Agreements and other contracts relating thereto.

(d) Maintain, or cause to be maintained, in effect during the period from the commencement of principal photography of each Picture produced by a Credit Party, or from the date of delivery of each such Picture acquired by a Credit Party (i) until such time as the Administrative Agent shall have been advised of the existence of one negative or master tape in one location and an interpositive, internegative or duplicate master tape in another location of the final version of the Completed Picture (satisfactory evidence thereof to be delivered to the Administrative Agent upon request), insurance on the negatives and sound tracks or master tapes of such Picture in an amount not less than the cost of re-shooting the principal photography of such Picture and otherwise re-creating such Picture and (ii) until principal photography of such Picture has been concluded, a cast insurance policy with respect to such Picture, which provides coverage to the extent and in such manner as is customary for Pictures of a like type, but at minimum to the extent and in such manner as is required under all applicable Distribution Agreements and other contracts relating thereto.

(e) Cause all such above-described insurance (excluding worker's compensation insurance) to: (i) provide for the benefit of the Lenders that thirty (30) days' prior written notice of cancellation, termination, non-renewal or lapse or material change of coverage shall be given to the Administrative Agent; (ii) name the Administrative Agent for the benefit of the Secured Parties as a loss payee (except for "Errors and Omissions" insurance and other third party liability insurance); provided, however, that so long as no Default or Event of Default shall have occurred and be continuing, production insurance recoveries received by a Credit Party prior to Completion or abandonment of a Picture may be utilized to finance the production of such Picture; and provided, further, that so long as no Event of Default shall have occurred and be continuing, property insurance proceeds may be used to repair damage in respect of which such proceeds were received; and (iii) to the extent that none of the Secured Parties shall be liable for premiums or calls, name the Administrative Agent (for the benefit of the Secured Parties) as an additional insured, including, without limitation, under any "Errors and Omissions" policy.

(f) No less than one time per calendar year, render to the Administrative Agent a broker's report in form and substance reasonably satisfactory to the Administrative Agent as to all such insurance coverage, including such detail as the Administrative Agent may reasonably request.

SECTION 5.6 [Intentionally omitted].

SECTION 5.7 Copyrights and Trademarks.

(a) Within thirty (30) days after (i) the initial U.S. commercial release of each Picture, to the extent any Credit Party is or becomes the owner, in whole or in part, of the copyright to such Picture, (ii) any Credit Party becomes the owner (or otherwise acquires a copyrightable interest), in whole or in part, of the copyright to any items of Music Product and elects to file an application to register its interest therein or (iii) any Credit Party elects to file an application to register any trademark or service mark with the U.S. Patent and Trademark Office, (1) take any and

all actions necessary to register the copyright for such Picture or such item of Music Product or such trademark or service mark in the name of such Credit Party (subject, in the case of the Credit Parties, to a Lien in favor of the Administrative Agent (for the benefit of the Secured Parties) pursuant to the Copyright Security Agreement and the Trademark Security Agreement) in conformity with the laws of the United States of America, and (2) promptly deliver to the Administrative Agent (x) written evidence of the submission for registration (and subsequently of registration) of any and all such copyrights and trademarks and service marks for inclusion in the Collateral under this Credit Agreement, and (y) a Copyright Security Agreement Supplement or a Trademark Security Agreement, as applicable, relating to such copyright or such trademark or service mark, executed by such Credit Party.

(b) Within thirty (30) days after (i) the initial U.S. commercial release of each Acquired Picture, to the extent any Credit Party has an interest under copyright therein, but does not own, in whole or in part, the copyright to such Picture, or (ii) any Credit Party is assigned the ownership rights to any registered trademark or service mark (or a trademark or service mark that is the subject of an application for federal registration based on actual use of the mark or if based on intent to use, a Statement of Use or Amendment to Allege Use has been filed and accepted by the U.S. Patent & Trademark Office), record, or cause to be recorded, if such interest or rights may be recorded with the U.S. Copyright Office or the U.S. Patent and Trademark Office, (x) an instrument of transfer in respect to such interests or rights with the U.S. Copyright Office or the U.S. Patent and Trademark Office, as applicable, and (y) a Copyright Security Agreement Supplement or a Trademark Security Agreement, as applicable, relating to such interests or rights, executed by such Credit Party, in the case of clauses (x) and (y), other than with respect to non-theatrical direct to video Pictures for which a Credit Party obtained less than all of the United States distribution rights and did not obtain the copyright in and to such Picture.

(c) To the extent that the Credit Parties at any time have rights in registered copyrights, trademarks or service marks outside of the U.S. which have material value in the reasonable determination of the Administrative Agent, and the Administrative Agent has also determined that the cost to a Credit Party is not disproportionate to the benefit to be realized by the Secured Parties by perfecting a Lien in such copyrights, trademarks or service marks, the Credit Parties shall execute and deliver appropriate local law security documents and filings (in form and substance reasonably acceptable to the Administrative Agent) following a request by the Administrative Agent; provided, that in no event shall any Credit Party be required to take any action that could reasonably be expected to affect the validity of any such registrations under the law of the applicable jurisdiction in effect at such time or be required to execute any documents that would effect a transfer or assignment of any copyrights, trademarks or service marks should the local law of the applicable jurisdiction not recognize or provide for security interests in copyrights, trademarks or service marks.

SECTION 5.8 Books and Records; Examination.

(a) Maintain or cause to be maintained at all times true and complete books and records of its financial operations and provide the Administrative Agent and its representatives access to such books and records and to any of its properties or assets upon reasonable advance notice to the applicable Credit Party no more than one (1) time per year (unless an Event of Default

shall have occurred and be continuing, in which case no such notice shall be required and no such limit shall apply) and during regular business hours and in a manner so as not to disrupt the business operations of the Borrower or any Credit Party in order that the Administrative Agent and its representatives may make such audits and examinations of, and make abstracts from such books, accounts, records and other papers pertaining to, the Collateral, and upon reasonable advance notification to the Credit Parties and subject to any party not then bound by a confidentiality agreement to entering into a confidentiality agreement in a form reasonably acceptable to the Borrower, permit the Administrative Agent or its representatives to discuss the affairs, finances and accounts with, and be advised as to the same by, Authorized Officers and independent accountants, all as the Administrative Agent may reasonably deem appropriate for the purpose of verifying the accuracy of each report delivered by any Credit Party to the Administrative Agent and/or the Lenders pursuant to this Credit Agreement or for otherwise ascertaining compliance with the Fundamental Documents.

(b) If, at any time when no Event of Default has occurred and is continuing, the Administrative Agent wishes to confirm with account debtors and other payors the amounts and terms of a reasonable number of receivables of any Credit Party, the Administrative Agent will so notify the Credit Parties. The Administrative Agent agrees to have such confirmation made through the Credit Parties' auditors. If for any reason such auditors fail to proceed with the confirmations in a timely manner, after a cure period of ten (10) Business Days from receipt of notice from the Administrative Agent, the Administrative Agent may proceed to make such confirmations directly with account debtors and other payors after prior written notice to the Borrower. The Administrative Agent agrees that it shall not exercise the foregoing rights more than once per year unless (i) an Event of Default shall have occurred and be continuing or (ii) the Administrative Agent shall have a valid credit concern with respect to the Facility or the applicable account debtor. Each of the Credit Parties hereby agrees that, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall be entitled to confirm directly with account debtors and other payors, the amounts and terms of all accounts receivable of the Credit Parties.

SECTION 5.9 Audit Rights.

(a) Promptly notify the Administrative Agent of, and at all times allow the Administrative Agent or its designee access to the results of all material audits conducted by (i) any Credit Party of any third party licensee, partnership, or joint venturer, or (ii) any contract counterparty of the Credit Party, in each case to the extent the final results thereof are material. The Credit Parties will exercise their audit rights with respect to any such third party licensees, partnerships and joint ventures in a manner consistent with past practice; provided, that if an Event of Default shall have occurred and be continuing, the Administrative Agent shall have the right, subject to providing prior written notice to the Credit Parties, to exercise directly such Credit Party's audit rights under any agreement with respect to any Picture included in the Collateral.

(a) From and after the Closing Date, use good faith efforts to not enter into any Distribution Agreement which prohibits the Credit Parties from (i) sharing the results of audits conducted by the Credit Parties and the contract counterparties with the Administrative Agent and the Lenders, or (ii) allowing the Administrative Agent to exercise the Credit Parties' audit rights as provided in clause (a) above.

SECTION 5.10 Observance of Agreements. Duly observe and perform all material terms and conditions of each Production Services Agreement, all material Distribution Agreements and all other material agreements to which it is a party relating to the production, acquisition, development and exploitation of each Picture and diligently protect and enforce (or cause to be protected and enforced) the material rights of the Credit Parties under all such agreements in a manner consistent with prudent business judgment and subject to the terms and conditions of such agreements as from time to time in effect.

SECTION 5.11 Laboratories; No Removal.

(a) To the extent any Credit Party has control over, has received delivery of, or has current access rights to, any of the Physical Materials referenced below relating to any Picture, deliver or cause to be delivered to a Laboratory or Laboratories all the original negative (or digital original negative, if applicable, or if no original negative or digital original negative exists, digital files) (the “Original Negative”) and preprint materials (until Completion of the Picture), and subsequent to Completion, the Original Negative, master sound elements and digital interpositive with respect to each such Picture sufficient to exploit its rights in all known media (the “Key Materials”) and deliver to the Administrative Agent a fully executed Pledgeholder Agreement with respect to such materials. To the extent that any Credit Party has only rights of access to such Key Materials and has not created duplicate materials sufficient to exploit its rights and has not stored such duplicate materials at a Laboratory that has delivered a Pledgeholder Agreement to the Administrative Agent, the applicable Credit Party shall deliver to the Administrative Agent a fully executed Laboratory Access Letter covering such materials. Prior to requesting any such Laboratory to deliver any Key Materials to another Laboratory, such Credit Party shall provide the Administrative Agent with a Pledgeholder Agreement or Laboratory Access Letter, as appropriate, executed by such other Laboratory and all other parties to such Pledgeholder Agreement or Laboratory Access Letter, as the case may be (including, with respect to any such Pledgeholder Agreement, the Administrative Agent). Each Credit Party hereby agrees not to deliver or remove or cause the delivery or removal of the Key Materials with respect to any Picture owned by any Credit Party, or any Picture in which any Credit Party has an interest and the right to control the delivery or removal of Key Materials, to a location outside the United States of America, Canada or the United Kingdom (unless the Key Materials sufficient to exploit its rights in all known media with respect to the applicable Picture are held at a Laboratory in the United States, United Kingdom or Canada) without the prior written consent of the Administrative Agent, except for a limited duration as may be reasonably required for a Picture produced in another territory; provided, that before any such materials may be located in Canada or the United Kingdom, at the request of the Administrative Agent, appropriate local law security documents in form and substance satisfactory to the Administrative Agent shall be delivered to the Administrative Agent.

(b) During production of any Picture produced by any Credit Party, such Credit Party shall promptly deliver (or cause to be delivered) the daily rushes for such Picture to the appropriate Laboratory as soon as reasonably practicable, if applicable (e.g., if dailies are being developed at a Laboratory or are not digital).

(c) With respect to *Breaking Dawn 1*, *Breaking Dawn 2* and all Pictures for which principal photography commences after the Closing Date, promptly after Completion, deliver to

the Administrative Agent and the Laboratories that are signatories to Pledgeholder Agreements a revised schedule of the Physical Materials therefor on deposit with such Laboratories to the extent applicable.

SECTION 5.12 Taxes and Charges; Indebtedness in Ordinary Course of Business. Duly pay and discharge, or cause to be paid and discharged, before the same shall become delinquent (after giving effect to applicable extensions), all taxes, assessments, levies and other governmental charges imposed upon any Credit Party or its properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies which if unpaid might by law become a Lien (other than a Permitted Encumbrance) upon any property of any Credit Party; provided, however, that any such tax, assessment, levy or charge need not be paid if the validity or amount thereof is being contested in good faith by appropriate proceedings and such Credit Party shall have set aside on its books reasonable reserves (the presentation of which is segregated to the extent required by GAAP) adequate with respect thereto; and provided, further, that such Credit Party will pay all such taxes, assessments, levies or other governmental charges forthwith upon the commencement of proceedings to foreclose any Lien which may have attached as security therefor or post a bond or other security therefor acceptable to the Administrative Agent. Each Credit Party will promptly pay when due, or in conformance with customary trade terms, all other indebtedness incident to its operations.

SECTION 5.13 Liens. Defend the Collateral and Pledged Collateral against any and all Liens howsoever arising (other than Permitted Encumbrances) and the first priority status of the Lien in favor of the Administrative Agent (on behalf of the Secured Parties) therein prior to all Liens other than Specified Permitted Encumbrances in the case of all Collateral other than Pledged Collateral, and prior to all Liens in the case of the Pledged Collateral, and in any event defend against any attempted foreclosure (other than a foreclosure by the Administrative Agent under any Fundamental Document).

SECTION 5.14 Further Assurances; Security Interests.

(a) Upon the reasonable request of the Administrative Agent, duly and promptly execute and deliver, or cause to be duly executed and delivered, at the cost and expense of the Credit Parties, such further instruments as may be necessary or desirable in the reasonable judgment of the Administrative Agent to carry out the provisions and purposes of the Fundamental Documents.

(b) Upon the reasonable request of the Administrative Agent, (i) promptly execute and deliver or cause to be executed and delivered, at the cost and expense of the Credit Parties, such further instruments as may be necessary or desirable in the reasonable judgment of the Administrative Agent, to provide the Administrative Agent (for the benefit of the Secured Parties) a perfected Lien in the Collateral and the Pledged Collateral (with the priority contemplated by Section 3.18), and any and all documents (including, without limitation, the execution, amendment or supplementation of any financing statement and continuation statement or other statement) for filing under the provisions of the UCC and the rules and regulations thereunder, or any other Applicable Law, and (ii) perform or cause to be performed such other acts which are reasonably necessary or advisable, from time to time, in order to grant and maintain in favor of the Administrative Agent (for the benefit of the Secured Parties) the security interest in the Collateral and the Pledged

Collateral (with the priority contemplated by Section 3.18) contemplated under the Fundamental Documents.

(c) Promptly undertake to deliver or cause to be delivered to the Administrative Agent from time to time such other documentation, consents, authorizations and approvals in form and substance reasonably satisfactory to the Administrative Agent, as the Administrative Agent shall deem reasonably necessary or advisable to perfect or maintain the Liens of the Administrative Agent (for the benefit of the Secured Parties).

SECTION 5.15 ERISA Compliance and Reports. Furnish to the Administrative Agent (a) as soon as possible, and in any event within thirty (30) days after any executive officer of a Credit Party has knowledge that (i) any Reportable Event with respect to any Plan has occurred, a statement of an executive officer of the Credit Party, setting forth on behalf of such Credit Party details as to such Reportable Event and the action which it proposes to take with respect thereto, together with a copy of the notice, if any, required to be filed of such Reportable Event given to the PBGC, or (ii) a failure to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred with respect to a Plan or an application has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard or an extension of any amortization period under Section 412 of the Code with respect to a Plan, a Plan subject to Title IV of ERISA or Multiemployer Plan has been or is proposed to be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, proceedings have been instituted to terminate a Plan subject to Title IV of ERISA or Multiemployer Plan, a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Multiemployer Plan, or any such Credit Party or ERISA Affiliate has incurred any material liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan or Multiemployer Plan under Sections 4062, 4063, 4201 or 4204 of ERISA, a statement of an executive officer of the Credit Party, setting forth details as to such event and the action the applicable Credit Party proposes to take with respect thereto, (b) promptly upon reasonable request of the Administrative Agent, copies of each annual and other report with respect to each Plan subject to Title IV of ERISA and (c) promptly after receipt thereof, a copy of any notice any Credit Party or ERISA Affiliate may receive from the PBGC relating to the PBGC's intention to terminate any Plan or to appoint a trustee to administer any Plan.

SECTION 5.16 Environmental Laws.

(a) Promptly notify the Administrative Agent upon an Authorized Officer of any Credit Party becoming aware of any violation or potential violation or non-compliance with, or liability or potential liability under, any Environmental Laws which, when taken together with all other pending violations could reasonably be expected to have a Material Adverse Effect, and promptly furnish to the Administrative Agent all notices of any nature which any Credit Party may receive from any Governmental Authority or other Person with respect to any violation or potential violation or non-compliance with, or liability or potential liability under any Environmental Laws which, in any case or when taken together with all such other notices, could reasonably be expected to have a Material Adverse Effect.

(b) Comply with and use reasonable efforts to ensure compliance by all tenants,

subtenants and other Persons under any Credit Party's control with all Environmental Laws, and obtain and comply in all respects with and maintain and use best efforts to ensure that all tenants, subtenants and other Persons under any Credit Party's control obtain and comply in all respects with and maintain any and all licenses, approvals, registrations or permits required by Environmental Laws, except in each case where failure to do so could not have a Material Adverse Effect.

(c) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under all Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities, except where failure to do so could not have a Material Adverse Effect. Any order or directive whose lawfulness is being contested in good faith by appropriate proceedings shall be considered a lawful order or directive when such proceedings, including any judicial review of such proceedings, have been finally concluded by the issuance of a final non-appealable order; provided, however, that the appropriate Credit Party shall have set aside on its books reasonable reserves (the presentation of which is segregated to the extent required by GAAP) adequate with respect thereto if reserves shall be deemed necessary.

(d) Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to: (i) any act or omission of any Credit Party arising under or related to Environmental Laws or Hazardous Materials, (ii) the violation of or non-compliance by any Credit Party with any Environmental Laws, (iii) the presence, Release or threatened Release, of any Hazardous Materials or exposure of any Person to any Hazardous Materials relating in any manner to any Credit Party or any property currently or formerly owned, operated, occupied or leased by any Credit Party, (iv) any breach of any representation, or violation of any covenant, made hereunder relating to Environmental Laws or Hazardous Materials, or (v) any orders, requirements or demands of Governmental Authorities or any other Persons related thereto, including, without limitation, reasonable outside attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses, but excluding therefrom all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses arising out of or resulting from (x) the gross negligence or willful acts or willful misconduct of any indemnified party, to the extent so found in a final judgment of a court of competent jurisdiction or (y) acts or omissions of any indemnified party in possession or control of any such assets.

SECTION 5.17 Use of Proceeds. Use the proceeds of the Facility on the Closing Date to repay loans, interest and fees owing under the Existing Credit Agreement or to pay transaction costs and expenses in connection with the Acquisition, the Initial 2012 Credit Agreement and this Credit Agreement.

SECTION 5.18 Distribution Agreements; Letters of Credit.

(a) Notify the Administrative Agent promptly following the execution of (and provide true and complete copies to Administrative Agent and the Lenders (provided, the Borrower may require that the Lenders inspect such documents at the Borrower's offices) promptly following any request) (i) each material new multi-picture domestic Distribution Agreement and multi-picture

foreign Distribution Agreement, and (ii) all material amendments and modifications to any such Distribution Agreement.

(b) From time to time, furnish to the Administrative Agent such information and reports regarding the Distribution Agreements as the Administrative Agent (or any Lender, acting through the Administrative Agent) may reasonably request.

(c) Promptly upon receipt thereof, deliver to the Administrative Agent to be held as part of the Collateral, the original of all letters of credit (including any amendments thereto) which are issued for the benefit of a Credit Party and have been received by a Credit Party (whether pursuant to a Distribution Agreement or otherwise) after the Closing Date, other than letters of credit for which a Foreign Rights Borrower or Co-Financing Venture Entity is the beneficiary and which are pledged to support Foreign Rights Loans or co-financing obligations; provided, that so long as no Event of Default shall have occurred and be continuing, the Administrative Agent shall, upon written request of such Credit Party, present such letter of credit at the time of a drawing on such Credit Party's behalf.

(d) Take all action on its part to be performed necessary to effect timely payments under all letters of credit, including, without limitation, timely preparation, acquisition and presentation of all documents, drafts or other instruments required to effect payment thereunder.

SECTION 5.19 Location of Production Accounts. Promptly inform the Administrative Agent of the location of the Production Account for each Picture produced by a Credit Party other than Production Accounts set forth on Schedule 5.19 attached hereto with respect to Pictures that have commenced production prior to the Closing Date.

SECTION 5.20 Subsidiaries.

(a) Promptly following the creation or acquisition of a Subsidiary (other than, in each case, an Excluded Subsidiary) of a Credit Party (but in any event prior to commencement of operations of such Subsidiary), the Credit Parties shall deliver or cause such new Subsidiary to deliver to the Administrative Agent: (i) an Instrument of Assumption and Joinder duly executed by such Subsidiary, (ii) an appropriate UCC-1 financing statement naming such Subsidiary as debtor and the Administrative Agent as secured party, (iii) to the extent that 100% of the Equity Interests of such Subsidiary have not previously been pledged to the Administrative Agent (for the benefit of the Secured Parties) the certificates (if any) representing 100% of the Equity Interests of such Subsidiary owned by a Credit Party together with undated stock powers executed in blank (or any comparable documents for non-corporate entities to the extent certificated), and (iv) organizational documents of such Subsidiary of the type described in Section 4.1(a); provided that each Foreign Rights Borrower and Special Purpose Producer that is wholly owned by a Credit Party shall either merge into a Credit Party or comply with this Section 5.20 promptly following the repayment of the applicable Foreign Rights Loan (unless such Foreign Rights Borrower is also a Co-Financing Venture Entity or is not wholly owned by a Credit Party) or production loan to the Special Purpose Producer (as applicable) if wholly owned by a Credit Party.

(b) Promptly following the creation or acquisition of a Co-Financing Venture

Entity or another Excluded Subsidiary (but in any event prior to any Credit Party making any capital contribution or other Investment therein or loan thereto), the Credit Parties shall deliver or cause such Person to deliver to the Administrative Agent (unless expressly excluded from the definition of “Pledged Securities”): (i) to the extent that the Equity Interests of such Person owned by a Credit Party have not previously been pledged to the Administrative Agent (for the benefit of the Secured Parties), an executed pledge agreement, and the certificates (if any) representing the Equity Interests of such Person owned by a Credit Party together with undated stock powers executed in blank (or any comparable documents for non-corporate entities to the extent certificated); and (ii) all documents in respect of such Person of the type described in Section 4.1(a) hereof that are applicable to such Person.

(c) Promptly following the creation or acquisition of a Co-Financing Venture Entity or Foreign Rights Borrower (but in any event prior to any Credit Party making any capital contribution or other Investment therein or loan thereto), the Credit Parties shall deliver or cause such Person to deliver to the Administrative Agent: (i) in the case of a Co-Financing Venture Entity, an accommodation security agreement in accordance with paragraph 9 of Schedule 3; and (ii) in the case of a Foreign Rights Borrower, an Interparty Agreement with the applicable Foreign Rights Lender.

(d) Following the Closing Date, to the extent that the Administrative Agent has determined that the cost to a Credit Party is not disproportionate to the benefit to be realized by the Secured Parties, all non-U.S. Credit Parties (and the Credit Parties which hold Equity Interests therein) shall comply with any reasonable request of the Administrative Agent to provide local law security grants and stock pledges in order to provide perfected, first priority (subject to Specified Permitted Encumbrances) security interests to the Administrative Agent for the benefit of the Secured Parties, in form and substance reasonably satisfactory to the Administrative Agent; provided, that any such security interest in copyrights, trademarks and/or service marks registered outside of the United States shall be subject to the terms of Section 5.7(c) hereof.

SECTION 5.21 Picture Documents. (a) With respect to Pictures being produced by a Credit Party, upon commencement of principal photography for such Picture and (b) with respect to Pictures acquired by a Credit Party, upon the making of any mandatory delivery payment with respect to such Picture, in each case, provide the Administrative Agent with the following:

(i) if requested by the Administrative Agent, a list of all agreements executed in connection with such Picture that provide for deferments or participations, along with copies of such agreements as the Administrative Agent may reasonably request;

(ii) certificates or binders of insurance for such Picture as required by Section 5.5 together with an endorsement naming the Administrative Agent as an “additional insured” or “loss payee,” as applicable;

(iii) a Copyright Security Agreement Supplement for the screenplay for such Picture (and, if applicable, for the Completed Picture promptly following its U.S. commercial release);

(iv) Pledgeholder Agreements or Laboratory Access Letters for such Picture, as applicable;

(v) if the subject Picture is a Produced Picture, an Account Control Agreement for each Production Account for such Picture (to the extent not waived by the Administrative Agent in its sole discretion pursuant to Section 12.1(b)(xi));

(vi) in the case of a Co-Financing Venture Entity, an accommodation security agreement in accordance with paragraph 9 of Schedule 3;

(vii) in the case of a Foreign Rights Borrower, an Interparty Agreement with the applicable Foreign Rights Lender and a copy of the loan and security agreement among the Foreign Rights Agent, Foreign Rights Borrower, Borrower or a subsidiary of the Borrower if it owns or controls the foreign distribution rights;

(viii) fully executed copies of intercreditor agreements with guilds to the extent required by Section 6.24;

(ix) an Approved Completion Bond to the extent required by Section 6.24 (together with the Bonded Budget);

(x) if requested by the Administrative Agent, copies of all agreements, instruments of transfer or other instruments (including, without limitation, the rights agreements) in each case necessary to establish, to the reasonable satisfaction of the Administrative Agent, the applicable Credit Party's ownership of sufficient rights in such Picture to enable such Credit Party to produce and/or exploit such Picture and to grant to the Administrative Agent (for the benefit of the Secured Parties) the security interests in such Picture contemplated under the Fundamental Documents (the "Chain of Title"); provided, that an agreement or instrument which is both immaterial and not available to the Credit Parties need not be delivered;

(xi) if such Picture is a Co-Financed Picture, fully executed copies of the applicable Co-Financing Agreement and any other applicable documentation reasonably requested by the Administrative Agent to evidence compliance with Section 6.23;

(xii) if such Picture is being produced pursuant to an Approved Co-Financing Venture Transaction,) fully executed copies of the Co-Financing Venture Agreement and any other applicable documentation reasonably requested and approved by the Administrative Agent (such approval not to be unreasonably withheld) to evidence satisfaction of the terms and conditions for qualification as an "Approved Co-Financing Venture Transaction" hereunder and (ii) if requested by the Administrative Agent, received a fully executed Co-Financing Venture Interparty Agreement;

(xiii) a fully executed Interparty Agreement with respect to such Picture, if applicable; and

(xiv) copies of Notices of Assignment, duly executed by the applicable Credit Party, with respect to each receivable attributable to such Picture and owing to a Credit Party and

countersigned by the applicable account debtor (unless otherwise agreed by the Administrative Agent).

SECTION 5.22 Facility Rating. Use commercially reasonable efforts to maintain a monitored public rating of the Facility and of the Borrower, in each case, by S&P and Moody's.

SECTION 5.23 Residual Calculations. (a) Continue to calculate and pay all residuals owing to SAG, WGA and DGA under the terms of the intercreditor agreements entered into by and among, *inter alia*, the Borrower and/or its Affiliates and SAG, WGA and DGA, respectively, prior to the Closing Date and (b) send the Administrative Agent upon reasonable request the details of any such calculations.

SECTION 5.24 Affirmative Covenants with respect to Excluded Subsidiaries and Co-Financing Joint Venture Entities. Cause each of the Finance Parties to comply with the covenants contained in the following Sections, and each reference therein to a Credit Party shall be deemed to also include each Finance Party (unless otherwise specified below, and other than Co-Financing Venture Entities and their Subsidiaries which are neither controlled by a Credit Party nor for which production or exploitation of the related Picture is controlled by a Credit Party (in each case, as opposed to the applicable Approved Co-Financing Venture Counterparty)): Sections 5.1(e), 5.1(n), 5.2, 5.3, 5.4, 5.5 (solely with respect to maintenance of insurance and, in the case of Co-Financing Joint Venture Entities, clause (e) thereof), 5.7 (solely by Co-Financing Joint Venture Entities), 5.8, 5.10 (solely by Co-Financing Joint Venture Entities), 5.11 (solely by Co-Financing Joint Venture Entities), 5.15, 5.16, and 5.18 (other than, with respect to 5.18, by Non-Theatrical Subsidiaries).

SECTION 5.25 Third Party Agreements. With respect to any third party agreement for which a Refinancing Notice is sent pursuant to Section 4.1(aa), reasonably promptly following the request of the Administrative Agent, the Credit Parties shall deliver a fully-executed replacement agreement which expressly refers to this Credit Agreement rather than the Existing Credit Agreement and is otherwise substantially identical to such third party agreement.

SECTION 5.26 Post-Closing Requirements.

(a) As soon as reasonably practical, but in no event later than 30 days following the Closing Date (or such longer period as may be agreed by the Administrative Agent in its sole discretion), (a) deliver to the Administrative Agent (i) an executed Instrument of Assumption and Joinder, and the organizational documents and resolutions and certificates required by Section 4.1 (a) hereof, from Summit Entertainment Limited, (ii) confirmation that the Borrower has notified Hiscox Insurance Company Inc. (the "E&O Insurer") of the Acquisition and that the Borrower has either confirmed with the E&O Insurer that Policy No. US UUA 2614862.11 (the "E&O Policy") remains in full force and effect following the Acquisition (and Borrower has taken any additional action required by the E&O Insurer in connection therewith) or, if the E&O Insurer has disaffirmed Borrower's coverage under the E&O Policy, Borrower shall have procured a replacement policy providing (at a minimum) substantially similar coverage, (iii) evidence from Companies House, in form and substance satisfactory to the Administrative Agent, that Proscenium Pictures Ltd. has filed its 2010 annual report and is in good standing as a corporation organized under the laws of England and Wales, and (iv) the certificated membership interests of the Borrower owned by LGAC, together

with an undated stock power, executed in blank, and (b) use commercially reasonable efforts to deliver, with respect to each Picture acquired, or for which principal photography commenced, after the Original Closing Date but prior to the Closing Date, an intercreditor agreement (on terms satisfactory to the Agent) with each guild that has been granted a Lien which is pari passu or senior to the Lien granted to the Administrative Agent with respect to each such Picture; provided that for any acquired Picture, such an intercreditor agreement shall only be required if the acquisition price was greater than \$15,000,000.

(b) If at any time on or after the date that is 30 days after the Closing Date, the LGAC 1 Account shall have a cash balance in excess of \$1,000, promptly deliver to the Administrative Agent a fully-executed Account Control Agreement in favor of the Administrative Agent with respect to the LGAC 1 Account.

6. NEGATIVE COVENANTS

From the date hereof and for so long as any amount shall remain outstanding under any Loan or any other Obligation shall remain unpaid or unsatisfied, each of the Credit Parties agrees that it will not, and will not allow (to the extent required under Section 6.31) each of its Subsidiaries and the Co-Financing Joint Venture Entities to:

SECTION 6.1 Limitations on Indebtedness. Incur, create, assume or suffer to exist any Disqualified Capital Stock or Indebtedness or permit any partnership or joint venture in which any Credit Party is a general partner to incur, create, assume or suffer to exist any Disqualified Capital Stock or Indebtedness other than the following, in each case (other than clauses (a), (b), (c) (solely with respect to trade payables), (d), (e), (i), (j), (k), (l), (n), (q), (t) and (u) below) which are incurred no later than the Closing Date:

(a) Indebtedness of Credit Parties represented by the Loans, the Notes and the other Obligations;

(b) Guaranties permitted pursuant to Section 6.3;

(c) unsecured liabilities for acquisitions of rights and trade payables incurred in the ordinary course of business and payable on normal trade terms and not otherwise prohibited hereunder;

(d) Indebtedness in respect of inter-company advances payable by one Credit Party to another Credit Party to the extent constituting Investments permitted under Section 6.4(c) including outstanding indebtedness under the Existing Comerica Loan Facility;

(e) Indebtedness arising in connection with the transactions contemplated by Section 6.8;

(f) Indebtedness with respect to Subordinated Debt;

(g) Indebtedness in respect of secured purchase money financing and refinancings thereof (including Capital Leases) to the extent permitted by Section 6.2(k), in an aggregate principal amount not to exceed \$1,000,000 at any one time outstanding;

(h) Indebtedness in respect of Negative Pick-Up Obligations;

(i) Indebtedness to a Co-Financier in relation to a Co-Financed Picture; provided that such Indebtedness is non-recourse to the Credit Parties other than with respect to such Picture;

(j) to the extent constituting Indebtedness, amounts payable to an Approved Completion Guarantor from the proceeds of a Picture to recoup its contribution to the Negative Cost of such Picture and other amounts that may be recouped by such Approved Completion Guarantor with regard to such Picture pursuant to the terms of the applicable Approved Completion Bond;

(k) Foreign Rights Loans;

(l) loans from a third party lender to a Special Purpose Producer for a particular Picture or group of Pictures which are non-recourse to any Credit Party or any Subsidiary of a Credit Party other than such Special Purpose Producer; provided that in each case such loan shall be subject to an Interparty Agreement, if applicable, as reasonably determined by the Administrative Agent;

(m) loans from a third party lender to a Non-Theatrical Subsidiary or Disqualified Capital Stock issued by a Non-Theatrical Subsidiary, in each case which are non-recourse to any Credit Party or any Subsidiary of a Credit Party other than such Non-Theatrical Subsidiary;

(n) Indebtedness of a Co-Financing Venture Entity to an Approved Co-Financing Venture Counterparty in relation to an Approved Co-Financing Venture Transaction and pursuant to the relevant Co-Financing Venture Interparty Agreement; provided, that such Indebtedness is non-recourse to the Credit Parties;

(o) Indebtedness of a Co-Financing Venture Entity in accordance with the terms of paragraph 11(a) of Schedule 3 hereto;

(p) Indebtedness in respect of inter-company advances payable by a Co-Financing Venture Entity to a Credit Party, to the extent constituting Investments permitted under Section 6.4(i) hereof;

(q) Indebtedness pursuant to Swap Agreements permitted under Section 6.18;

(r) the Existing Comerica Loan Facility;

(s) existing Indebtedness listed on Schedule 6.1;

(t) to the extent current, liabilities relating to net or gross profit participations

and other contingent compensation, including royalties, deferments and guild residuals with respect to the production, distribution, acquisition or other exploitation of Pictures;

(u) loans made against subsidies or other soft money benefits; provided that such loans are non-recourse other than to the applicable Credit Party's rights to the applicable subsidy or soft money benefit and are secured solely to the extent permitted under Section 6.2(v); and

(v) the Intercompany Note dated as of January 13, 2012, by LGAC in favor of LGEC in exchange for LGAC's receipt of share consideration payable to Sellers pursuant to the Purchase Agreement; provided that the note shall be expressly subordinated in right of payment to the Obligations and should not be due and payable until after repayment in full of the Obligations and termination of the Facility.

SECTION 6.2 Limitations on Liens. Incur, create, assume or suffer to exist any Lien on any of its revenue stream, property or assets, whether now owned or hereafter acquired, except the following, in each case (other than clauses (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (l), (m), (n), (o), (q), (r), (s), (v), (w), (x), (y), (z) and (bb) below) which are incurred, created or assumed no later than the Closing Date:

(a) Liens of the Administrative Agent (or the benefit of the Secured Parties) created under this Credit Agreement, the other Fundamental Documents and any Swap Agreements permitted by Section 6.18 which satisfy the conditions of clause (ii) of the definition of "Obligations;"

(b) Liens pursuant to written security agreements in favor of guilds that are (i) required pursuant to collective bargaining agreements and (ii) if such Lien is pari passu or senior to the Lien granted to the Administrative Agent with respect to the applicable Picture, it shall be subject to an intercreditor agreement on terms satisfactory to the Administrative Agent (unless such Lien was granted prior to the Closing Date and is subject to an intercreditor agreement with Comerica Bank as collateral agent for the Existing Comerica Loan Facility, in which case a new intercreditor agreement will not be required); provided, that for any acquired Picture, an intercreditor agreement shall only be required to the same extent required under Section 6.24;

(c) Liens customarily granted or incurred in the ordinary course of business with regard to goods provided or services rendered by laboratories and production houses, record warehouses, common carriers, landlords, warehousemen, mechanics and suppliers of materials and equipment; provided, such Liens are limited to the goods provided or to the goods relating to which services were rendered;

(d) Liens arising out of attachments, judgments or awards as to which an appeal or other appropriate proceedings for contest or review are timely commenced (and as to which foreclosure and other enforcement proceedings shall not have been commenced (unless fully bonded or otherwise effectively stayed)) and as to which appropriate reserves have been established in accordance with GAAP and that do not otherwise result in an Event of Default;

(e) Liens for taxes, assessments or other governmental charges or levies the

validity or amount of which is not yet due or is currently being contested in good faith by appropriate proceedings pursuant to the terms of Section 5.12;

(f) Liens arising by virtue of any statutory or common law provision relating to banker's Liens, rights of setoff or similar rights with respect to deposit accounts;

(g) Liens in favor of Distributors to secure their right to enjoy their licensed rights pursuant to Distribution Agreements entered into in the ordinary course of business or to secure first negotiation and/or last refusal rights; provided such Distributor has entered into an Interparty Agreement or intercreditor agreement with the Administrative Agent in form and substance reasonably satisfactory to the Administrative Agent; provided, further, that if such Lien is solely a customary "distributor's lien", then no Interparty Agreement or intercreditor agreement shall be required (except that if requested by such Distributor, the Administrative Agent shall execute a customary "quiet enjoyment" letter in accordance with Section 8.12);

(h) Liens granted in favor of an Approved Co-Financier in connection with a Co-Financed Picture; provided, that such Liens shall be subject to a Co-Financing Intercreditor Agreement and otherwise consistent with the requirements set forth in Section 6.23;

(i) Liens to secure transactions permitted under Section 6.8 (including, in the case of transactions contemplated by clause (ii) of Section 6.8, liens granted to third parties provided such third party liens are (A) assigned to a Credit Party, and (B) are expressly subject and subordinate to the liens in such Picture held by the Administrative Agent and, if applicable, any Credit Party);

(j) existing Liens listed on Schedule 6.2(j);

(k) Liens granted in connection with purchase money Indebtedness, including refinancings thereof, permitted under Section 6.1(g); provided, that such Liens only cover the property so purchased, are reasonably acceptable to the Administrative Agent, and the Indebtedness secured thereby does not exceed the acquisition cost of the particular assets acquired;

(l) possessory Liens (other than those of Laboratories and production houses) that (i) occur in the ordinary course of business, (ii) secure normal trade debt which is not yet due and payable, and (iii) do not secure Indebtedness;

(m) deposits (i) under worker's compensation, unemployment insurance, old age pensions and other Social Security laws or (ii) to secure statutory obligations, or surety, appeal, performance or other similar bonds (other than completion bonds) and other obligations of a like nature, in each case incurred in the ordinary course of business;

(n) Liens in favor of an Approved Completion Guarantor in connection with a Picture to secure the rights of such Approved Completion Guarantor to recoup its contributions to the Negative Cost of such Picture pursuant to the terms of the applicable Approved Completion Bond, subject to an Interparty Agreement;

(o) Liens on cash collateral posted in lieu of providing a letter of credit (provided

a letter of credit could otherwise have been issued);

(p) Liens in favor of licensors of Negative Pick-Up Obligations (to the extent granted pursuant to a negative pick-up agreement executed prior to the Closing Date) to secure obligations of Credit Parties thereunder; provided, that such licensor shall have agreed (in a form reasonably acceptable to the Administrative Agent) to provide the Administrative Agent with a notice of default with respect to any such obligations and a reasonable opportunity to cure;

(q) Liens securing Indebtedness permitted under Section 6.1(k), (l) or (m); provided that Liens securing Foreign Rights Loans shall be subject to an Interparty Agreement with the Foreign Rights Lender;

(r) Liens granted by Co-Financing Venture Entities (i) to the Approved Domestic Distributor which are customary, protective “distributor liens” over the domestic distribution rights in a Picture to secure its distribution rights and right to receive related distribution fees and expenses, (ii) to an Approved Co-Financing Venture Counterparty or any Affiliate thereof to secure advances of P&A expenses made by such Approved Co-Financing Venture Counterparty or any Affiliate in connection with the applicable Picture, which Lien shall be pari passu with the Approved Domestic Distributor’s lien securing such entity’s entitlement to recoup such P&A expenses or (iii) which are customary, protective “distributor liens” over the licensed foreign distribution rights to secure distribution rights granted to such Credit Party and the rights of such Credit Party to receive its related fees and expenses;

(s) Liens granted by a Co-Financing Venture Entity in favor of an Approved Co-Financing Venture Counterparty or as otherwise reasonably approved by the Administrative Agent, in each case as part of an Approved Co-Financing Venture Transaction, provided, that such Liens are subject to a Co-Financing Venture Interparty Agreement;

(t) Liens granted by a Co-Financing Venture Entity in accordance with paragraphs 9, 10 and 11(b) of Schedule 3 hereto;

(u) Liens securing the Existing Comerica Loan Facility;

(v) Liens securing loans pursuant to Section 6.1(u); provided, that such Liens are limited to the proceeds of the applicable subsidy or soft money benefit and do not extend to other assets, including other rights in or to the Picture;

(w) Liens granted by a Foreign Rights Borrower or Co-Financing Venture Entity in favor of a Credit Party;

(x) Liens granted by a Special Purpose Producer, Borrower or Summit Distribution, LLC to secure Indebtedness incurred by such Special Purpose Producer pursuant to Section 6.1(l); provided that each such Lien shall be limited to the rights in the applicable Unreleased Picture or New Picture (each as defined in the Services Agreement) being financed by such Indebtedness;

(y) customary Liens granted to a third party licensor to secure its rights in connection with “rent-a-system” Pictures; provided, that in any such arrangement entered into after the Closing Date, the Servicer shall be responsible for funding all of the distributor’s obligations thereunder, and no Credit Party shall have any liability thereunder;

(z) any Lien in connection with a Picture to which a Credit Party obtains a license of rights, to the extent granted by the licensor of such rights in favor of a guarantor of completion of such Picture or a third party lender financing the production of such Picture by such licensor, provided that (i) such Lien is terminated with respect to the Credit Party's rights in and to the Picture on the later to occur of (a) such rights fully vesting in such Credit Party, and (b) such Credit Party paying the fixed mandatory payment to acquire such rights (the “Credit Party Acquisition Date”), or (ii) the holder of such Lien enters into a customary non-disturbance or other agreement reasonably satisfactory to the Administrative Agent to the effect that such Credit Party’s licensed rights will not be terminated or disturbed in any exercise of remedies with respect to such Lien at any time on or after the Credit Party Acquisition Date;

(aa) Liens granted by a Credit Party or a Subsidiary of a Credit Party in its capacity as a licensing intermediary or sales agent with respect to a Picture or group of Pictures granted prior to April 18, 2007 and with respect to which no Credit Party has a material economic ownership interest; and

(bb) Liens granted by the Borrower in favor of Servicer pursuant to the Services Agreement, which shall be subject to the LG Intercreditor Agreement.

SECTION 6.3 Limitation on Guaranties. Incur, create, assume or suffer to exist any Guaranty (including any obligation as a general partner of a partnership or as a joint venturer of a joint venture in respect of Indebtedness of such partnership or joint venture), either directly or indirectly, except for the following, in each case (other than clauses (a), (b), (c), (d), (e), (f), (g) and, to the extent related to *Breaking Dawn 2* or any Picture that has been Released prior to the Closing Date, (h) below) which are incurred, created or assumed no later than the Closing Date:

(a) performance guarantees in the ordinary course of business under guild agreements, or to suppliers, talent, licensees or laboratories which are providing services in connection with the production, acquisition, distribution or exploitation of any Picture by or for a Credit Party or any of its Subsidiaries;

(b) the endorsement of negotiable instruments for deposit or collection in the ordinary course of business;

(c) the Guaranties made by the Guarantors pursuant to Article 9;

(d) customary Guaranties in connection with participations and deferrals;

(e) Guaranties of obligations of a Credit Party or Licensing Intermediary that the guarantor could have incurred directly as a primary obligor without violating the terms of any Fundamental Document;

(f) existing Guaranties listed on Schedule 6.3, and any extensions and renewals thereof acceptable to the Administrative Agent;

(g) with respect to a Picture financed in part by a Foreign Rights Loan, guarantees by the Borrower, in favor of the applicable Foreign Rights Lender, of delivery of such Picture to foreign Distributors who are contractually obligated to pay minimum guarantees following such delivery, provided that such guarantees (i) shall be subject to the prior completion and delivery of such Picture to Summit Distribution, LLC pursuant to an Approved Completion Bond and (ii) shall only be effective with respect to territories not covered by such Approved Completion Bond; and

(h) Guaranties of payment of an item of Negative Cost that could have been incurred directly.

SECTION 6.4 Limitations on Investments. Create, make or incur any Investment after the date hereof, except for the following, in each case (other than clauses (a), (b), (c), (d), (h)(i), (i)(ii), (j), (k), (l) and (n) below) which are created, made or incurred no later than the Closing Date:

(a) Investments in Cash Equivalents;

(b) to the extent constituting Investments, Guaranties permitted under Section 6.3;

(c) Investments in or to any other Credit Party;

(d) to the extent constituting Investments, inter-company Indebtedness permitted under Section 6.1(d);

(e) existing Investments listed on Schedule 6.4;

(f) Investments (i) of cash by Credit Parties in Non-Theatrical Subsidiaries; and (ii) by Credit Parties in Non-Theatrical Subsidiaries by contributing or otherwise transferring to such Non-Theatrical Subsidiary applicable rights with respect to a property for the purpose of the production of television-related product or live stage performance by such Non-Theatrical Subsidiary; provided, that the aggregate amount of such Investments pursuant to clauses (i) and (ii) above shall not exceed \$7,500,000 in the aggregate in any calendar year;

(g) cash Investments in Special Purpose Producers with respect to a new Picture; provided that the amount of such Investments shall not exceed \$[**] in any calendar year or \$[**] in the aggregate;

(h) Investments in a Co-Financing Venture Entity (i) by contributing or otherwise transferring to such Co-Financing Venture Entity applicable rights with respect to a Picture to be produced, acquired or financed by such Co-Financing Venture Entity, or (ii) to finance a Credit Party's share of the Negative Cost of a Picture pursuant to a Co-Financing

Venture Agreement; provided the amounts invested by a Credit Party are deposited into a Production Account for such Picture

(i) Investments of cash by a Credit Party in or to a Co-Financing Venture Entity in an amount not to exceed the sum of (i) the Credit Parties' portion of the Bonded Budget for a Picture to be produced or acquired by such Co-Financing Venture Entity, or such greater amount as shall be required to Complete such Picture if any other applicable co-financier defaults on its payment obligations pursuant to such Approved Co-Financing Venture Transaction and as a result of such over-funding the Credit Parties will be entitled to a corresponding pro rata increased share of the proceeds of such Picture, in each case so long as the use of investment proceeds by such Co-Financing Venture Entity is covered by an Approved Completion Bond, plus (ii) the Credit Parties' share of any nominal administrative costs to be incurred in connection with the formation and maintenance of such Co-Financing Venture Entity;

(j) contributions of, or other transfers of, foreign distribution rights for a Picture to a Foreign Rights Borrower in connection with a Foreign Rights Loan;

(k) Investments received in settlement of delinquent obligations arising in the ordinary course of business;

(l) Investments in a Foreign Rights Borrower or the production services company formed in connection with production of a Picture for which such Foreign Rights Borrower is obtaining a Foreign Rights Loan (i) by contributing or otherwise transferring to such Foreign Rights Borrower or production services company the rights required to allow the Picture to be produced or financed by such Foreign Rights Borrower or production services company (provided that the copyright and U.S. distribution rights not be so transferred and shall be held by a Credit Party), or (ii) to finance the portion of the Negative Cost of a Picture not otherwise financed from the proceeds of a Foreign Rights Loan or other sources; provided, the amounts invested by a Credit Party are deposited into a Production Account for such Picture;

(m) Investments in a Person received as partial consideration for the license of distribution rights in a Picture or Pictures to such Person; provided, that such Investments shall not exceed \$3,000,000 in the aggregate (unless agreed by the Administrative Agent, in which case such Investments shall not exceed \$10,000,000 in the aggregate);

(n) cash Investments in International Distribution Company, LLC not to exceed \$1,000,000 per calendar year; and

(o) any Investment received as consideration in an LG Rights Sales Transaction.

SECTION 6.5 Restricted Payments. Pay or declare or enter into any agreement to pay or otherwise become obligated to make any Restricted Payment, other than:

(a) dividends or distributions payable to a Credit Party solely in additional Equity Interests of a Credit Party; provided, that such Equity Interests (other than Equity Interests of the Borrower) are pledged to the Administrative Agent (for the benefit of the Secured Parties) as

additional Pledged Securities;

(b) cash dividends or distributions to a Credit Party;

(c) so long as no Default or Event of Default shall have occurred and be continuing, payments of Permitted Distributions and Permitted Tax Distributions; provided, that in the case of Permitted Tax Distributions the Borrower shall provide to the Administrative Agent at least five (5) Business Days prior to making an associated Permitted Tax Distribution a certificate showing the calculation of such Permitted Tax Distribution, including a reasonably detailed statement of the amounts described in paragraph (b) of the definition of “Permitted Tax Distributions”;

(d) so long as no Default or Event of Default shall have occurred and be continuing, dividends or distributions payable to a third party on account of its Equity Interest in a non-wholly owned Subsidiary of a Credit Party or its interest in a Co-Financing Joint Venture Entity, provided the applicable Credit Party receives its corresponding pro rata share of such dividend or distribution;

(e) payments not to exceed \$3,600,000 in respect of “Unit Appreciation Rights” made pursuant to Section 2.6 of the Purchase Agreement;

(f) so long as no Default or Event of Default shall have occurred and be continuing, to the Sellers on the Closing Date, up to \$5,000,000 for the payment of Sellers’ tax obligations in respect of their ownership of the Borrower;

(g) so long as no default or Event of Default shall have occurred and be continuing, distributions in the amount of the Bonus Amount (as defined in the Purchase Agreement), not to exceed \$7,500,000 in the aggregate, if and when the Bonus Amount is payable pursuant to Section 2.2(e) of the Purchase Agreement;

(h) distributions in an amount not to exceed \$5,000,000 to be used to pay, on or after the Closing Date, LGEC’s (or any Subsidiary of LGEC that is not a Credit Party) invoiced, out-of-pocket expenses in connection with the Acquisition; provided, that the Administrative Agent shall have received a copy of each such invoice prior to any such distribution.

SECTION 6.6 Consolidation, Merger or Sale of Assets, etc. Whether in one transaction or a series of transactions, wind up, liquidate or dissolve its affairs, or enter into any transaction of merger or consolidation, or sell or otherwise dispose of all or substantially all of its property, stock, Equity Interests or assets or agree to do or suffer any of the foregoing, except that (i) any Credit Party or Subsidiary may merge with and into, or transfer assets to, another Credit Party; provided, however, that if any such transaction involves the Borrower, then the Borrower must be the surviving entity in each such transaction, and (ii) any Credit Party or Subsidiary that is a production services company or an Immaterial Subsidiary may dissolve so long as all of the assets owned by such production services company or Immaterial Subsidiary, if any, are transferred to another Credit Party.

SECTION 6.7 Receivables. Sell, discount or otherwise dispose of notes, accounts receivable or other obligations owing to any Credit Party, except for the purpose of collection of accounts receivable in the ordinary course of business.

SECTION 6.8 Sale and Leaseback; Other Tax Motivated Transactions. From and after the date hereof, enter into any (i) tax benefit, tax subsidy or other “soft money” transaction, or (ii) “sale-leaseback” or “lease-leaseback” with any Person or Persons, whereby in contemporaneous transactions any Credit Party sells, leases or licenses essentially all or part of its right, title and interest in a Picture and a Credit Party acquires, leases or licenses the right to distribute or exploit such Picture in media and markets accounting for substantially all the value of such Picture or the value of the rights sold or leased with respect to such Picture, for equivalent periods, as were held by a Credit Party immediately prior to such transaction, unless: (I) (A) in the case of any transaction described in clause (ii) above, all rights in and to such Picture sold, leased or licensed (other than the naked copyright or non-exclusive access to film materials, if and as applicable) are reacquired by or leased or licensed to a Credit Party simultaneously with the sale, lease or license of the copyright in and/or rights to such Picture and a Credit Party receives a first priority Lien securing the reacquisition, assignment, lease or license of such rights and the products and proceeds thereof; (B) in the case of any transaction described in clauses (i) or (ii) above, (x) either the Lien of the Administrative Agent (on behalf of the Secured Parties) in the relevant Picture is not required to be released or, if it is required to be released, it (1) reattaches, or (2) with respect to a transaction described in clause (i) above, is only released with respect to the applicable Credit Party’s rights in and to the tax benefit, tax subsidy, or other “soft money” transaction pledged as collateral to a third party tax credit financier, with the understanding that the proceeds of the loan provided to such Credit Party by such third party tax credit financier shall be applied to reduce the Negative Cost for such Picture or deposited into a Collection Account, and (y) such transaction (1) could not reasonably be expected to have a material adverse effect (taking into account the relative actual benefits of such transaction) on the amount of revenue to be received by the Credit Parties (or the anticipated time of receipt of such revenue) to be used to satisfy the Obligations and (2) would not result in the Administrative Agent not having a first priority perfected Lien in the gross receipts to be applied in satisfaction of the Obligations or in the other Collateral (prior to all Liens other than Specified Permitted Encumbrances); (C) in the case of any transaction described in clauses (i) or (ii) above, the Administrative Agent shall be given access to the proposed transaction documents at least five (5) Business Days prior to execution in order to review to confirm compliance with this Credit Agreement; and (D) in the case of any transaction described in clauses (i) or (ii) above, each of the parties to such transactions shall agree not to interfere with the release of the applicable Picture (or the control of all aspects thereof) by, or any other exploitation rights with respect to such Picture of, the Credit Parties or the exploitation of such Picture by any licensee, or (II) such transaction is otherwise approved by the Administrative Agent in its reasonable discretion.

SECTION 6.9 Places of Business; Change of Name, Jurisdiction. Change (i) the location of its chief executive office or principal place of business, (ii) any of the locations where it keeps any material portion of the Collateral or its books and records with respect to such Collateral, or (iii) its name or jurisdiction of formation or organization without, in each case, (a) giving the Administrative Agent ten (10) Business Days’ prior written notice of such change, and (b) filing (or authorizing the Administrative Agent to file) any additional Uniform Commercial Code financing statements, and such other documents reasonably requested by the Administrative Agent to maintain

perfection of the security interest of the Administrative Agent (for the benefit of the Secured Parties), in the Collateral.

SECTION 6.10 Limitations on Capital Expenditures. Make, incur or suffer to exist any obligation to make, Capital Expenditures following the Closing Date which are not properly includable in the film costs of any Picture permitted to be financed hereunder in excess of \$1,000,000 in the aggregate.

SECTION 6.11 Transactions with Affiliates. Enter into any transaction with any of its Affiliates except for (i) transactions approved by the Administrative Agent, (ii) entry into and performance of the Services Agreement, (iii) transactions in respect of the sale and/or development of intellectual property pursuant to and of a type expressly contemplated by the Services Agreement, (iv) transactions listed on Schedule 6.11, (v) transactions that are solely between or among Credit Parties, (vi) payment of Permitted Distributions and Permitted Tax Distributions, (vii) the Purchase Agreement, (viii) LG Sublicenses, (ix) LG Rights Sales Transactions, (x) the intercompany note referred to in Section 6.1(v) and (xi) transactions that are on terms no less favorable to the Credit Parties than could be obtained in an arm's length third-party transaction and are disclosed to and approved by the Administrative Agent, such approval not to be unreasonably withheld.

SECTION 6.12 Business Activities. Engage in any business activities of any kind other than (i) the exploitation of the Credit Parties' existing Pictures and other assets (including intellectual property rights with respect to Pictures not yet completed) by the Borrower or by the Servicer (on behalf of the Borrower), in each case as contemplated by the Services Agreement, (ii) the development, production, marketing and exploitation of intellectual property (including sequels, prequels and remakes of existing Pictures) of the Credit Parties by the Servicer as contemplated by the Services Agreement or by any other party pursuant to arrangements entered into prior to the Closing Date, (iii) funding distribution expenses and remaining negative cost for *Breaking Dawn 2* and for any Picture that has been Released prior to the Closing Date, (iv) acquisition of Pictures pursuant to agreements entered into prior to the Closing Date as contemplated by the Services Agreement (i.e., funded by the Servicer) and (v) acquisition of Pictures as permitted under Section 6.22 hereof.

SECTION 6.13 Fiscal Year End. Change its fiscal year end to any date other than March 31 in each year, other than on at least 30 days prior written notice to the Administrative Agent, when such date may be changed to June 30, September 30 or December 31, as the Borrower may decide (provided, that the Borrower shall not delay delivery of the financial statements and reports required to be delivered under Section 5.1 hereof by changing its fiscal year).

SECTION 6.14 Bank Accounts. Open or maintain any bank account other than (i) accounts maintained at the Administrative Agent or at a Lender, (ii) Production Accounts, (iii) accounts opened by a Co-Financing Venture Entity in connection with an Approved Co-Financing Venture Transaction and (iv) the accounts set forth on Schedule 6.14, in each case for which Account Control Agreements have been executed and delivered to the Administrative Agent (except (a) to the extent waived by the Administrative Agent in its sole discretion pursuant to Section 12.1(b)(xi), (b) for Production Accounts in existence as of the Original Closing Date, (c) for Comerica Bank cash collateral account securing its Irrevocable Standby Letter of Credit No. 635594-42 (or any

replacement thereof) in an amount not to exceed \$800,000, so long as substantially all funds in such account secure the reimbursement of such letter of credit, and (d) the LGAC 1 Account, subject to Section 5.26(b)).

SECTION 6.15 ERISA Compliance. Engage in a “prohibited transaction”, as defined in Section 406 of ERISA or Section 4975 of the Code, with respect to any Plan or Multiemployer Plan or knowingly consent to any other “party in interest” or any “disqualified person”, as such terms are defined in Section 3(14) of ERISA and Section 4975(e)(2) of the Code, respectively, engaging in any “prohibited transaction”, with respect to any Plan or Multiemployer Plan; or permit any Plan to fail to satisfy the minimum funding standard (within the meaning of Section 302 of ERISA or Section 412 of the Code), unless such failure shall have been waived in advance by the Internal Revenue Service; or terminate any Plan in a manner which could result in the imposition of a Lien on any property of any Credit Party pursuant to Section 4068 of ERISA; or breach or knowingly permit any employee or officer or any trustee or administrator of any Plan to breach any fiduciary responsibility imposed under Title I of ERISA with respect to any Plan; engage in any transaction which would result in the incurrence of a liability under Section 4069 of ERISA; or fail to make contributions to a Plan or Multiemployer Plan which could result in the imposition of a Lien on any property of any Credit Party pursuant to Section 303(k) of ERISA or Section 430(k) of the Code, if the occurrence of any of the foregoing events (alone or in the aggregate) would result in a liability which would be reasonably likely to result in a Material Adverse Effect.

SECTION 6.16 Hazardous Materials. Cause or permit any of its properties or assets to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance in all material respects with all applicable Environmental Laws, nor Release or permit or suffer any Release as a result of any intentional act or omission on its part of Hazardous Materials onto any such property or asset in material violation of any Environmental Law.

SECTION 6.17 Use of Proceeds. Use, or permit the use of, the proceeds of Loans other than for the purposes set forth in Section 5.17.

SECTION 6.18 Swap Agreements. Enter into any Swap Agreement, except Swap Agreements entered into in order to (i) effectively cap, collar or exchange interest rates (from floating to fixed rates) with respect to any interest-bearing liability or investment of a Credit Party or (ii) hedge foreign currency exposure in the ordinary course of business for anticipated receipts from Distributors.

SECTION 6.19 Subsidiaries. Acquire or create any new direct or indirect Subsidiary except to the extent that the requirements of Section 5.20 have been met with respect to such Subsidiary.

SECTION 6.20 Amendment, Modification or Termination of Material Agreements.

(a) Amend, alter, modify, terminate or waive, or permit any amendment, alteration, modification, termination or waiver of, (i) the certificate of formation, limited liability

company agreement (excluding the Borrower LLC Agreement), certificate of incorporation, by-laws or other analogous organizational or governance document of any Credit Party in any manner that is material and adverse to any Secured Party or its respective rights under the Fundamental Documents, without the prior written consent of the Administrative Agent, (ii) the Borrower LLC Agreement in any manner that is material and adverse to any Secured Party or its respective rights under the Fundamental Documents, without the prior written consent of the Administrative Agent; provided, that any amendments that would have the effect of changing any restrictive provisions in the Borrower LLC Agreement to render them consistent with the terms hereof shall not require the consent of the Administrative Agent or (iii) any material multi-picture Distribution Agreement or any other material agreement to which any Credit Party is a party, in each case, in any manner that would be material and adverse to the business of the Borrower, taken as a whole, or that would be material and adverse to any Secured Party or its respective rights under the Fundamental Documents, without the prior written consent of the Administrative Agent. The Borrower shall provide the Administrative Agent with a substantially final form of any such amendment, alteration, modification, or waiver at least five (5) Business Days prior to the proposed execution thereof, and promptly following the execution of any such document, the Borrower shall provide the Administrative Agent and the Lenders with an executed copy thereof; provided, that with respect to Distribution Agreements and amendments thereto, the Borrower may instead require that any Lender inspect such documents at the Borrower's office.

(b) Amend, alter, modify, terminate or waive, or permit any amendment, alteration, modification, termination or waiver of, (i) the certificate of organization, operating agreement, certificate of incorporation, by-laws or other analogous organizational or governance document of any Co-Financing Venture Entity in any manner that is material and adverse to the interest of any Secured Party, or (ii) any material multi-picture Distribution Agreement, or any other material agreement to which any Co-Financing Venture Entity is a party, provided the Credit Party that is a party to such Co-Financing Venture Entity Agreement retains the power to approve any such amendment, in each case, in any manner that would be material and adverse to the business of the Borrower, taken as a whole or the Secured Parties, without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, conditioned or delayed. The Borrower shall provide the Administrative Agent with a substantially final form of any such amendment, alteration, modification, or waiver at least five (5) Business Days prior to the proposed execution thereof, and promptly following the execution of any such document, the Borrower shall provide the Administrative Agent with an executed copy thereof.

(c) To the extent a Credit Party controls a Co-Financing Venture Entity, permit such Co-Financing Venture Entity to engage in any activity not permitted by its operating agreement or other analogous governance document, or which is otherwise inconsistent with the terms and conditions for Approved Co-Financing Venture Transactions set forth on Schedule 3 hereto.

(d) Amend, alter, modify, terminate or waive, or permit any amendment, alteration, modification, termination or waiver of, (i) the Existing Comerica Loan Facility or any security documents entered into in connection therewith without the consent of the Administrative Agent, or (ii) any interparty agreements, intercreditor agreements or related documents (other than those described in clause (i) above) entered into in connection with the Existing Comerica Loan Facility, or release any security interest or any borrower or guarantor under the Existing Comerica

Loan Facility, if such amendment, alteration, modification, termination or waiver of such document or release of such security (or analogous document or security under this Credit Agreement) would require the consent of the Administrative Agent or any Lender or group of Lenders, without the consent of the Administrative Agent.

(e) Amend, alter, modify, terminate or waive, or permit any amendment, alteration, modification, termination or waiver of the Purchase Agreement or the Services Agreement, in each case in any manner that affects the rights or obligations of the Borrower or its Subsidiaries, without the prior written consent of the Administrative Agent.

SECTION 6.21 No Negative Pledge. Enter into any agreement (i) prohibiting the creation or assumption of any Lien in favor of the Administrative Agent (for the benefit of the Secured Parties) or any Person(s) refinancing the Facility upon the properties or assets of any Credit Party, whether now owned or hereafter acquired, or (ii) requiring an obligation to be secured as a result of any Lien being granted to the Administrative Agent (for the benefit of the Secured Parties) or any Person(s) refinancing the Facility, except the Fundamental Documents.

SECTION 6.22 Negative Pick-Up Obligation. Incur after the Closing Date a Negative Pick-Up Obligation unless the Servicer (and/or any of its wholly-owned Subsidiaries or parent companies) is undertaking such negative pick-up arrangement on behalf of the relevant Credit Party pursuant to the Services Agreement; provided, that, for the avoidance of doubt, in such an arrangement the Servicer (or such Subsidiary or parent company) shall fund all of the relevant Credit Party's share of the negative pick-up arrangement and the Credit Party shall have no liability thereunder.

SECTION 6.23 Co-Financed Pictures. Engage in any co-financing arrangement with respect to a Picture, unless (i) such co-financing arrangement existed on the Closing Date, each of which arrangements are set forth on Schedule 6.23 hereto or (ii) the Servicer is undertaking such co-financing arrangement on behalf of the relevant Credit Party pursuant to the Services Agreement; provided, that, for the avoidance of doubt, in such an arrangement the Servicer shall fund all of the relevant Credit Party's share of the co-financing arrangement and the Credit Party shall have no liability thereunder.

SECTION 6.24 Picture Requirements. Commence principal photography on any Picture or acquire any Picture, unless:

(a) each of the conditions precedent set forth in Section 4.2 applicable as of such date shall be satisfied at such time;

(b) if such Picture is Uncompleted and a Credit Party is obligated to fund a portion of the Negative Cost prior to Completion or if they are otherwise exposed to any Completion risk, the Administrative Agent shall have received an Approved Completion Bond (together with the Bonded Budget);

(c) the Administrative Agent shall have received a Liquidity Certificate which demonstrates sufficient liquidity of the Borrower to satisfy the applicable Credit Party's share of

the Negative Cost of such Picture; and

(d) if any guild has been granted a Lien which is pari passu or senior to the Lien granted to the Administrative Agent with respect to such Picture, such guild shall have entered into an intercreditor agreement with the Administrative Agent on terms satisfactory to the Administrative Agent; provided, that (i) for any acquired Picture, such an intercreditor agreement shall only be required prior to the acquisition of such Picture if the acquisition price is greater than \$15,000,000, and (b) for each other acquired Picture, the Credit Parties shall use commercially reasonable efforts to provide such an intercreditor agreement following the acquisition.

SECTION 6.25 Liquidity Ratio. Permit the ratio of (i) all projected known cash sources of the Credit Parties as a group, to (ii) all projected known cash uses of the Credit Parties (other than the mandatory prepayments set forth in Sections 2.7(e), (f) and (g)), all as determined as of each quarter end and as projected in good faith for the ensuing 12 months, to be less than 1.1 to 1.0.

SECTION 6.26 Breaking Dawn 2 Liquidity; Co-Financing Liquidity. Fail to maintain sufficient liquidity (either from unrestricted cash or Cash Equivalents and/or known cash flow due and payable within thirty (30) days and which can be applied for this purpose) to fund (a) the Credit Parties' share of the completion and release costs for the Picture *Breaking Dawn 2* or (b) with respect to an Approved Co-Financing Transaction entered into with an Approved Co-Financier of the type specified in clause (iii)(e) of the definition thereof, both the Credit Parties' and such Approved Co-Financier's share of the obligations set forth in the applicable Co-Financing Agreement.

SECTION 6.27 Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio (tested on a trailing twelve month basis) at the end of any calendar quarter to be less than 1.25 to 1.0.

SECTION 6.28 No Adverse Selection. Fail to cause all theatrical Pictures to be produced and/or distributed directly or indirectly by the Credit Parties during the term of the Facility to be financed hereunder, other than Co-Financed Pictures, co-productions, Foreign Rights Loans, loans against tax credits and other subsidies, production loans to Special Purpose Producers (but the Credit Parties will own, at a minimum, a residual equity interest in any such Picture or Special Purpose Producer) or as set forth in the Services Agreement. Notwithstanding the foregoing, *Breaking Dawn 2* will be produced at least in part with funds of the Borrower.

SECTION 6.29 No Election to be Treated as a Corporation. Make an election under Treasury Regulation Section 301.7701-3 (or any corresponding provision under state or local law, or any successor provision thereto) to be treated as a corporation for U.S. federal, state or local income or franchise tax purposes or take any action inconsistent with being characterized as other than a partnership or disregarded entity for U.S. federal, state and local and franchise tax purposes (other than, in each case, with respect to Summit Distribution, LLC, Summit International Distribution, Inc. and Summit Entertainment Development Services, and subject to the consent of the Administrative Agent in its sole discretion, LGAC).

SECTION 6.30 Overhead Covenant. Allow the aggregate Overhead of the Borrower and its Subsidiaries in any calendar year to exceed the amounts set forth below:

Year	Maximum Overhead
[**]	\$[**]
[**]	\$[**]
[**]	\$[**]
[**]	\$[**]
[**]	\$[**]

; provided, that for purposes of this Section 6.30, calendar year 2012 shall include Overhead incurred from the Closing Date through and including December 31, 2012.

SECTION 6.31 Negative Covenants with respect to Excluded Subsidiaries and Co-Financing Joint Venture Entities. Fail to cause each of the Finance Parties to comply with the covenants contained in the following Sections (unless otherwise specified below, and other than Co-Financing Venture Entities and their Subsidiaries which are neither controlled by a Credit Party nor for which production or exploitation of the related Picture is controlled by a Credit Party (in each case, as opposed to the applicable Approved Co-Financing Venture Counterparty)): Sections 6.1, 6.2, 6.3, 6.4, 6.5, 6.8 (solely by Co-Financing Joint Venture Entities), 6.9 (solely by Co-Financing Joint Venture Entities and Foreign Rights Borrowers), 6.10 (solely with respect to Co-Financing Joint Venture Entities, and only counting the Credit Party's share of the Capital Expenditures), 6.11, 6.12, 6.15, 6.16, 6.19, 6.21 (solely by Co-Financing Joint Venture Entities and Foreign Rights Borrowers), 6.22 (solely by Co-Financing Joint Venture Entities), 6.23 (solely by Co-Financing Joint Venture Entities), 6.24 (solely by Co-Financing Joint Venture Entities and Foreign Rights Borrowers) and 6.28.

7. EVENTS OF DEFAULT

SECTION 7.1 Events of Default. In the case of the happening and during the continuance of any of the following events (herein called "Events of Default"):

(a) any representation or warranty made by a Credit Party in this Credit Agreement or any other Fundamental Document to which it is a party or any statement or representation made by a Credit Party in any report, financial statement, certificate or other document furnished to the Administrative Agent or any Lender pursuant to this Credit Agreement or any other Fundamental Document, shall prove to have been false or misleading in any material respect when made or delivered;

(b) default shall be made in the payment of principal of the Loans as and when due and payable, whether by reason of maturity, mandatory prepayment, acceleration or otherwise, and, solely with respect to a default in any payment required under Section 2.7(e), (f) or (g) such default shall continue unremedied for one (1) Business Day;

(c) default shall be made in the payment of interest on the Loans or other monetary Obligations, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise and such default shall continue unremedied for three (3) Business Days;

(d) default shall be made by any Credit Party in the due observance or performance of any covenant, condition or agreement contained in (i) Section 5.1(a), (b), (f), (h), (k), (l) or (m), 5.2(a), 5.4, 5.8(b) or 5.17 or Article 6 (other than Sections 6.23 or 6.24) or (ii) Sections 5.1(g), 5.13, 6.23 or 6.24, and solely with respect to clause (ii), such default shall continue unremedied for five (5) Business Days;

(e) default shall be made by any Credit Party in the due observance or performance of any other covenant, condition or agreement to be observed or performed pursuant to the terms of this Credit Agreement or any other Fundamental Document, and such default shall continue unremedied for thirty (30) days after the earlier of the applicable Credit Party (i) receiving written notice thereof and (ii) an Authorized Officer of either the Borrower or the applicable Credit Party obtaining knowledge of such occurrence;

(f) (i) default shall be made with respect to any payment of any Indebtedness in excess of \$5,000,000 in the aggregate at any one time outstanding of any Credit Party when due or (ii) default shall be made in the performance of any other obligation incurred in connection with any such Indebtedness if the effect of such default under this sub-clause (ii) is to accelerate the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to become due prior to its stated maturity and such default shall not be remedied, cured, waived or consented to within the period of grace with respect thereto;

(g) any Credit Party shall generally not pay its debts as they become due or shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors; or any Credit Party shall commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property or shall file an answer or other pleading in any such case, proceeding or other action admitting the material allegations of any petition, complaint or similar pleading filed against it or consenting to the relief sought therein; or any Credit Party shall take any action to authorize, or in contemplation of, any of the foregoing;

(h) any involuntary case, proceeding or other action against any Credit Party shall be commenced seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (i) results in the entry of any order for relief against it, or (ii) shall remain undismissed for a period of sixty (60) days;

(i) final judgment(s) for the payment of money in excess of \$5,000,000 in the aggregate shall be rendered against any Credit Party, and within fifteen (15) days from the entry of such judgment shall not have been discharged or stayed pending appeal or shall not have been discharged or bonded in full within thirty (30) days from the entry of a final order of affirmance on appeal;

(j) (i) failure by any Finance Party or ERISA Affiliate to make any contributions required to be made to a Plan subject to Title IV of ERISA or Multiemployer Plan, (ii) any failure to satisfy the minimum funding standard (within the meaning of section 412 of the Code or section 302 of ERISA) shall occur with respect to any Plan (whether or not waived), (iii) the present value of all benefits under all Plans subject to Title IV of ERISA (based on those assumptions used to fund such Plans) exceeds, in the aggregate, as of the last annual valuation date applicable thereto, the actuarial value of the assets of such Plans allocable to such benefits, (iv) any Finance Party or ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan, or that a Multiemployer Plan is in reorganization or is being terminated, (v) a Reportable Event with respect to a Plan shall have occurred, (vi) the withdrawal by any Finance Party or ERISA Affiliate from a Plan during a plan year in which it was a substantial employer (within the meaning of section 4001(a)(2) or 4062(e) of ERISA), (vii) the termination of a Plan, or the filing of a notice of intent to terminate a Plan, under section 4041(c) of ERISA, (viii) the institution of proceedings to terminate, or the appointment of a trustee with respect to, a Plan by the PBGC, (ix) any other event or condition which could constitute grounds under section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (x) the imposition of a Lien pursuant to section 430 of the Code or section 303 of ERISA as to any Finance Party or ERISA Affiliate, in each case only to the extent that any of the foregoing would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(k) this Credit Agreement, the Copyright Security Agreement, any Copyright Security Agreement Supplement, any Trademark Security Agreement, any Pledgeholder Agreement, any UCC financing statements or other applicable local law perfection filings, any Account Control Agreement or any other security agreement securing the Obligations (each a “Security Document”) shall, for any reason with respect to the Collateral or the Pledged Collateral not be or shall cease to be in full force and effect or shall be declared null and void or any of the Security Documents shall not give or shall cease to give the Administrative Agent the Liens, or cease to give the Administrative Agent the rights, powers and privileges purported to be created thereby in favor of the Administrative Agent (for the benefit of the Secured Parties), superior to and prior to the Liens and other rights of all third Persons (subject to Specified Permitted Encumbrances) and subject to no other Liens (other than Permitted Encumbrances), or the validity or enforceability of the Guaranties under Article 9 or the Liens granted, to be granted, or purported to be granted, by any of the Security Documents shall be contested by any Credit Party or any of their respective Affiliates; provided, that none of the foregoing with respect to any Security Document shall constitute an Event of Default hereunder unless the aggregate value of the related Collateral exceeds \$2,000,000;

(l) a Change in Management shall occur;

(m) a Change in Control shall occur;

(n) default shall be made with respect to any payment of any Indebtedness of any of Lions Gate Entertainment Inc. or its Subsidiaries (other than Borrower and its Subsidiaries) in excess of \$15,000,000 in the aggregate when due, or in the performance of any other obligation incurred in connection with any such Indebtedness if the effect of such non-payment default is to accelerate the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to become due prior to its stated maturity and such default shall not be remedied, cured, waived or consented to within the period of grace with respect thereto; or

(o) the Services Agreement shall have been terminated and not replaced within 30 days by a new servicer and servicing agreement approved by the Required Lenders;

then, in every such event (other than an event specified in clause (g) or (h) above) and at any time thereafter during the continuance of such event, the Administrative Agent may, or if directed by the Required Lenders, shall, by notice to the Borrower take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments (subject to Section 12.1(b)(xiii), and/or (ii) declare the principal of and the interest on the Loans and the Notes and all other amounts payable hereunder or thereunder to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable. Except as expressly provided above in this Section 7.1, presentment, demand, protest, and all other notice of any kind are hereby expressly waived by the Credit Parties, anything in this Credit Agreement or in the Notes to the contrary notwithstanding. If an Event of Default specified in clause (g) or (h) above shall have occurred, the Commitments shall automatically terminate and the principal of, and interest on, the Loans and the Notes and all other amounts payable hereunder and thereunder shall automatically become due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything in this Credit Agreement or the Notes to the contrary notwithstanding. Such remedies shall be in addition to any other remedy available to the Administrative Agent or the Lenders pursuant to Applicable Law or otherwise.

SECTION 7.2 Right to Cure. Notwithstanding anything to the contrary in Section 7.1, if the Borrower fails (or, but for the performance of this Section 7.2, would fail) to comply with the minimum Fixed Charge Coverage Ratio set forth in Section 6.27, then until the tenth Business Day following the date on which the certificate calculating such ratio is required to be delivered pursuant to Section 5.1(f), such failure may be cured by cash equity contributions to the Borrower from its members, which shall be included as additional revenue in the last quarter of the applicable testing period (and in each testing period which includes such quarter) and which must be sufficient to cause compliance with Section 6.27; provided that (i) such contribution shall immediately be applied to prepay outstanding Loans, and (ii) such cure right may be exercised on up to four separate occasions, but no more than twice in any calendar year. Following any such cure, the Borrower shall be deemed to have satisfied Section 6.27 as of the relevant date of determination.

8. GRANT OF SECURITY INTEREST; REMEDIES

SECTION 8.1 Security Interests. The Borrower, as security for the due and

punctual payment in full of the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of the Borrower whether or not post filing interest is allowed in such proceeding), and each of the other Credit Parties, as security for its obligations under Article 9, hereby grant, mortgage, pledge, assign, transfer, set over, convey and deliver to the Administrative Agent (for the benefit of the Secured Parties) a security interest in the Collateral. For the avoidance of doubt, the Collateral includes each Credit Party's rights to and interest in the claims described on Schedule 3.12.

SECTION 8.2 Use of Collateral. So long as no Event of Default shall have occurred and be continuing, and subject to the various provisions of this Credit Agreement and the other Fundamental Documents, a Credit Party may use its Collateral (including cash in each Collection Account and proceeds of letters of credit in favor of the Credit Parties) in any lawful manner except as otherwise provided hereunder or thereunder.

SECTION 8.3 Collection Accounts.

(a) The Credit Parties will establish or maintain one or more collection bank accounts (each, a "Collection Account") at the office of the Administrative Agent, and, subject to Section 8.3(d) below, will direct, by Notice of Assignment (or by similar instructions satisfactory to the Administrative Agent contained within a Co-Financing Intercreditor Agreement, Interparty Agreement, Co-Financing Venture Interparty Agreement or other applicable agreement), all Persons who become Distributors, licensees, buyers or account debtors of any Credit Party to make payments under or in connection with the Distribution Agreements, license agreements, sales agreements or receivables directly to the Collection Account (or, in the case of payments under certain Distribution Agreements, an account of a Licensing Intermediary over which the Administrative Agent has a first priority perfected security interest, provided that the applicable proceeds will be remitted by such Licensing Intermediary to a Collection Account on terms reasonably acceptable to the Administrative Agent). Unless and until a separate Cash Collateral Account is established, the initial Collection Account established and maintained by the Administrative Agent may also serve as the Cash Collateral Account; provided, that each Collection Account is under the control (within the meaning of Section 9-104 of the UCC) of the Administrative Agent.

(b) The Credit Parties will execute such documentation as may be required by the Administrative Agent in order to effectuate the provisions of this Section 8.3.

(c) In the event a Credit Party receives payment from any Person or proceeds under a letter of credit or otherwise, which payment should have been remitted directly to the Collection Account, such Credit Party shall promptly remit such payment or proceeds to the appropriate Collection Account to be applied in accordance with the terms of this Credit Agreement.

(d) Notwithstanding the foregoing, the Credit Parties may maintain collections accounts with Comerica Bank and any of the other banks specified as collection banks on Schedule 5.22(b) of the Existing Credit Agreement (or, in the case of accounts established in connection with Foreign Rights Loans, as otherwise reasonably approved by the Administrative Agent), in each case to the extent that such accounts (i) were in existence prior to the Closing Date or were established following the Closing Date in connection with one or more Foreign Rights Loans, (ii) are used

solely to continue to collect receipts from Pictures financed under the Existing Comerica Loan Facility or in connection with one or more Foreign Rights Loans and (iii) except as permitted in Section 6.14, are subject to Account Control Agreements in favor of the Administrative Agent or in favor of the Foreign Rights Agent with respect to a Foreign Rights Loan that provides that the Foreign Rights Agent will act as sub-agent for the benefit of the Administrative Agent for purposes of perfecting the Administrative Agent's security interest therein and that provides, further, that the Foreign Rights Agent's Rights in such accounts are subject to the applicable Interparty Agreements.

(e) All Breaking Dawn Cash Flow received in any period shall be paid directly, or swept weekly from other Collection Accounts (or, in the case of amounts credited to satisfy other obligations to third party, deposited), into a segregated account of a Credit Party maintained with the Administrative Agent and shall not be removed by a Credit Party until the required portion thereof in any period is applied to prepayments required under Section 2.7(e) (with the remainder from such period available to the Credit Parties); provided, that unless an Event of Default shall have occurred and be continuing, the Credit Parties shall be entitled to (i) remove the amount of third party cash expenses permitted to be netted from Breaking Dawn Cash Flow in order to make such payments when due, and (ii) invest amounts held in such account in Cash Equivalents.

(f) Notwithstanding anything to the contrary contained in this Section 8.3, receivables paid in a manner permitted by the Services Agreement shall not violate this Section 8.3; provided, that this shall not affect the Servicer's obligation to pay to the Borrower such proceeds as required by the Services Agreement.

SECTION 8.4 Credit Parties to Hold in Trust. Upon the occurrence and during the continuance of an Event of Default, each of the Credit Parties will, upon receipt by it of any revenue, income, profits or other sums in which a security interest is granted by this Article 8, payable pursuant to any agreement or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the sum or instrument in trust for the Administrative Agent (for the benefit of the Secured Parties), segregate such sum or instrument from their own assets and forthwith, without any notice, demand or other action whatsoever (all notices, demands, or other actions on the part of the Secured Parties being expressly waived), endorse, transfer and deliver any such sums or instruments or both, to the Administrative Agent to be applied to the repayment of the Obligations in accordance with the provisions of Section 8.7.

SECTION 8.5 Collections, etc. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, in its sole discretion, in its name (on behalf of the Secured Parties) or in the name of any Credit Party or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral, but shall be under no obligation to do so, or the Administrative Agent may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any of the Collateral, without thereby incurring responsibility to, or discharging or otherwise affecting any liability of, any Credit Party. The Administrative Agent will not be required to take any steps to preserve any rights against parties with prior claims on the Collateral. If any Credit Party fails to make any payment or take any action required hereunder which payment or action the Administrative

Agent has requested in writing to the Borrower to be made or taken, the Administrative Agent may make such payments and take all such actions as the Administrative Agent reasonably deems necessary to protect the Administrative Agent's (on behalf of the Secured Parties) security interests in the Collateral and the value thereof, and the Administrative Agent is hereby authorized (without limiting the general nature of the authority hereinabove conferred) to pay, purchase, contest or compromise any Liens that in the judgment of the Administrative Agent appear to be equal to, prior to, or superior to, the security interest of the Administrative Agent (on behalf of the Secured Parties) in the Collateral (other than Specified Permitted Encumbrances) and any Liens not expressly permitted by this Credit Agreement.

SECTION 8.6 Possession, Sale of Collateral, etc. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent and the Lenders may enter upon the premises of any Credit Party or wherever the Collateral may be, and take possession of the Collateral (subject, in each case, to the terms of any applicable Interparty Agreement, Co-Financing Venture Interparty Agreement or Co-Financing Intercreditor Agreement), and may demand and receive such possession from any Person who has possession thereof, and the Administrative Agent and the Lenders may take such measures as they reasonably deem necessary or proper for the care or protection thereof, including the right to remove all or any portion of the Collateral, and with or without taking such possession may sell or cause to be sold, whenever the Administrative Agent and the Lenders shall decide, in one or more sales or parcels, at such prices as the Administrative Agent and the Lenders may reasonably deem appropriate, and for cash or on credit or for future delivery, without assumption of any credit risk, all or any portion of the Collateral, at any broker's board or at public or private sale, without demand of performance but with at least ten (10) days' prior written notice to the Credit Parties of the time and place of any such public sale or sales (which notice the Credit Parties hereby agree is reasonable) and with such other notices as may be required by Applicable Law and cannot be waived, and none of the Administrative Agent and the Lenders shall have any liability should the proceeds resulting from a private sale be less than the proceeds realizable from a public sale, and the Administrative Agent, on behalf of the Secured Parties or any other Person may be the purchaser of all or any portion of the Collateral so sold and thereafter hold the same absolutely, free (to the fullest extent permitted by Applicable Law) from any claim or right of whatever kind, including any equity of redemption, of any Credit Party, any such demand, notice, claim, right or equity being hereby expressly waived and released. At any sale or sales made pursuant to this Article 8, the Administrative Agent (on behalf of the Secured Parties) may bid for or purchase, free (to the fullest extent permitted by Applicable Law) from any claim or right of whatever kind, including any equity of redemption, of any Credit Party, any such demand, notice, claim, right or equity being hereby expressly waived and released, any part of or all of the Collateral offered for sale, and may make any payment on account thereof by using any claim for moneys then due and payable to the Administrative Agent and the Lenders by any Credit Party hereunder as a credit against the purchase price. The Administrative Agent (on behalf of the Secured Parties) shall in any such sale make no representations or warranties with respect to the Collateral or any part thereof, and none of the Administrative Agent and the Lenders shall be chargeable with any of the obligations or liabilities of any Credit Party. Each Credit Party hereby agrees that (i) it will indemnify and hold the Administrative Agent and the Lenders harmless from and against any and all claims with respect to the Collateral asserted before the taking of actual possession or control of the relevant Collateral by the Administrative Agent pursuant to this Article 8, or arising out of any act of, or omission to act on the part of, any Person (other than the Administrative Agent or the Lenders) prior to such taking of actual possession or control by the

Administrative Agent (whether asserted before or after such taking of possession or control), or arising out of any act on the part of any Credit Party or its Affiliates or agents before or after the commencement of such actual possession or control by the Administrative Agent, but excluding therefrom all claims with respect to the Collateral resulting from (x) the gross negligence or willful misconduct of any of the Administrative Agent or the Lenders, as finally determined by a court of competent jurisdiction, or (y) any claims with respect to the Collateral asserted against an indemnified party by a Credit Party in which such Credit Party is the prevailing party; and (ii) none of the Administrative Agent or any Lender shall have any liability or obligation to any Credit Party arising out of any such claim except for acts of willful misconduct or gross negligence of such Person, as finally determined by a court of competent jurisdiction. Subject only to the lawful rights of third parties, any Laboratory which has possession of any of the Collateral is hereby constituted and appointed by the Credit Parties as pledgeholder for the Administrative Agent (on behalf of the Secured Parties) and, upon the occurrence and during the continuation of an Event of Default, each such pledgeholder is hereby authorized (to the fullest extent permitted by Applicable Law) to sell all or any portion of the Collateral upon the order and direction of the Administrative Agent, and each Credit Party hereby waives any and all claims, for damages or otherwise, for any action taken by such pledgeholder in accordance with the terms of the UCC not otherwise waived hereunder. In any action hereunder, the Administrative Agent shall be entitled, if permitted by Applicable Law, to the appointment of a receiver without notice, to take possession of all or any portion of the Collateral and to exercise such powers as a court shall confer upon the receiver. Notwithstanding the foregoing, upon the occurrence and during the continuation of an Event of Default, the Administrative Agent and the Lenders shall be entitled to apply, without prior notice to any of the Credit Parties, any cash or cash items constituting Collateral in the possession of the Administrative Agent and the Lenders in the manner set forth Section 8.7.

SECTION 8.7 Application of Proceeds after Event of Default. Upon the occurrence and during the continuance of an Event of Default, the balances in the JPMorgan Clearing Account, the Collection Account(s), the Cash Collateral Account(s) and in any other account of any Credit Party, all other income on the Collateral, and all other proceeds of the Collateral pursuant hereto (subject, in each case, to the terms of any applicable Interparty Agreement, Co-Financing Venture Interparty Agreement, Co-Financing Intercreditor Agreement or the LG Intercreditor Agreement) shall be applied first toward payment of all reasonable out-of-pocket costs and expenses paid or incurred by the Administrative Agent in enforcing this Credit Agreement and the other Fundamental Documents, in realizing on or protecting any Collateral and in enforcing or collecting any Obligations or any Guaranty thereof, including, without limitation, court costs and reasonable attorney's fees and reasonable out-of-pocket expenses incurred by the Administrative Agent, and second to the satisfaction of the Obligations in accordance with Section 12.2; provided, however, that, the Administrative Agent may in its discretion apply funds comprising the Collateral to pay the cost (i) of completing any Picture owned in whole or in part by any Credit Party in any stage of production, and (ii) of making delivery to the Distributors of such Picture. Any amounts remaining after such payment in full shall be remitted to the appropriate Credit Party or as a court of competent jurisdiction may otherwise direct.

SECTION 8.8 Power of Attorney. Each Credit Party does hereby irrevocably make, constitute and appoint the Administrative Agent or any of its officers or designees its true and lawful attorney-in-fact with full power in the name of the Administrative Agent, such other

Person or such Credit Party upon the occurrence and during the continuance of an Event of Default which is not waived in writing by the Required Lenders, to receive, open and dispose of all mail addressed to any Credit Party, and to endorse any notes, checks, drafts, money orders or other evidences of payment relating to the Collateral that may come into the possession of the Administrative Agent with full power and right to cause the mail of such Persons to be transferred to the Administrative Agent's own offices or otherwise, and to do any and all other acts necessary or proper to carry out the intent of this Credit Agreement and the grant of the security interests hereunder and under the Fundamental Documents, and each Credit Party hereby ratifies and confirms all that the Administrative Agent or its designees shall properly do by virtue hereof. In addition, each Credit Party does hereby further irrevocably make, constitute and appoint the Administrative Agent or any of its officers or designees its true and lawful attorney-in-fact in the name of the Administrative Agent, such other Person or any Credit Party upon the occurrence and during the continuance of an Event of Default which is not waived in writing by the Required Lenders, subject to the terms of Section 8.12, (a) to enforce all of such Credit Party's rights under and pursuant to all agreements with respect to the Collateral, all for the sole benefit of the Administrative Agent (for the benefit of the Secured Parties) as contemplated hereby and under the other Fundamental Documents and to enter into such other agreements as may be reasonably necessary or appropriate in the judgment of the Administrative Agent to complete the production, distribution or exploitation of any Picture which is included in the Collateral, (b) to enter into and perform such agreements as may be reasonably necessary in order to carry out the terms, covenants and conditions of the Fundamental Documents that are required to be observed or performed by such Credit Party, (c) to execute such other and further mortgages, pledges and assignments of the Collateral, and related instruments or agreements, as the Administrative Agent may reasonably require for the purpose of perfecting, protecting, maintaining or enforcing the security interests granted to the Administrative Agent (for the benefit of the Secured Parties) hereunder and under the other Fundamental Documents, and (d) to do any and all other things reasonably necessary or proper to carry out the intention of this Credit Agreement and the grant of the security interests hereunder and under the other Fundamental Documents. Each of the Credit Parties hereby ratifies and confirms in advance all that the Administrative Agent or its officers or designees as such attorney-in-fact shall properly do by virtue of this power of attorney.

SECTION 8.9 Financing Statements; Direct Payments. Each Credit Party hereby authorizes the Administrative Agent to file UCC-1 financing statements and any amendments thereto or continuations thereof, any Copyright Security Agreement, any Copyright Security Agreement Supplement, any Trademark Security Agreement and any other appropriate security documents or instruments and to give any notices reasonably necessary or desirable as determined by the Administrative Agent to perfect the Lien of the Administrative Agent for the benefit of the Secured Parties in the Collateral, in all cases without the signature of any Credit Party or to execute such items as attorney-in-fact for any Credit Party; provided, that the Administrative Agent shall provide copies of any such documents or instruments to the Borrower. Each Credit Party authorizes the Administrative Agent to use the description "all assets" or a similar description in any such UCC-1 financing statement. Each Credit Party further authorizes the Administrative Agent, at the time that any Event of Default shall have occurred and be continuing, to notify any account debtor that all sums payable to such Credit Party relating to the Collateral shall be paid directly to the Administrative Agent.

SECTION 8.10 Termination and Release. The security interests granted under this Article 8 shall terminate when all the Obligations shall have been fully and indefeasibly paid and performed and the Commitments shall have terminated. Upon request by the Credit Parties (and at the sole expense of the Credit Parties) after such termination pursuant to this Section 8.10, the Administrative Agent will promptly take all reasonable action and do all things reasonably necessary, including authorizing UCC termination statements and executing Pledgeholder Agreement and Laboratory Access Letter terminations, termination letters to account debtors, terminations of Account Control Agreements and copyright and trademark releases, to terminate the security interest granted to the Administrative Agent (for the benefit of the Secured Parties) hereunder; provided, that the Administrative Agent shall only be required to deliver such documents to the Borrower and shall have no obligation to file or record any such documents.

SECTION 8.11 Remedies Not Exclusive. The remedies conferred upon or reserved to the Administrative Agent in this Article 8 are intended to be in addition to, and not in limitation of, any other remedy or remedies available to the Administrative Agent. Without limiting the generality of the foregoing, the Administrative Agent and the Lenders shall have all rights and remedies of a secured creditor under Article 9 of the UCC and under any other Applicable Law.

SECTION 8.12 Quiet Enjoyment. The Administrative Agent and the Lenders acknowledge and agree that the security interest hereunder of the Administrative Agent (for the benefit of the Secured Parties) is subject to the rights of Quiet Enjoyment (as defined below) of the Distributors under Distribution Agreements, whether existing on the date hereof or hereafter executed. For the purpose hereof, "Quiet Enjoyment" shall mean in connection with the rights of a Distributor under a Distribution Agreement, the Administrative Agent's and each other Secured Party's agreement that their rights under this Credit Agreement and the other Fundamental Documents and in the Collateral are subject to the rights of such Distributor to distribute, exhibit and/or exploit the Pictures licensed to it under such Distribution Agreement, and to receive prints or tapes and other delivery items or have access to preprint material or master tapes and other items to which they are entitled in connection therewith and that even if the Lenders shall become the owners of the Collateral in case of an Event of Default, the Lenders' ownership rights shall be subject to the rights of such Distributor under such agreement; provided, however, that such Distributor shall not be in default (i) with regard to its obligations to pay any amounts payable to the applicable Credit Party under the applicable Distribution Agreement or (ii) with regard to any other obligation that entitles the applicable Credit Party to terminate such Distributor's rights; and provided, further, that neither the Administrative Agent nor any Lender shall be responsible for any liability or obligation of any Credit Party or such Distributor under the applicable Distribution Agreement. The Administrative Agent agrees that, upon the reasonable request of a Credit Party, it will provide written confirmation (in form reasonably acceptable to the Administrative Agent) of such rights of Quiet Enjoyment to Distributors under the Distribution Agreements.

SECTION 8.13 Continuation and Reinstatement. The security interest granted hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment of any Obligation, or any part thereof is rescinded or must otherwise be restored by the Administrative Agent, or any other Secured Party upon the bankruptcy or reorganization of any Credit Party or otherwise.

9. GUARANTY OF GUARANTORS

SECTION 9.1 Guaranty.

(a) Each Guarantor unconditionally and irrevocably guarantees to the Administrative Agent and the Lenders the due and punctual payment by, and performance of, the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of the obligor whether or not post filing interest is allowed in such proceeding). Each Guarantor further agrees that the Obligations may be increased, extended or renewed, in whole or in part, without notice or further assent from it (except as may be otherwise required herein), and it will remain bound upon this Guaranty notwithstanding any extension or renewal of any Obligation.

(b) Each Guarantor waives presentment to, demand for payment from and protest to, as the case may be, any Credit Party or any other guarantor of any of the Obligations, and also waives notice of protest for nonpayment, notice of acceleration and notice of intent to accelerate. The obligations of each Guarantor hereunder shall not be affected by (i) the failure of the Administrative Agent or the Lenders to assert any claim or demand or to enforce any right or remedy against the Borrower or any Guarantor or any other guarantor under the provisions of this Credit Agreement or any other agreement or otherwise, (ii) any extension or renewal of any provision hereof or thereof, (iii) the failure of the Administrative Agent or the Lenders to obtain the consent of the Guarantor with respect to any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of this Credit Agreement, the Notes or any other agreement, (iv) the release, exchange, waiver or foreclosure of any security held by the Administrative Agent (on behalf of the Secured Parties) for the Obligations or any of them, (v) the failure of a Secured Party to exercise any right or remedy against any other Guarantor or any other guarantor of the Obligations, (vi) any bankruptcy, reorganization, liquidation, dissolution or receivership proceeding or case by or against any Credit Party, or any change in the corporate existence, structure, ownership or control of any Credit Party (including any of the foregoing arising from any merger, consolidation, amalgamation, reorganization or similar transaction), or (vii) the release or substitution of any Guarantor or any other guarantor of the Obligations. Without limiting the generality of the foregoing or any other provision hereof (including, without limitation, Section 13.6 and Section 13.12), to the extent permitted by Applicable Law, each Guarantor hereby expressly waives any and all benefits which might otherwise be available to it under California Civil Code Sections 2799, 2809, 2810, 2815, 2819, 2820, 2821, 2822, 2838, 2839, 2845, 2848, 2849, 2850, 2899 and 3433.

(c) Each Guarantor further agrees that this Guaranty is a continuing guaranty, shall secure the Obligations and any ultimate balance thereof, notwithstanding that the Borrower or other Persons may from time to time satisfy the Obligations in whole or in part and thereafter incur further Obligations, and that this Guaranty constitutes a guaranty of performance and of payment when due and not just of collection, and waives any right to require that any resort be had by the Administrative Agent or any Lender to any security held for payment of the Obligations or to any balance of any deposit, account or credit on the books of the Administrative Agent or any Lender in favor of the Borrower or any Guarantor, or to any other Person.

(d) Each Guarantor hereby expressly assumes all responsibilities to remain

informed of the financial condition of the Borrower and the other Guarantors and any other guarantors of the Obligations and any circumstances affecting the Collateral (including the Pledged Securities) or the ability of the Borrower to perform under this Credit Agreement.

(e) Each Guarantor's obligations under the Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations, the Notes or any other instrument evidencing any Obligations, or by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other circumstance relating to the Obligations which might otherwise constitute a defense to this Guaranty. The Administrative Agent and the Lenders make no representation or warranty with respect to any such circumstances and have no duty or responsibility whatsoever to any Guarantor with respect to the management and maintenance of the Obligations or any collateral security for the Obligations.

SECTION 9.2 No Impairment of Guaranty, etc. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (except payment and performance in full of the Obligations), including, without limitation, any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any remedy under this Credit Agreement or any other agreement, by any waiver or modification of any provision hereof or thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law, unless and until the Obligations are indefeasibly paid and performed in full and the Commitments have terminated.

SECTION 9.3 Continuation and Reinstatement, etc.

(a) Each Guarantor further agrees that its guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment of any Obligation, or any part thereof, is rescinded or must otherwise be restored by the Administrative Agent or the Lenders upon the bankruptcy or reorganization of the Borrower or a Guarantor, or otherwise. In furtherance of the provisions of this Article 9, and not in limitation of any other right which the Administrative Agent or the Lenders may have at law or in equity against the Borrower, a Guarantor or any other Person by virtue hereof, upon failure of the Borrower to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice or otherwise, each Guarantor hereby promises to and will, upon receipt of written demand by the Administrative Agent on behalf of itself and/or any of the other Secured Parties, forthwith pay or cause to be paid to the Administrative Agent (for the benefit of itself and/or the Secured Parties, as applicable) in cash an amount equal to the unpaid amount of such unpaid Obligations with interest thereon from the due date at a rate of interest equal to the rate specified in Section 2.5(a), and thereupon the Administrative Agent shall assign such Obligation, together with all security interests, if any, then held by the Administrative Agent in respect of such Obligation, to the Guarantor or Guarantors making such

payment; such assignment to be subordinate and junior to the rights of the Administrative Agent (on behalf of the Secured Parties) with regard to amounts payable by the Borrower in connection with the remaining unpaid Obligations and to be pro tanto to the extent to which the Obligation in question was discharged by the Guarantor or Guarantors making such payments.

(b) All rights of each Guarantor against the Borrower arising as a result of the payment by such Guarantor of any sums to the Administrative Agent (for the benefit of the Secured Parties) or directly to the Lenders hereunder by way of right of subrogation or otherwise, shall in all respects be subordinated and junior in right of payment to, and shall not be exercised by such Guarantor until and unless, the prior final payment in full of all the Obligations and the termination of the Commitments. If any amount shall be paid to such Guarantor for the account of the Borrower, such amount shall be held in trust for the benefit of the Administrative Agent (on behalf of the Secured Parties), segregated from such Guarantor's own assets, and shall forthwith be paid to the Administrative Agent to be credited and applied to the Obligations, whether matured or unmatured.

SECTION 9.4 Limitation on Guaranteed Amount, etc. Notwithstanding any other provision of this Article 9, the amount guaranteed by each Guarantor hereunder shall be limited to the extent, if any, required so that its obligations under this Article 9 shall not be subject to avoidance under Section 548 of the Bankruptcy Code or to being set aside or annulled under any Applicable Law relating to fraud on creditors. In determining the limitations, if any, on the amount of any Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation or contribution which such Guarantor may have under this Article 9, any other agreement or Applicable Law shall be taken into account.

10. PLEDGE

SECTION 10.1 Pledge. The Borrower, as security for the due and punctual payment in full of the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of the Borrower whether or not post filing interest is allowed in such proceeding) and each other Pledgor, as security for its obligations hereunder, hereby grants, pledges, hypothecates, assigns, transfers, sets over, conveys and delivers unto the Administrative Agent (for the benefit of the Secured Parties) a first priority security interest in all Pledged Collateral now owned or hereafter acquired by it. The Pledgors shall deliver to the Administrative Agent the definitive instruments (if any) representing all Pledged Securities, accompanied by undated stock powers (or any comparable documents for non-corporate entities to the extent certificated), duly endorsed or executed in blank by the appropriate Pledgor, and such other instruments or documents relating thereto as the Administrative Agent or its counsel shall reasonably request. Schedule 10.1 sets forth all the Pledged Securities as of the Closing Date.

SECTION 10.2 Covenant. Each Pledgor covenants that as the owner of Equity Interests in each of its respective Subsidiaries it will not take any action to allow any additional Equity Interests of any of such Subsidiaries or any securities convertible or exchangeable into Equity Interests of such Subsidiaries to be issued, or grant any options or warrants, unless all of such interests (or in the case of a Subsidiary that is a Controlled Foreign Corporation, 65% of such interests) are pledged to the Administrative Agent (for the benefit of the Secured Parties) as security for the Obligations and, if applicable, such Pledgor's obligations under Article 9.

SECTION 10.3 Registration in Nominee Name; Denominations. The Administrative Agent shall have the right (in its sole and absolute discretion) to hold the certificates representing any Pledged Securities (i) in its own name (on behalf of the Secured Parties) or in the name of its nominee, or (ii) in the name of the appropriate Pledgor, endorsed or assigned in blank or in favor of the Administrative Agent. The Administrative Agent shall have the right to exchange the certificates representing any of the Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Credit Agreement.

SECTION 10.4 Voting Rights; Dividends; etc.

(a) The appropriate Pledgor shall be entitled to exercise any and all voting and/ or consensual rights and powers accruing to an owner of the Pledged Securities being pledged by it hereunder or any part thereof for any purpose not inconsistent with the terms hereof, at all times, except as expressly provided in Section 10.4(c) below.

(b) All dividends or distributions of any kind whatsoever (other than cash dividends or cash distributions paid while no Event of Default is continuing) received by a Pledgor with respect to any Pledged Securities, whether resulting from a subdivision, combination, or reclassification of the outstanding capital stock or Equity Interests of the issuer or received in exchange for Pledged Securities or any part thereof or as a result of any merger, consolidation, acquisition, or other exchange of assets to which the issuer may be a party, or otherwise, shall be and become part of the Pledged Securities pledged hereunder and shall immediately be delivered to the Administrative Agent to be held subject to the terms hereof. All dividends and distributions with respect to any Pledged Securities which are received by a Pledgor contrary to the provisions of this Section 10.4(b) shall be received in trust for the benefit of the Secured Parties, segregated from such Pledgor's own assets, and shall be delivered to the Administrative Agent.

(c) Upon the occurrence and during the continuance of an Event of Default and notice to the applicable Pledgor from the Administrative Agent of the transfer of such rights to the Administrative Agent, all rights of such Pledgor (i) to exercise the voting and/or consensual rights and powers which it is entitled to exercise pursuant to this Section 10.4 and (ii) to receive and retain cash dividends and cash distributions with respect to the Pledged Securities shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall have the sole and exclusive right and authority to exercise such voting and/or consensual rights and receive such cash dividends and cash distributions until such time as such Event of Default has been cured or waived.

(d) So long as no Event of Default shall have occurred and be continuing, any cash dividends or cash distributions received by a Credit Party in accordance with the terms of this Credit Agreement may be used for any purpose permitted hereunder.

SECTION 10.5 Remedies Upon Default. If an Event of Default shall have occurred and be continuing, the Administrative Agent (on behalf of the Secured Parties), may sell the Pledged Securities, or any part thereof, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Administrative Agent shall deem appropriate subject to the terms hereof or as otherwise provided in the UCC. The Administrative Agent shall be authorized at any such sale (if the Administrative Agent deems it

advisable to do so) to restrict to the fullest extent permitted by Applicable Law the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Pledged Securities for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale, the Administrative Agent shall have the right to assign, transfer, and deliver to the purchaser or purchasers thereof the Pledged Securities so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Pledgor. The Administrative Agent shall give the Pledgors at least ten (10) days' prior written notice of any such public or private sale, or sale at any broker's board or on any such securities exchange, or of any other disposition of the Pledged Securities. Such notice, in the case of public sale, shall state the time and place for such sale and, in the case of sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Pledged Securities, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Administrative Agent may fix and shall state in the notice of such sale. At any such sale, the Pledged Securities, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may (in its sole and absolute discretion) determine. The Administrative Agent shall not be obligated to make any sale of the Pledged Securities if it shall determine not to do so, regardless of the fact that notice of sale of the Pledged Securities may have been given. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case the sale of all or any part of the Pledged Securities is made on credit or for future delivery, the Pledged Securities so sold may be retained by the Administrative Agent until the sale price is paid by the purchaser or purchasers thereof, but the Administrative Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Pledged Securities so sold and, in case of any such failure, such Pledged Securities may be sold again upon like notice. At any sale or sales made pursuant to this Section 10.5, the Administrative Agent (on behalf of the Secured Parties) may bid for or purchase, free from any claim or right of whatever kind, including any equity of redemption, of the Pledgors, any such demand, notice, claim, right or equity being hereby expressly waived and released, any or all of the Pledged Securities offered for sale, and may make any payment on the account thereof by using any claim for moneys then due and payable to the Administrative Agent or any consenting Lender by any Credit Party as a credit against the purchase price; and the Administrative Agent, upon compliance with the terms of sale, may hold, retain and dispose of the Pledged Securities without further accountability therefor to any Pledgor or any third party (other than the Lenders). The Administrative Agent shall in any such sale make no representations or warranties with respect to the Pledged Securities or any part thereof, and shall not be chargeable with any of the obligations or liabilities of the Pledgors with respect thereto. Each Pledgor hereby agrees that (i) it will indemnify and hold the Administrative Agent and the Lenders harmless from and against any and all claims with respect to the Pledged Securities asserted before the taking of actual possession or control of the Pledged Securities by the Administrative Agent pursuant to this Credit Agreement, or arising out of any act of, or omission to act on the part of, any Person prior to such taking of actual possession or control by the Administrative Agent (whether asserted before or after such taking of possession or control), or arising out of any act on the part of any Pledgor, its agents or Affiliates before or after the commencement of such actual possession or control by the Administrative Agent, but excluding therefrom all claims with respect to the Pledged Securities resulting from (x) the gross negligence or willful misconduct of any of the Administrative Agent

or the Lenders, as finally determined by a court of competent jurisdiction, or (y) any claims with respect to the Pledged Securities asserted against an indemnified party by a Credit Party or Pledgor in which such Credit Party or Pledgor is the prevailing party, and (ii) none of the Administrative Agent or any Lender shall have any liability or obligation arising out of any such claim except for acts of willful misconduct or gross negligence of such Person, as finally determined by a court of competent jurisdiction. As an alternative to exercising the power of sale herein conferred upon it, the Administrative Agent may proceed by a suit or suits at law or in equity to foreclose upon the Collateral and Pledged Securities under this Credit Agreement and to sell the Pledged Securities, or any portion thereof, pursuant to a judgment or decree of a court or courts having competent jurisdiction.

SECTION 10.6 Application of Proceeds of Sale and Cash. The proceeds of sale of the Pledged Securities sold pursuant to Section 10.5 shall be applied by the Administrative Agent (on behalf of the Secured Parties) as follows:

(i) to the payment of all reasonable out-of-pocket costs and expenses paid or incurred by the Administrative Agent in connection with such sale, including, without limitation, all court costs and reasonable outside attorney's fees and reasonable expenses incurred by the Administrative Agent in connection therewith, and the payment of all reasonable out-of-pocket costs and expenses paid or incurred by the Administrative Agent in enforcing this Credit Agreement and the other Fundamental Documents, in realizing or protecting any Collateral and in enforcing or collecting any Obligations or any Guaranty thereof, including, without limitation, court costs and reasonable outside attorney's fees and expenses incurred by the Administrative Agent in connection therewith; and

(ii) to the payment in full of the Obligations in accordance with Section 12.2;

provided, however, that the Administrative Agent may in its discretion apply funds comprising the proceeds of sale of the Pledged Securities to pay the cost (i) of completing any Picture owned in whole or in part by any Credit Party in any stage of production, and (ii) of making delivery to the Distributors of such Picture. Any amounts remaining after such payment in full shall be remitted to the appropriate Pledgor, or as a court of competent jurisdiction may otherwise direct.

SECTION 10.7 Securities Act, etc. In view of the position of each Pledgor in relation to the Pledged Securities pledged by it, or because of other present or future circumstances, a question may arise under the Securities Act of 1933, as amended, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being hereinafter called the "Federal Securities Laws"), with respect to any disposition of the Pledged Securities permitted hereunder. Each Pledgor understands that compliance with the Federal Securities Laws may very strictly limit the course of conduct of the Administrative Agent if the Administrative Agent were to attempt to dispose of all or any part of the Pledged Securities, and may also limit the extent to which or the manner in which any subsequent transferee of any Pledged Securities may dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Administrative Agent in any attempt to dispose of all or any part of the Pledged Securities under applicable Blue Sky or other state securities laws, or similar laws analogous in purpose or effect. Under Applicable Law, in the absence of an agreement

to the contrary, the Administrative Agent may perhaps be held to have certain general duties and obligations to a Pledgor to make some effort towards obtaining a fair price even though the Obligations may be discharged or reduced by the proceeds of a sale at a lesser price. Each Pledgor waives to the fullest extent permitted by Applicable Law any such general duty or obligation to it, and the Pledgors and/or the Credit Parties will not attempt to hold the Administrative Agent responsible for selling all or any part of the Pledged Securities at an inadequate price, even if the Administrative Agent shall accept the first offer received or does not approach more than one possible purchaser. Without limiting the generality of the foregoing, the provisions of this Section 10.7 would apply if, for example, the Administrative Agent were to place all or any part of the Pledged Securities for private placement by an investment banking firm, or if such investment banking firm purchased all or any part of the Pledged Securities for its own account, or if the Administrative Agent placed all or any part of the Pledged Securities privately with a purchaser or purchasers.

SECTION 10.8 Continuation and Reinstatement. Each Pledgor further agrees that its pledge hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment of any Obligation, or any part thereof, is rescinded or must otherwise be restored by the Administrative Agent or any other Secured Party upon the bankruptcy or reorganization of any Pledgor or otherwise.

SECTION 10.9 Termination. The pledge referenced herein shall terminate when all of the Obligations shall have been fully and indefeasibly paid and performed and the Commitments shall have terminated, at which time the Administrative Agent (at the sole expense of the Pledgors), shall promptly reassign and deliver to the appropriate Pledgor, or to such Person or Persons as such Pledgor shall designate, against receipt, such of the Pledged Securities (if any) as shall not have been sold or otherwise applied by the Administrative Agent pursuant to the terms hereof and shall still be held by it hereunder, together with appropriate instruments of reassignment and release. Any such reassignment shall be free and clear of any Liens arising by, under or through the Administrative Agent (other than those created at the instruction of the applicable Pledgor) but shall otherwise be without recourse upon or warranty by the Administrative Agent.

SECTION 10.10 Transfer of Pledged Securities. With respect to Pledged Securities delivered to JPMorgan Chase Bank, N.A. as administrative agent under the Existing Credit Agreement (the "Existing Administrative Agent"), the Credit Parties hereby authorize the Existing Administrative Agent to transfer such Pledged Securities to the Administrative Agent as Collateral hereunder.

11. CASH COLLATERAL

SECTION 11.1 Cash Collateral Accounts. On or prior to the Closing Date, there shall be established and maintained with the Administrative Agent a collateral account or accounts in the name of the Borrower (the "Cash Collateral Account"), into which the appropriate Credit Parties shall from time to time deposit amounts pursuant to the express provisions of this Credit Agreement requiring or permitting such deposits. The Cash Collateral Account shall be under the control (within the meaning of Section 9-104 of the UCC) of the Administrative Agent; provided, that unless an Event of Default shall have occurred and be continuing, the Administrative Agent

shall promptly release (or permit the release of) funds from the Cash Collateral Account in accordance with the directions of the Borrower.

SECTION 11.2 Investment of Funds.

(a) The Administrative Agent is hereby authorized and directed to invest and reinvest the funds from time to time transferred or deposited into the Cash Collateral Account, so long as no Event of Default has occurred and is continuing, on the instructions of the Borrower (provided, that any such instructions given orally shall be confirmed promptly in writing) or, if the Borrower shall fail to give such instructions upon delivery of any such funds, in the sole discretion of the Administrative Agent; provided, that in no event may the Borrower give instructions to the Administrative Agent to, or may the Administrative Agent in its discretion, invest or reinvest funds in the Cash Collateral Account in other than Cash Equivalents.

(b) Any net income or gain on the investment of funds from time to time held in the Cash Collateral Account shall be promptly reinvested by the Administrative Agent as a part of the Cash Collateral Account; and any net loss on any such investment shall be charged against the Cash Collateral Account.

(c) None of the Administrative Agent or the Lenders shall be a trustee for any Credit Party, or shall have any obligations or responsibilities, or shall be liable for anything done or not done, in connection with the Cash Collateral Account except for any acts of gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction, except as expressly provided herein and except that the Administrative Agent shall have the obligations of a secured party under the UCC. The Administrative Agent and the Lenders shall not have any obligation or responsibility and shall not be liable in any way for any investment decision made in accordance with this Section 11.2 or for any decrease in the value of the investments held in the Cash Collateral Account except for any acts of gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction.

SECTION 11.3 Grant of Security Interest. For value received and to induce the Lenders to make Loans to the Borrower as provided for in this Credit Agreement, as security for the payment of all of the Obligations, each of the Credit Parties hereby assigns to the Administrative Agent (for the benefit of the Secured Parties) and grants to the Administrative Agent (for the benefit of the Secured Parties), a first and prior Lien upon all of such Credit Party's rights in and to the Cash Collateral Account, all cash, documents, instruments and securities from time to time held therein, and all rights pertaining to investments of funds in the Cash Collateral Account and all products and proceeds of any of the foregoing. All cash, documents, instruments and securities from time to time on deposit in the Cash Collateral Account, and all rights pertaining to investments of funds in the Cash Collateral Account shall immediately and without any need for any further action on the part of any Credit Party, the Administrative Agent or any Lender become subject to the Lien set forth in this Section 11.3, be deemed Collateral for all purposes hereof and be subject to the provisions of this Credit Agreement.

SECTION 11.4 Remedies. At any time during the continuation of an Event of Default, the Administrative Agent may sell any documents, instruments and securities held in the

Cash Collateral Account and may immediately apply the proceeds thereof and any other cash held in the Cash Collateral Account in accordance with Section 8.7.

12. THE ADMINISTRATIVE AGENT

SECTION 12.1 Administration by the Administrative Agent.

(a) The general administration of the Fundamental Documents and any other documents contemplated by the Fundamental Documents shall be by the Administrative Agent or its designees. Except as otherwise expressly provided herein, each of the Lenders hereby irrevocably authorizes the Administrative Agent, at its discretion, to take or refrain from taking such actions as agent on its behalf and to exercise or refrain from exercising such powers under the Fundamental Documents and any other documents contemplated by the Fundamental Documents as are expressly delegated by the terms hereof or thereof, as appropriate, together with all powers reasonably incidental thereto. The Administrative Agent shall have no duties or responsibilities except as set forth in the Fundamental Documents.

(b) The Lenders hereby authorize the Administrative Agent (in its sole discretion):

(i) in connection with the sale or other disposition of any asset included in the Collateral or the Pledged Collateral of any Guarantor, in each case to the extent undertaken in accordance with the terms of this Credit Agreement, to release a Lien granted to the Administrative Agent (for the benefit of the Secured Parties) on such asset or Pledged Collateral and/or to release such Guarantor from its obligations hereunder;

(ii) to determine that the cost to a Credit Party is disproportionate to the benefit to be realized by the Secured Parties by perfecting a Lien in a given asset or group of assets included in the Collateral and that such Credit Party should not be required to perfect such Lien in favor of the Administrative Agent (for the benefit of the Secured Parties); provided, that the estimated aggregate value of such asset or group of assets, as determined in good faith by the Borrower, is no greater than \$1,000,000;

(iii) to appoint subagents to be the holder of record of a Lien to be granted to the Administrative Agent (for the benefit of the Secured Parties);

(iv) to confirm in writing the right of Quiet Enjoyment of certain third Persons pursuant to the terms of Section 8.12;

(v) in connection with a Picture being produced by a Credit Party with respect to which (i) the principal photography is being done outside of the United States of America, and (ii) the original Physical Materials will not be processed in a Laboratory, to approve arrangements with such Credit Party as shall be satisfactory to the Administrative Agent with respect to the temporary storage of the original negative film, the original sound track materials or other Physical Materials of such Picture in a production laboratory located in such other jurisdiction;

(vi) to enter into and perform its obligations under the other Fundamental Documents;

(vii) to enter into and perform its obligations under any Approved Completion Bond entered into in connection with a Picture, together with such additional documentation customarily entered into in connection therewith and in connection therewith, to approve FFI's insurance support package and/or credit support as contemplated by the definition of "Approved Completion Guarantor" herein;

(viii) to enter into Co-Financing Intercreditor Agreements, Interparty Agreements, Co-Financing Venture Interparty Agreements, intercreditor agreements and/or subordination agreements on terms acceptable to the Administrative Agent with (A) unions and/or guilds with respect to the security interests in favor of such unions and/or guilds required pursuant to the terms of collective bargaining agreements, (B) any Distributor or licensor or Approved Co-Financier or Approved Co-Financing Venture Counterparty or Completion Guarantors having any rights to any Picture, (C) Persons providing any services in connection with any Picture, (D) Persons providing tax benefit, production subsidies and/or similar arrangements for Pictures or (E) sales agents or third party licensing intermediaries which are permitted by the terms hereof to be involved in the distribution of Pictures;

(ix) to approve the terms and conditions of any sale or leaseback or other tax benefit transaction permitted under Section 6.8;

(x) to determine when a Lender is or becomes a Defaulting Lender;

(xi) to determine that the cost to a Credit Party is disproportionate to the benefit to be realized by the Secured Parties by perfecting a Lien in a given bank account included in the Collateral and that such Credit Party should not be required to execute and deliver an Account Control Agreement;

(xii) notwithstanding any restrictions set forth in Article 6 with respect to tax motivated and other "soft money" transactions, approve the terms and conditions of any such transaction, the structure of which requires the approval of the Administrative Agent hereunder, including the grant of a Lien by a Credit Party or the incurrence of Indebtedness on an interim basis; provided, that the Administrative Agent reasonably believes that the grant of such Lien or the incurrence of such interim Indebtedness is necessary to maximize such Credit Party's economic return and/or to monetize the related tax or "soft money" benefit which would not otherwise be payable to such Credit Party;

(xiii) to consent to the repayment of Indebtedness owed by one Credit Party to another and termination of any loan agreement, security agreement and intercreditor agreement related thereto;

(xiv) subject to Section 13.10(b), to consent to any amendment to the Credit Agreement on behalf of the Lenders (i) until the completion of the syndication (as determined by the Administrative Agent) of the Facility following the Closing Date, which implements economic

changes favorable to the Lenders, or (ii) which implements non-material changes to the Credit Agreement to reflect the structure of the Acquisition;

(xv) to enter into intercreditor agreements (on terms reasonably acceptable to the Administrative Agent) with respect to rights granted to the Borrower pursuant to an LG Sublicense (and the Administrative shall enter into such intercreditor agreements upon the request of the Borrower); and

(xvi) to approve LG Rights Sales Transactions, provided that the Administrative Agent shall have determined that (A) the applicable Credit Party has received a first priority perfected Lien on the transferred distribution rights, receivables from the exploitation thereof and proceeds of the foregoing in order to secure the payment obligations owing to such Credit Party in connection with such LG Rights Sales Transaction, and (B) such Lien has been collaterally assigned to the Administrative Agent (for the benefit of the Lenders).

SECTION 12.2 Payments. As among the Administrative Agent and the Lenders, any amounts received by the Administrative Agent in accordance with the terms of the Fundamental Documents, (i) after the Loans have become immediately due and payable or (ii) the application of which is not otherwise provided for herein (but in either case subject to Section 2.13), shall be applied first, to cash collateralize any binding obligations of the Administrative Agent or any Lenders under Interparty Agreements to make additional Loans notwithstanding certain Events of Default, and second, ratably, to pay accrued but unpaid interest on the Loans in accordance with the amount of outstanding Loans owed to each Lender, to pay the principal balance outstanding on the Loans (with amounts payable on the principal balance outstanding on any Loans in accordance with the amount of outstanding Loans owed to each Lender), to pay any other amounts then due under this Credit Agreement, and to pay any other outstanding Obligations. All amounts to be paid to any Lender by the Administrative Agent shall be credited to that Lender, after collection by the Administrative Agent, in immediately available funds either by wire transfer or deposit in such Lender's correspondent account with the Administrative Agent, or as such Lender and the Administrative Agent shall from time to time agree.

SECTION 12.3 Sharing of Setoffs and Cash Collateral. Each of the Lenders agrees that if it shall, through the exercise of a right of banker's Lien, setoff or counterclaim against any Credit Party (including, but not limited to, a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim and received by such Lender under any applicable bankruptcy, insolvency or other similar law) or otherwise, obtain payment in respect of its Loans as a result of which the unpaid portion of its Loans is proportionately less than the unpaid portion of Loans of any of the other Lenders, (i) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Lenders a participation in the Loans of such other Lenders, so that the aggregate unpaid principal amount of each of the Lenders' Loans shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to the obtaining of such payment was to the principal amount of all Loans outstanding prior to the obtaining of such payment, and (ii) such other adjustments shall be made from time to time as shall be equitable to ensure that the Lenders share such payment pro rata. If all or any portion of such excess payment is thereafter recovered from the Lender which originally received such excess payment, such purchase (or portion

thereof) shall be canceled and the purchase price restored to the extent of such recovery. The Credit Parties expressly consent to the foregoing arrangements and agree that any Lender or Lenders holding (or deemed to be holding) a participation in a Loan may exercise any and all rights of banker's Lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Lender or Lenders as fully as if such Lender or Lenders held a Loan and was the original obligee thereon, in the amount of such participation.

SECTION 12.4 Notice to the Lenders. Upon receipt by the Administrative Agent from any Credit Party of any communication calling for an action on the part of the Lenders, or upon receipt by the Administrative Agent from any Credit Party of written notice of any Event of Default, the Administrative Agent will in turn immediately inform the Lenders in writing (which shall include facsimile communications) of the nature of such communication or of the Event of Default, as the case may be.

SECTION 12.5 Liability of the Administrative Agent.

(a) The Administrative Agent, when acting on behalf of any Secured Party, may execute any of its duties under this Credit Agreement or the other Fundamental Documents by or through its respective directors, officers, agents or employees and neither the Administrative Agent nor its directors, officers, agents or employees shall be liable to the Lenders or any of them for any action taken or omitted to be taken in good faith, nor be responsible to the Lenders or to any of them for the consequences of any oversight or error of judgment, or for any loss, unless the same shall happen through its gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. The Administrative Agent and its directors, officers, agents, and employees shall in no event be liable to the Lenders or to any of them for any action taken or omitted to be taken by it pursuant to instructions received by it from the Required Lenders or in reliance upon the advice of counsel selected by it with reasonable care. Without limiting the foregoing, neither the Administrative Agent nor any of its directors, officers, employees, or agents shall be responsible to any of the Lenders for the due execution, validity, genuineness, effectiveness, sufficiency, or enforceability of, or for any statement, warranty, or representation in, or for the perfection of any security interest contemplated by, the Fundamental Documents or any related agreement, document or order, or for freedom of any of the Collateral or any of the Pledged Collateral from prior Liens or security interests, or shall be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower or any other Credit Party of any of the terms, conditions, covenants, or agreements of the Fundamental Documents or any related agreement or document.

(b) Neither the Administrative Agent (in its capacity as agent for the Lenders) nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower or any other Credit Party on account of the failure or delay in performance or breach by any of the Lenders (other than JPMorgan Chase Bank, N.A.) of any of such Lender's obligations under the Fundamental Documents or any related agreement or document or in connection herewith or therewith. No Lender nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower or any other Credit Party on account of the failure or delay in performance or breach by any other Lender of such other Lender's obligations under the Fundamental Documents or any related agreement or document or in connection herewith or

therewith.

(c) The Administrative Agent (in its capacity as agent for the Lenders hereunder) shall be entitled to rely on any communication, instrument or document believed by it to be genuine or correct and to have been signed or sent by a Person or Persons believed by it to be the proper Person or Persons, and it shall be entitled to rely on advice of legal counsel, independent public accountants, and other professional advisers and experts selected by it with reasonable care.

SECTION 12.6 Reimbursement and Indemnification. Each of the Lenders agrees (i) to reimburse the Administrative Agent for such Lender's Pro Rata Share of any reasonable out-of-pocket expenses and fees incurred for the benefit of the Lenders under the Fundamental Documents, including, without limitation, reasonable counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, and any other expense incurred in connection with the operations or enforcement thereof to the extent not reimbursed by or on behalf of the Borrower or any other Credit Party and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees, or agents, on demand, in accordance with such Lender's Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against, it or any of them in any way relating to or arising out of any of the Fundamental Documents or any related agreement or document, or any action taken or omitted by it or any of them under any Fundamental Documents or any related agreement or document, to the extent not reimbursed by or on behalf of the Borrower or any other Credit Party (except such as shall result from the gross negligence or willful misconduct of the Person to be reimbursed, indemnified or held harmless, as finally determined by a court of competent jurisdiction). To the extent indemnification payments or reimbursement payments made by the Lenders pursuant to this Section 12.6 are subsequently recovered by the Administrative Agent from a Credit Party, the Administrative Agent shall promptly refund such previously paid payments to the Lenders.

SECTION 12.7 Rights of Administrative Agent. It is understood and agreed that the Administrative Agent shall have the same duties, rights and powers as a Lender hereunder (including the right to give such instructions) as any of the other Lenders and may exercise such rights and powers, as well as its rights and powers under other agreements and instruments to which it is or may be party, and engage in other transactions with any Credit Party or Affiliate thereof, as though it were not the Administrative Agent of the Lenders under the Fundamental Documents.

SECTION 12.8 Independent Investigation by Lenders. Each of the Lenders acknowledges that it has decided to enter into this Credit Agreement and the other Fundamental Documents and to make the Loans hereunder based on its own analysis of the transactions contemplated hereby and of the creditworthiness of the Credit Parties and agrees that neither the Administrative Agent nor any Lender shall bear any responsibility therefor.

SECTION 12.9 Agreement of Required Lenders. Except as set forth in Section 13.10, upon any occasion requiring or permitting an approval, consent, waiver, election or other action on the part of the Lenders action shall be taken by the Administrative Agent for and on behalf of, or for the benefit of, all Lenders upon the direction of the Required Lenders and any such action

shall be binding on all Lenders. No amendment, modification, consent or waiver shall be effective except in accordance with the provisions of Section 13.10.

SECTION 12.10 Notice of Transfer. The Administrative Agent may deem and treat any Lender which is a party to this Credit Agreement as the owner of such Lender's respective portions of the Loans for all purposes, unless and until a written notice of the assignment or transfer thereof executed by any such Lender shall have been received by the Administrative Agent and become effective in accordance with Section 13.3.

SECTION 12.11 Successor Administrative Agent. The Administrative Agent may resign at any time by giving at least ten (10) Business Days' prior written notice thereof to the Lenders and the Borrower, but such resignation shall not become effective until acceptance by a successor agent of its appointment pursuant hereto. Upon any such resignation, the retiring Administrative Agent shall consult with the Borrower and promptly appoint a successor agent which successor shall be experienced and sophisticated in entertainment industry lending; provided, that such replacement is reasonably acceptable (as evidenced in writing) to the Required Lenders and the Borrower; provided, however, that at any time when a Default or Event of Default shall have occurred and be continuing, none of the foregoing approvals or restrictions shall apply. If no successor agent shall have been so appointed by the retiring Administrative Agent and shall have accepted such appointment within thirty (30) days after the retiring agent's giving of notice of resignation, the Borrower may appoint a successor agent (which successor may be replaced only by the direction of the Required Lenders; provided, that such successor is experienced and sophisticated in entertainment industry lending and so long as no Default or Event of Default shall have occurred and be continuing, such successor is reasonably acceptable to the Borrower), which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and shall have a combined capital and surplus of at least \$250,000,000 and shall be experienced and sophisticated in entertainment industry lending. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor agent, such successor agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Credit Agreement, the other Fundamental Documents and any other credit documentation. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 12 and Article 13 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Credit Agreement.

SECTION 12.12 Other Agent Titles. Other than the title "Administrative Agent," any title accorded to any Lender on the cover page hereof containing the word "Agent", "Arranger" or "Bookrunner" is granted for recognition only and any such Lender granted such a title shall not have any right, power, obligation, liability, responsibility or duty under this Credit Agreement other than those applicable to all such Lenders as such. Without limiting the foregoing, no such Lender shall have or be deemed to have any fiduciary relationship with any other Lender or the Credit Parties. Each other Lender acknowledges that it has not relied, and will not rely, on any Lender having any such title in deciding to enter into this Credit Agreement or in taking or not taking action hereunder. In the event of any claim against any such Lender in any capacity or purported capacity inferred from any such title, such Lender shall have the benefit of Section 13.5 to the same extent

as the Administrative Agent.

13. MISCELLANEOUS

SECTION 13.1 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or electronic photocopy (*e.g.*, “PDF” or “TIFF”) format sent by electronic mail, as follows:

(i) if to any Credit Party, to it at: Chief Financial Officer, Summit Entertainment, c/o Lions Gate Entertainment, Inc., 2700 Colorado Avenue, Santa Monica, CA 90404, with copies to (x) General Counsel, Lions Gate Entertainment, Inc., 2700 Colorado Avenue, Suite 500, Santa Monica, CA 90404, Attention: Wayne Levin (Telecopy No. (310) 496-1359; email: wlevin@lionsgate.com), and (y) Wachtell, Lipton, Rosen & Katz LLP, 51 West 52nd Street, New York, NY 10019, Attention: Joshua Feltman (Telecopy No: (212) 403-2109; email: jafeltman@wlrk.com);

(ii) if to the Administrative Agent or to JPMorgan Chase Bank, N.A., to (w) JPMorgan Chase Bank, N.A., 2029 Century Park East, 38th Floor, Los Angeles, California 90067, Attention: Stephen C. Price (Telecopy No. (310) 860-7260; email: stephen.c.price@jpmorgan.com), with copies to (x) JPMorgan Chase Bank, N.A., JPMorgan Loan Services, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603, Attention: Loan Servicing Representative for Summit Entertainment, LLC (Telecopy No. (888) 292-9533); email: JPM.agency.servicing.4@jpmchase.com; (y) J.P. Morgan Securities LLC, 2029 Century Park East, 38th Floor, Los Angeles, California 90067, Attention: David Shaheen (Telecopy No. (310) 860-7260; email: david.shaheen@jpmorgan.com; and (z) Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, Attention: Michael A. Chapnick (Telecopy No. (212) 309-6001; email: mchapnick@morganlewis.com); and

(iii) if to any other Lender, to it at its address (or telecopy number) set forth on the signature pages hereto.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent, the Lenders and the Borrower may, each in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to all of the other parties hereto. All notices and other

communications given to any party hereto in accordance with the provisions of this Credit Agreement shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy, or electronic mail, or five (5) days after deposit in the United States mail (certified with postage prepaid and properly addressed).

SECTION 13.2 Survival of Agreement, Representations and Warranties, etc. All warranties, representations and covenants made by any Credit Party herein, in any other Fundamental Document or in any certificate or other instrument delivered by it or on its behalf in connection with this Credit Agreement or any other Fundamental Document shall be considered to have been relied upon by the Administrative Agent and the Lenders and, except for any terminations, amendments, modifications or waivers thereof in accordance with the terms hereof, shall survive the making of the Loans herein contemplated, the execution and delivery to the Administrative Agent of the Notes regardless of any investigation made by the Administrative Agent or the Lenders or on their behalf and shall continue in full force and effect so long as any Obligation is outstanding and unpaid. All statements in any such certificate or other instrument shall constitute representations and warranties by the Credit Parties hereunder.

SECTION 13.3 Successors and Assigns; Syndications; Loan Sales; Participations.

(a) Whenever in this Credit Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; provided, however, that neither the Borrower nor any other Credit Party may assign its rights or obligations hereunder without the prior written consent of the Administrative Agent and all of the Lenders, and all covenants, promises and agreements by or on behalf of the Borrower or any other Credit Party which are contained in this Credit Agreement shall inure to the benefit of the successors and assigns of the Administrative Agent and the Lenders.

(b) Each of the Lenders may, with the prior written consent of the Administrative Agent and, so long as no Default or Event of Default shall have occurred and be continuing, the Borrower (provided, (i) such consent of the Borrower and the Administrative Agent shall not be unreasonably withheld or delayed; (ii) the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after receipt of written notice thereof and (iii) the Borrower's prior written consent shall be required under all circumstances for an assignment to a Competitor) assign all or a portion of its interests, rights and obligations under this Credit Agreement; provided, however, that (i) each assignment shall be of a constant, and not a varying, percentage of the assigning Lender's interests, rights and obligations under this Credit Agreement, (ii) each assignment shall be in a minimum principal amount equal to the lesser of \$2,500,000 and all of such assigning Lender's outstanding Loans, (iii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Assumption, together with the assigning Lender's original Note (if any) and a processing and recordation fee of \$3,500 to be paid to the Administrative Agent by the assigning Lender or the assignee and (iv) the consent of the Administrative Agent shall not be required for an assignment of rights and interests in the Facility by a Lender to (A) any Affiliate of such Lender, (B) any Person, or Affiliate of a Person, that manages such Lender (a "Related Fund"), or (C) to any other Lender. Upon such execution,

delivery, acceptance and recording, from and after the effective date specified in each Assignment and Assumption, which effective date shall not (unless otherwise agreed to by the Administrative Agent) be earlier than five (5) Business Days after the date of acceptance and recording by the Administrative Agent, (x) the assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Assumption, have the rights and obligations of a Lender hereunder and under the other Fundamental Documents and shall be bound by the provisions hereof, and (y) the assigning Lender thereunder shall, to the extent provided in such Assignment and Assumption, relinquish its rights and be released from its obligations under this Credit Agreement except that, notwithstanding such assignment, any rights and remedies available to the Borrower for any breaches by such assigning Lender of its obligations hereunder while a Lender shall be preserved after such assignment and such Lender shall not be relieved of any liability to the Borrower due to any such breach. In the case of an Assignment and Assumption covering all or the remaining portion of the assigning Lender's rights and obligations under this Credit Agreement, such assigning Lender shall cease to be a party hereto, except as provided in Sections 13.4 and 13.5.

(c) Notwithstanding any provision herein requiring the consent of the Borrower (other than the requirement that the Borrower consent to any assignment to a Competitor), each Lender may at any time make an assignment of its interests, rights and obligations under this Credit Agreement without the consent of the Borrower, to (i) any Affiliate of such Lender, (ii) a Related Fund, or (iii) any other Lender hereunder; provided, that prior to an Event of Default, no such assignment shall be made to assignee which at the time of such assignment would be entitled to receive pursuant to the cost protection provisions contained in Sections 2.7, 2.8, 2.9 and 2.11 an amount larger than the amount that the Lender making such assignment would have been entitled to receive. Any such assignment to any Affiliate of the assigning Lender, a Related Fund or any other Lender hereunder shall not be subject to the requirement of Section 13.3(b) that the amount of the Loans of the assigning Lender subject to each assignment be in a minimum principal amount of the lesser of \$2,500,000 and all of such assigning Lender's outstanding Loans, and any such assignment to any Affiliate of the assigning Lender shall not release the assigning Lender of its remaining obligations hereunder, if any.

(d) By executing and delivering an Assignment and Assumption, the assigning Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than the representation and warranty that (x) it is the legal and beneficial owner of the interest being assigned thereby, (y) that such interest is free and clear of any Lien, encumbrance or other adverse claim, and (z) it has full power and authority, and has taken all action necessary, to execute and deliver such Assignment and Assumption and to consummate the transactions contemplated thereby, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Credit Agreement or any other Fundamental Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Fundamental Documents or any other instrument or document furnished pursuant thereto or any collateral thereunder, (ii) such assignor Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or Affiliates, or any other Person obligated in respect of any Fundamental Document, or the performance or observance by the Borrower, any of its Subsidiaries or Affiliates, or any other Person of any of their respective obligations under the Fundamental Documents or any other instrument or document furnished

pursuant thereto, (iii) such assignee confirms that it has received a copy of this Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 5.1(a) and (b) (or, if no such financial statements shall have theretofore been delivered, then a copy of the financial statements referred to in Section 3.5) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption and to purchase the interest being assigned thereby on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (iv) such assignee agrees that it will, independently and without reliance upon the assigning Lender, the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Credit Agreement or any other Fundamental Document, (v) such assignee appoints and authorizes the Administrative Agent to take such action as the agent on its behalf and to exercise such powers under this Credit Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto, and (vi) such assignee agrees that it will be bound by the provisions of this Credit Agreement and will perform in accordance with their terms all of the obligations which by the terms of this Credit Agreement are required to be performed by it as a Lender.

(e) The Administrative Agent (acting for this purpose on behalf of the Borrower) shall maintain at its address at which notices are to be given to it pursuant to Section 13.1 a copy of each Assignment and Assumption and a register for the recordation of the names and addresses of the Lenders and the principal amount of the Loans owing to each Lender from time to time (the “Register”). The entries in the Register shall be conclusive, in the absence of manifest error, and the Credit Parties, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of the Fundamental Documents. The Register shall be available for inspection by any Credit Party or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(f) Subject to the foregoing, upon its receipt of an Assignment and Assumption executed by an assigning Lender and an assignee together with the assigning Lender’s original Note, if applicable, and the processing and recordation fee, the Administrative Agent shall, if such Assignment and Assumption has been completed, is in the form of Exhibit G, and has been consented to in writing by the Administrative Agent, and to the extent applicable, the Borrower, (i) accept such Assignment and Assumption, and (ii) record the information contained therein in the Register. Within five (5) Business Days after receipt of the notice, the Borrower shall, at its own expense and if the assignee has so requested, execute and deliver to the Administrative Agent, in exchange for the surrendered Note (if any), a new Note to the order of such assignee in an amount equal to the Loan owing to it assumed by it pursuant to such Assignment and Assumption and if the assigning Lender has retained a portion of the Loan owing to it hereunder and so requests a new Note to the order of the assigning Lender in an amount equal to the portion of the Loan owing to it retained by it hereunder. Any new Notes shall be in an aggregate principal amount equal to the aggregate principal amount of the Loan assigned and shall otherwise be in substantially the form of Exhibit A. In addition, the Credit Parties will promptly, at their own expense, execute such amendments to the Fundamental Documents to which each is a party and such additional documents, and take such other actions as the Administrative Agent or the assignee Lender may reasonably request in order to give such assignee Lender the full benefit of the Liens contemplated by the Fundamental

Documents.

(g) Each of the Lenders may, without the consent of any of the Credit Parties, the Administrative Agent or the other Lenders, sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Credit Agreement (including, without limitation, all or a portion of the Loans owing to it and the Note (if any) held by it); provided, however, that (i) such Lender's obligations under this Credit Agreement shall remain unchanged, (ii) such participant shall not be granted any voting rights or any right to control the vote of such Lender under this Credit Agreement, except with respect to proposed changes to interest rates, amount or final maturity of any Loan, releases of all or substantially all the Collateral and fees (in each case, only as applicable to such participant), (iii) any such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iv) the participating banks or other entities shall be entitled to the cost protection provisions contained in Sections 2.7, 2.8, 2.9 and 2.11 (subject to the last sentence of this Section 13.3(g)) but a participant shall not be entitled to receive pursuant to such provisions an amount larger than its share of the amount to which the Lender granting such participation would have been entitled to receive, and (v) the Credit Parties, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's and its participants' rights and obligations under this Credit Agreement. No holder of a participating interest shall be entitled to the benefits of Section 2.11 with respect to withholding taxes under the law of the jurisdiction in which the Borrower is located, unless the Borrower is notified of the participation sold to such holder and such holder agrees, for the benefit of the Borrower, to comply with Section 2.11(e) and Section 2.11(f) as though it were a Lender.

(h) A Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 13.3, disclose to the assignee or participant or proposed assignee or participant, any information relating to any Credit Party furnished to the Administrative Agent or such Lender by or on behalf of the Borrower or another Credit Party (provided that such proposed assignee or participant agrees to hold such information confidential in accordance with Section 13.18).

(i) Any assignment pursuant to Section 13.3(b) or (c) shall constitute an amendment of the Schedule of Commitments as of the effective date of such assignment without any other further action required.

(j) The Credit Parties agree that any Lender may at any time and from time to time pledge or otherwise grant a security interest in any Loan or in any Note evidencing the Loans (or any part thereof) to any Federal Reserve Bank.

SECTION 13.4 Expenses; Documentary Taxes. Whether or not the transactions hereby contemplated shall be consummated, the Borrower agrees to pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent or the Arrangers in connection with, or growing out of, the performance of due diligence, the syndication of the Facility, and the negotiation, preparation, execution, delivery, waiver or modification and administration of this Credit Agreement and any other documentation contemplated hereby, the making of the Loans, the Collateral, the Pledged Securities or any Fundamental Documents, including, but not limited to, the reasonable

out-of-pocket costs and reasonable internally allocated charges of audit or field examinations of the Administrative Agent in connection with the administration of this Credit Agreement, the verification of financial data and the transactions contemplated hereby, and the reasonable fees and disbursements of Morgan, Lewis & Bockius, LLP, counsel for the Administrative Agent, and one local counsel in each applicable jurisdiction that the Administrative Agent shall retain, and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent in the enforcement or protection (as distinguished from administration) of the rights and remedies of the Lenders or any participant in connection with this Credit Agreement, the Notes, the other Fundamental Documents or as a result of any transaction, action or non-action arising from any of the foregoing, including, but not limited to, the fees and disbursements of counsel for the Administrative Agent and, in addition, the reasonable fees and expenses of not more than one counsel for the Lenders, acting as a group. Such payments shall be made on the date this Credit Agreement is executed by the Borrower and thereafter on demand. The Borrower agrees that it shall indemnify the Administrative Agent and the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Credit Agreement or the Notes. The obligations of the Borrower under this Section 13.4 shall survive the termination of this Credit Agreement and the payment of the Loans.

SECTION 13.5 Indemnity. The Credit Parties agree to indemnify and hold harmless the Administrative Agent, the Arrangers, the Bookrunners and the Lenders and their respective directors, officers, employees and agents (each, an “Indemnified Party”) (to the full extent permitted by Applicable Law) from and against any and all claims, demands, losses, judgments, damages and liabilities (including liabilities for penalties) incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, any investigation, litigation or other proceeding (whether or not the Administrative Agent, the Arrangers, the Bookrunners or any Lender is a party thereto) related to the entering into and/or performance of any Fundamental Document or the use of the proceeds of any Loans hereunder or the consummation of the transactions contemplated in any Fundamental Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding (i) any such claims, demands, losses, judgments, damages or liabilities of an Indemnified Party to the extent they are found in a final judgment of a court of competent jurisdiction to have been incurred solely by reason of the gross negligence or willful misconduct of such Indemnified Party, (ii) litigation solely between a Credit Party or Credit Parties, on the one hand, and the Administrative Agent or the Lenders, on the other hand, in connection with this Credit Agreement or the other Fundamental Documents or in any way relating to the transactions contemplated hereby or thereby if, after final non-appealable judgment, such Credit Party or Credit Parties is/are the prevailing party or parties in such litigation, and (iii) litigation solely among the Lenders or between the Administrative Agent and the Lenders in connection with this Credit Agreement, the Fundamental Documents or in any way relating to the transactions contemplated thereby or hereby). If any proceeding, including any governmental investigation, shall be instituted involving any Indemnified Party, in respect of which indemnity may be sought against the Credit Parties, such Indemnified Party shall promptly notify the Borrower in writing; provided, however, that failure of such Indemnified Party to so notify the Borrower shall not relieve the Borrower of its indemnification obligations hereunder. The foregoing indemnity agreement includes any reasonable out-of-pocket costs incurred by an Indemnified Party in connection with any action or proceeding in connection with which any officer or employee of the Administrative Agent, the Arrangers, the Bookrunners or the Lenders is called as a witness or deponent, including, but not

limited to, the reasonable fees and disbursements of Morgan, Lewis & Bockius LLP, counsel to the Administrative Agent, the Arrangers and the Bookrunners and any reasonable out-of-pocket costs incurred by the Administrative Agent, the Arrangers, the Bookrunners or the Lenders in appearing as a witness or in otherwise complying with legal process served upon them. The obligations of the Borrower under this Section 13.5 shall survive the termination of this Credit Agreement and the payment of the Loans and shall inure to the benefit of any Person who was a Lender notwithstanding such Person's assignment of all its Loans hereunder.

If a Credit Party shall fail to do any act or thing which it has covenanted to do hereunder or under any other Fundamental Document, or any representation or warranty of a Credit Party shall be breached in any material respect, then after providing written notice thereof to the Borrower and the Borrower's failure to take such action to cure such failure or breach within ten (10) Business Days of the Borrower's receipt of such written notice, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach and there shall be added to the Obligations hereunder the cost or expense incurred by the Administrative Agent in so doing, and any and all amounts expended by the Administrative Agent in taking any such action shall be repayable to it upon its demand therefor and shall bear interest at a rate per annum of 2.00% in excess of the rate then in effect for Alternate Base Rate Loans from time to time in effect from the date advanced to the date of repayment; provided, that if the Administrative Agent determines at any time that an immediate remedy of any such breach is needed to prevent a loss in Collateral value, the foregoing prior notice and cure period shall not be required.

SECTION 13.6 CHOICE OF LAW. THIS CREDIT AGREEMENT AND THE NOTES SHALL IN ALL RESPECTS BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WHICH ARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE AND, IN THE CASE OF PROVISIONS RELATING TO INTEREST RATES, ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. ANY REFERENCES HEREIN TO THE CALIFORNIA CIVIL CODE ARE NOT MEANT TO BE IN DERIVATION OF THE CHOICE OF LAW SET FORTH IN THIS SECTION 13.6.

SECTION 13.7 WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH CREDIT PARTY HEREBY WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS CREDIT AGREEMENT, THE SUBJECT MATTER HEREOF, ANY OTHER FUNDAMENTAL DOCUMENT OR THE SUBJECT MATTER THEREOF, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT OR TORT OR OTHERWISE. EACH CREDIT PARTY ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THE PROVISIONS OF THIS SECTION CONSTITUTE A MATERIAL INDUCEMENT UPON WHICH SUCH OTHER PARTIES HAVE RELIED, ARE RELYING AND WILL RELY IN ENTERING INTO THIS CREDIT AGREEMENT AND ANY OTHER FUNDAMENTAL DOCUMENT. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 13.7 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF ANY

CREDIT PARTY TO THE WAIVER OF ITS RIGHTS TO TRIAL BY JURY.

SECTION 13.8 WAIVER WITH RESPECT TO DAMAGES. EACH CREDIT PARTY ACKNOWLEDGES THAT NONE OF THE ADMINISTRATIVE AGENT, THE ARRANGERS, THE BOOKRUNNERS OR ANY LENDER HAS ANY FIDUCIARY RELATIONSHIP WITH, OR FIDUCIARY DUTY TO, ANY CREDIT PARTY ARISING OUT OF OR IN CONNECTION WITH THIS CREDIT AGREEMENT OR ANY OTHER FUNDAMENTAL DOCUMENT AND THE RELATIONSHIP BETWEEN THE ADMINISTRATIVE AGENT, THE ARRANGERS, THE BOOKRUNNERS AND THE LENDERS, ON THE ONE HAND, AND THE CREDIT PARTIES, ON THE OTHER HAND, IN CONNECTION THEREWITH IS SOLELY THAT OF CREDITOR AND DEBTOR. NO CREDIT PARTY SHALL ASSERT, AND EACH CREDIT PARTY HEREBY WAIVES, ANY CLAIMS AGAINST THE ADMINISTRATIVE AGENT, THE ARRANGERS, THE BOOKRUNNERS AND THE LENDERS ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS CREDIT AGREEMENT, ANY OTHER FUNDAMENTAL DOCUMENT, ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 13.9 No Waiver. No failure on the part of the Administrative Agent or any Lender to exercise, and no delay in exercising, any right, power or remedy hereunder, under the Notes or any other Fundamental Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

SECTION 13.10 Amendments, etc.

(a) Subject to adjustments as provided in Section 2.13 and except as otherwise expressly provided herein (including, without limitation, in Sections 5.1(m), 13.3(i) and 13.10(b)), no modification, amendment or waiver of any provision of this Credit Agreement, and no consent to any departure by a Credit Party herefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders and the Administrative Agent, and acknowledged and agreed to by the Borrower and the Guarantors and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that

(i) no such modification, amendment, waiver or consent shall, without the prior written consent of all Lenders, (A) amend or modify any provision of this Credit Agreement which provides for the unanimous consent or approval of the Lenders, (B) release any material amount of Collateral or any of the Pledged Securities (except as contemplated herein) or release any Guarantor or any Pledgor from its obligations hereunder (in either case, except as contemplated herein), (C) alter the pro rata payment provisions in Section 2.10, (D) amend the definition of "Required Lenders" to decrease the percentage of Lenders referred to therein, (E) materially amend the definition of "Collateral", (F) subordinate the Obligations hereunder to other Indebtedness or subordinate the Liens of the Administrative Agent in the Collateral except as expressly contemplated hereunder or

as permitted by Section 12.1, or (G) amend or modify this Section 13.10(a);

(ii) no such modification, amendment, waiver or consent shall amend or modify the provisions of Section 2.13 or the definition of “Defaulting Lender” without the prior written consent of the Administrative Agent and all the Lenders; and

(iii) no such amendment or modification may adversely affect the rights and obligations of the Administrative Agent hereunder without its prior written consent.

(b) Subject to adjustments as provided in Section 2.13, any modification, amendment or waiver of any provision of this Credit Agreement, or any consent to any departure by a Credit Party herefrom with respect to any of the following shall be effective if in writing and signed by each affected Lender and the Administrative Agent, and acknowledged and agreed to by the Borrower and the Guarantors and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given:

(i) reduce the interest payable on a Lender’s Loans or change the definition of “Applicable Margin” in any manner which results in a reduction of the interest payable on such Lender’s Loans;

(ii) decrease the principal amount of any Loan;

(iii) delay the fixed scheduled maturity of any payment required to be made under this Credit Agreement; or

(iv) extend the Maturity Date.

(c) No notice to or demand on any of the Credit Parties shall entitle such Credit Party to any other or further notice or demand in the same, similar or other circumstances. Each holder of a Note shall be bound by any amendment, modification, waiver or consent authorized as provided herein, whether or not such Note shall have been marked to indicate such amendment, modification, waiver or consent and any consent by any holder of such Note shall bind any Person subsequently acquiring such Note, whether or not such Note is so marked.

(d) If any Lender does not consent to any waiver, consent or modification requested by the Borrower (but only where the consent of all the Lenders is required for such waiver, consent or modification and the Borrower obtains approval for the waiver, consent or modification from seventy-five percent (75%) of the Lenders, then the Borrower shall have the right to replace such non-consenting Lender with one or more Persons pursuant to Section 2.14 so long as at the time of such replacement each such new Lender consents to the proposed waiver, consent or modification.

SECTION 13.11 Severability. Any provision of this Credit Agreement or of the Notes which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof, and any such invalidity, illegality or unenforceability in any jurisdiction

shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 13.12 SERVICE OF PROCESS; SUBMISSION TO JURISDICTION. EACH CREDIT PARTY (EACH A “SUBMITTING PARTY”) HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE COURTS OF THE STATE OF NEW YORK IN NEW YORK COUNTY AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS CREDIT AGREEMENT, THE SUBJECT MATTER HEREOF, ANY OTHER FUNDAMENTAL DOCUMENT AND THE SUBJECT MATTER THEREOF. EACH SUBMITTING PARTY TO THE EXTENT PERMITTED BY APPLICABLE LAW (A) HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN THE ABOVE-NAMED COURTS, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF SUCH COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS CREDIT AGREEMENT, THE SUBJECT MATTER HEREOF, THE OTHER FUNDAMENTAL DOCUMENTS OR THE SUBJECT MATTER THEREOF (AS APPLICABLE) MAY NOT BE ENFORCED IN OR BY SUCH COURT, (B) HEREBY WAIVES THE RIGHT TO REMOVE ANY SUCH ACTION, SUIT OR PROCEEDING INSTITUTED BY THE ADMINISTRATIVE AGENT OR A LENDER IN STATE COURT TO FEDERAL COURT, AND (C) HEREBY WAIVES THE RIGHT TO ASSERT IN ANY SUCH ACTION, SUIT OR PROCEEDING ANY OFFSETS OR COUNTERCLAIMS EXCEPT COUNTERCLAIMS THAT ARE COMPULSORY OR OTHERWISE ARISE FROM THE SAME SUBJECT MATTER, PROVIDED THE FOREGOING SHALL NOT CONSTITUTE A WAIVER OF ANY CLAIMS OR COUNTERCLAIMS THAT ANY CREDIT PARTY MAY HAVE ARISING OUT OF OR IN CONNECTION WITH THE FUNDAMENTAL DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY. EACH SUBMITTING PARTY HEREBY CONSENTS TO SERVICE OF PROCESS BY MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN TO IT PURSUANT TO SECTION 13.1. EACH SUBMITTING PARTY AGREES THAT ITS SUBMISSION TO JURISDICTION AND CONSENT TO SERVICE OF PROCESS BY MAIL IS MADE FOR THE EXPRESS BENEFIT OF THE ADMINISTRATIVE AGENT AND THE LENDERS. FINAL JUDGMENT AGAINST ANY SUBMITTING PARTY IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE, AND MAY BE ENFORCED IN ANY OTHER JURISDICTION (X) BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, A CERTIFIED OR TRUE COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND OF THE AMOUNT OF INDEBTEDNESS OR LIABILITY OF THE SUBMITTING PARTY THEREIN DESCRIBED, OR (Y) IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION; PROVIDED, HOWEVER, THAT THE ADMINISTRATIVE AGENT OR A LENDER MAY, AT ITS OPTION, BRING SUIT, OR INSTITUTE OTHER JUDICIAL PROCEEDINGS, AGAINST A SUBMITTING PARTY OR ANY OF ITS ASSETS IN ANY STATE OR FEDERAL COURT OF THE UNITED STATES OF AMERICA OR OF ANY COUNTRY OR PLACE WHERE THE SUBMITTING PARTY OR SUCH ASSETS MAY BE FOUND.

SECTION 13.13 Headings. Section headings used herein and the Table of Contents are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Credit Agreement.

SECTION 13.14 Execution in Counterparts. This Credit Agreement may be executed by in any number of counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Credit Agreement by facsimile or by email shall be equally effective as delivery of a manually executed counterpart of this Credit Agreement. Any party delivering an executed counterpart of this Credit Agreement by facsimile or by email shall also deliver a manually executed counterpart of this Credit Agreement, but failure to do so shall not affect the validity, enforceability or binding effect of this Credit Agreement, and the parties hereby waive any right they may have to object to such treatment.

SECTION 13.15 Subordination of Inter-Company Indebtedness, Receivables and Advances.

(a) Each Credit Party hereby agrees that any inter-company Indebtedness or other inter-company receivables or inter-company advances of any other Credit Party, directly or indirectly, in favor of such Credit Party of whatever nature at any time outstanding shall be completely subordinate in right of payment to the prior payment in full of the Obligations, and that no payment on any such Indebtedness, receivable or advance shall be made except (i) inter-company receivables and inter-company advances permitted pursuant to Article 6 may be repaid and inter-company Indebtedness permitted pursuant to Article 6 may be repaid, in each case so long as no Default or Event of Default shall have occurred and be continuing, and (ii) as specifically consented to by the Required Lenders in writing, until the prior payment in full of all the Obligations.

(b) If any payment on any such Indebtedness shall be received by such Credit Party other than as permitted by Section 13.15(a) before payment in full of all Obligations, such Credit Party shall receive such payments and hold the same in trust for, segregate the same from its own assets and shall immediately pay over to, the Administrative Agent (on behalf of the Secured Parties) all such sums to the extent necessary so that the Administrative Agent and the Lenders shall have been paid all Obligations owed or which may become owing.

SECTION 13.16 USA Patriot Act. Each Lender hereby notifies each of the Credit Parties that, pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Credit Parties and their investors, which information includes the name and address of each such Person and other information that will allow such Lender to identify such Person in accordance with the USA Patriot Act.

SECTION 13.17 Entire Agreement. This Credit Agreement (including the Exhibits, Annexes and Schedules hereto) and the other Fundamental Documents represent the entire agreement of the parties with regard to the subject matter hereof and thereof and the terms of any letters and other documentation entered into between any of the parties hereto (other than any fee letter and any documents related thereto executed by Lions Gate Entertainment Corp. or the Borrower by which documents the Credit Parties agree to be bound) prior to the execution of this

Credit Agreement which relate to Loans to be made hereunder shall be replaced by the terms of this Credit Agreement.

SECTION 13.18 Confidentiality. Each of the Administrative Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors on a need-to-know basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by Applicable Law or by any subpoena or similar legal process, (d) to any other party to this Credit Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Credit Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 13.18, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Credit Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the prior written consent of the Borrower, or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 13.18, or (y) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than a Credit Party that is not actually known by the recipient to have breached a binding confidentiality agreement by having remitted such Information. For the purposes of this Section 13.18, "Information" means all information received from any Credit Party relating to any Credit Party or its business, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to disclosure by such Credit Party. Any Person required to maintain the confidentiality of Information as provided in this Section 13.18 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. The commitments under this Section 13.18 shall terminate two (2) year after the termination of the Facility or, if earlier, with respect to a particular Lender or other Secured Party, the date which is two (2) year from the date on which such Person ceases to be a party to this Credit Agreement or a swap provider to a Lender (including the Administrative Agent).

SECTION 13.19 Platform; Materials. The Credit Parties hereby acknowledge that (a) the Administrative Agent and the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Credit Parties hereunder (collectively, "Materials") by posting the Materials on IntraLinks or another similar electronic system (the "Platform"), and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Credit Parties or their securities) (each, a "Public Lender"). The Credit Parties hereby agree that they will use commercially reasonable efforts to identify that portion of the Materials that may be distributed to the Public Lenders and that (i) all such Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) by marking Materials "PUBLIC," the Credit Parties shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Materials as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to the Credit

Parties or their securities for purposes of United States Federal and state securities laws, (iii) all Materials marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Investor;” and (iv) the Administrative Agent and the Arrangers shall be entitled to treat any Materials that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Investor.”

SECTION 13.20 Foreign Rights Loans. Unless otherwise agreed by the Administrative Agent, the agent/arranger of each Foreign Rights Loan must be an entertainment lender that has been pre-approved by the Administrative Agent, such approval not to be unreasonably withheld.

SECTION 13.21 Unwind of Foreign Rights Loans. Once each Foreign Rights Loan made prior to the Original Closing Date in respect of a Picture is repaid, the Credit Parties will use commercially reasonable efforts to unwind the structure (in a manner satisfactory to the Administrative Agent) of such Foreign Rights Loan, including security arrangements and collection accounts relating to such Picture, so that the Administrative Agent shall have a first priority perfected Lien in such Picture and the receipts therefrom, subject to Specified Permitted Encumbrances, and all payments of such receipts shall be directed to a Collection Account maintained with the Administrative Agent.

SECTION 13.22 Servicer. To the extent that any provision hereof permits notices or other communications from, or contemplates knowledge of, a Credit Party or an Authorized Officer thereof, (i) the Servicer may send such notices or other communications on behalf of such Credit Party, and (ii) the knowledge of Lions Gate Entertainment Corp. and/or any direct or indirect subsidiary thereof (including the Servicer) shall be deemed included in the knowledge of such Credit Party.

SECTION 13.23 Services Agreement. The Borrower does hereby irrevocably make, constitute and appoint the Administrative Agent or any of its officers or designees its true and lawful attorney-in-fact with full power in the name of the Administrative Agent, such other Person or the Borrower to, as of the Closing Date, (i) enforce the Services Agreement on behalf of the Borrower (separate and apart from any of the Administrative Agent’s rights thereunder) against the Servicer and (ii) in the event of any insolvency proceeding of the Servicer, bring a motion to compel the Servicer to assume or reject the Services Agreement, bring a motion for relief from the automatic stay, bring a motion to compel provision of adequate protection, or bring any other motion or take any other action on behalf of the Borrower in connection with the Services Agreement as the Administrative Agent may deem appropriate. In each of the foregoing cases, the Borrower hereby ratifies and confirms all that the Administrative Agent or its designees shall properly do by virtue hereof.

SECTION 13.24 Non-Recourse. For the avoidance of doubt, there shall be no recourse against any of the assets of Lions Gate Entertainment Corp., Lions Gate Entertainment Inc. or any of the “Restricted Subsidiaries” (as such term is defined in that certain Indenture dated as of October 21, 2009 among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp., the other guarantors party thereto and U.S. Bank National Association, as trustee, as in effect on the date hereof) under this Credit Agreement or the other Fundamental Documents; provided, that this

Section 13.24 shall not in any way affect the rights or obligations of the Servicer, the Borrower or the Administrative Agent under the Services Agreement.

SECTION 13.25 Reorganization of Ownership of Borrower and Release of LGAC as a Credit Party.

(a) Notwithstanding any other provision of this Credit Agreement to the contrary and subject to the satisfaction of the conditions set forth in Section 13.25(b), LGAC may engage in the following transactions and be released from its liability hereunder as a Credit Party:

(i) assign all of its equity ownership in and claims against the Borrower or any other Credit Party to a newly formed subsidiary of LGAC (the "LGAC Successor"); and

(ii) have the LGAC Successor assume all of LGAC's obligations to the Agent and the Lenders hereunder and under the other Fundamental Documents.

(b) The conditions precedent to the foregoing are:

(i) the satisfaction of all of the conditions precedent to the making of the initial distribution pursuant to clause (ii) of the definition "Permitted Distributions";

(ii) no Default or Event of Default having occurred and continuing at the time of the foregoing actions;

(iii) the LGAC Successor being a special purpose entity formed in the same jurisdiction as LGAC and having no liabilities other than those assumed by it as the successor to LGAC pursuant to the terms hereof;

(iv) LGAC having assigned to the LGAC Successor all of its claims and other rights under the Purchase Agreement and all its other assets including its ownership of and claims against the Borrower and the other Credit Parties and the LGAC 1 Account;

(v) the Agent being reasonably satisfied that its position as a secured creditor under the Fundamental Documents has not been adversely affected as a result of such reorganization; and

(vi) the Agent having received such documentation with regard to the formation of LGAC Successor and the transactions contemplated by this Section 13.25 as it shall have reasonably requested, including an opinion of counsel as to the formation of LGAC Successor and the authorization, execution and delivery by LGAC and LGAC Successor of any documentation necessary to effectuate such assignments and assumption.

(c) Subject to the satisfaction of the conditions in Section 13.25(b) and the effectuation of the transaction contemplated by Section 13.25(a), the Administrative Agent will execute a release of LGAC from its obligations hereunder.

SECTION 13.26 Effect of Amendment and Restatement of the Initial 2012 Credit Agreement.

(a) On the Amendment and Restatement Effective Date, the Borrower shall remit to the Initial 2012 Lenders all accrued and unpaid interest under the Initial 2012 Credit Agreement, in the manner set forth in Section 2.10 hereof.

(b) On the Amendment and Restatement Effective Date, the Initial 2012 Credit Agreement shall be amended, restated and superseded in its entirety by this Credit Agreement. The parties hereto acknowledge and agree that (i) this Credit Agreement and the other documents entered into in connection herewith do not constitute a novation, payment and reborrowing, or termination of the “Obligations” (as defined in the Initial 2012 Credit Agreement) under the Initial 2012 Credit Agreement, as in effect prior to the Amendment and Restatement Effective Date and (ii) such “Obligations” are in all respects continuing (as amended and restated hereby) as indebtedness and obligations outstanding under this Credit Agreement.

(c) Each Fundamental Document (as defined in the Initial 2012 Credit Agreement) shall continue to be in full force and effect and is hereby ratified and confirmed in all respects, except that, from and after the Amendment and Restatement Effective Date, each reference in any such Fundamental Document to the “Credit Agreement”, “thereunder”, “thereof” or words of like import shall be deemed to mean references to this “amended and restated” Credit Agreement. Each Credit Party hereby (i) reaffirms each of its commitments in any such Fundamental Document, (ii) reaffirms each guarantee, pledge and grant of a security interest made in favor of the Administrative Agent under or in connection with the Initial 2012 Credit Agreement and any Fundamental Documents entered into in connection therewith and agrees that notwithstanding the amendment and restatement of the Credit Agreement such guarantees, pledges and grants in favor of the Administrative Agent shall continue in full force and effect.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be duly executed as of the day and the year first written.

BORROWER:

SUMMIT ENTERTAINMENT, LLC

By: /s/ Wayne Levin
Name: Wayne Levin
Title: President & Secretary

GUARANTORS:

SUMMIT DISTRIBUTION, LLC

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Executive Vice President

SELP, LLC

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Manager

SUMMIT ENTERTAINMENT
DEVELOPMENT SERVICES

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Chief Executive Officer

SUMMIT GUARANTY SERVICES, LLC

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Manager

SUMMIT INTERNATIONAL
DISTRIBUTION, INC.

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Chief Executive Officer

SUMMIT PRODUCTIONS, LLC

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Manager

SUMMIT SIGNATURE, LLC

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Executive Vice President

PROSCENIUM PICTURES LIMITED

By: /s/ Guy Avshalom
Name: Guy Avshalom
Title: Managing Director

SUMMIT ENTERTAINMENT N.V.

By: /s/ Wayne Levin
Name: Wayne Levin
Title: Managing Director

LGAC 1, LLC

By: /s/ Wayne Levin

Name: Wayne Levin

Title: President

SUMMIT ENTERTAINMENT LIMITED

By: /s/ Bestservus (Nominees) Ltd.

Name:

Title:

LENDERS:

JPMORGAN CHASE BANK, N.A.,
individually and as Administrative Agent

By: /s/ Darian A. Singer
Name: Darian A. Singer
Title: Associate

BARCLAYS BANK PLC

By: /s/ Kevin Cullen
Name: Kevin Cullen
Title: Director

JEFFERIES FINANCE LLC

By: /s/ E.J. Hess
Name: E.J. Hess
Title: Managing Director

March 5, 2012

Mr. Steve Beeks

RE: Employment Agreement

Dear Mr. Beeks:

On behalf of Lions Gate Films Inc., this is to confirm the terms of your employment by the Company (as defined herein). As the context requires, "Company" shall refer to Lions Gate Films Inc., Lions Gate Entertainment Inc., or Lions Gate Entertainment Corp.. We refer to you herein as "Employee." The terms of Employee's employment are as follows:

1. TERM

(a) The term of this agreement ("Agreement") will begin April 2, 2012 and end April 1, 2015 subject to earlier termination as provided in Section 7 below ("Term"). Until April 2, 2012 the employment agreement dated March 28, 2007, as amended and restated on December 15, 2008 and subsequently amended February 6, 2009, between Company and Employee (the "Prior Agreement") shall govern the terms and conditions of Employee's employment. During the Term of this Agreement, Employee will serve as Co-Chief Operating Officer ("Co-COO") and President, Motion Picture Group. As Co-COO, Employee will report to the Company's Chief Executive Officer, currently Jon Feltheimer ("CEO"), and as President, Motion Picture Group, Employee will report to the Co-Chairs of Motion Picture Group, currently Rob Friedman and Patrick Wachsberger, or Company's designee performing substantially the functions of the head of the Motion Picture Group. Employee shall render such services as are customarily rendered by persons in Employee's capacity in the entertainment industry and as may be reasonably requested by Company. Notwithstanding anything herein to the contrary, at any time during the Term, Company may require by written notice ("Title Notice") that Employee serve solely and only as the Co-COO or the President, Motion Picture Group, and such requirement shall not be a breach of this Agreement. Following receipt of the Title Notice, Employee shall render such services as are customarily rendered by persons in Employee's capacity in the entertainment industry and as may be reasonably requested by Company as either the President, Motion Picture Group or the Co-COO, as the case may be.

(b) So long as this Agreement shall continue in effect, Employee shall devote Employee's full business time, energy and ability exclusively to the business, affairs and interests of the Company and matters related thereto, shall use Employee's best efforts and abilities to promote the Company's interests, and shall perform the services contemplated by this Agreement in accordance with policies established by the Company.

As long as Employee's meaningful business time is devoted to the Company, Employee may devote a reasonable amount of time to management of personal investments and charitable, political and civic activities, so long as these activities do not conflict with the Company's interests or otherwise interfere with Employee's performance under this Agreement.

2. COMPENSATION

(a) Salary. During the Term, Employee will be entitled to receive base salary at a rate of NINE HUNDRED THOUSAND DOLLARS (\$900,000.00) per year ("Base Salary"), payable in accordance with the Company's normal payroll practices in effect.

(b) Payroll. Nothing in this Agreement shall limit the Company's right to modify its payroll practices, as it deems necessary.

(c) Bonuses. During the Term, Employee shall be eligible to receive annual performance bonuses with a target of fifty percent (50%) of Base Salary based on such Company and/or individual performance criteria as determined by the Compensation Committee (the "CCLG") of the Board of Directors of Lions Gate Entertainment Corp., the Company's parent ("Lions Gate"), in its discretion and in consultation with the CEO, provided that Employee must be employed with the Company through the end of the Company's fiscal year and at the time when such bonus, if earned, is paid to be eligible to receive a bonus for a given fiscal year. In the event that Employee is terminated pursuant to Section 7(a)(v) below, Employee shall be eligible for a pro-rated bonus based upon the amount of time worked during the fiscal year in which the termination occurs, determined using the same criteria as used to determine bonuses for other senior level executives and paid at the same time that such bonuses are paid to employees of the Company. Any such bonus will be paid as soon as practicable after the end of the applicable fiscal year and in all events within the "short-term deferral" period provided under Treasury Regulation Section 1.409A-1(a)(4).

3. BENEFITS

As an employee of the Company, Employee will continue to be eligible to participate in all benefit plans to the same extent as other similarly situated salaried employees of the Company and in all events subject to the terms of such plans. For the sake of clarity, such plans do not include compensation and/or any bonus plans.

4. VACATION AND TRAVEL

(a) Employee shall be entitled to take paid time off without a reduction in salary, subject to (i) the approval of the CEO, which shall not be unreasonably withheld, and (ii) the demands and requirements of Employee's duties and responsibilities under this Agreement. Employee shall accrue no paid vacation.

(b) Employee will be eligible to be reimbursed for any business expenses in

accordance with the Company's current Travel and Entertainment policy.

(c) In addition, Employee shall be entitled to (i) business class travel for flights in excess of four (4) hours; (ii) all customary "perqs" of division heads within the Company; (iii) a cell phone, which may be expensed; (iv) a reserved parking space; and (v) reimbursement for all expenses reasonably incurred in connection with his employment.

(d) The Company reserves the right to modify, suspend or discontinue any and all of the above referenced benefits, plans, practices, policies and programs (including those in Section 3) at any time (whether before or after termination of employment) without notice to or recourse by Employee so long as action is taken in general with respect to other similarly situated persons and does not single out Employee.

5. STOCK

(a) Time-Based RSU Grant.

(i) Grant. The Company acknowledges that at the March 5, 2012 meeting of the CCLG, the CCLG approved the grant to Employee of 50,000 Lions Gate restricted share units (the "Time-Based RSU Grant") in accordance with the terms and conditions of Lions Gate's 2004 Performance Incentive Plan, or any successor equity incentive plan (the "Plan"). The award date of the Time-Based RSU Grant shall be the date that such grant was approved by the CCLG, and the vesting commencement date of such grant shall be March 5, 2012. The Time-Based RSU Grant shall be evidenced by and subject to the terms of an award agreement in the form generally then used by Lions Gate to evidence grants of time-based restricted stock units under the Plan.

(ii) Vesting. Subject to the other terms hereof, the Time-Based RSU Grant shall vest as follows:

- (A) the first 16,667 stock units of the Time-Based RSU Grant will vest on March 5, 2013;
- (B) an additional 16,667 stock units of the Time-Based RSU Grant will vest on March 5, 2014;
- (C) the final 16,666 stock units of the Time-Based RSU Grant will vest on March 5, 2015.

(iii) Continuance of Employment. The vesting schedule in Section 5(a) (ii) above requires Employee's continued employment with the Company through each applicable vesting date as a condition to the vesting of the applicable installment of the Time-Based RSU Grant and the rights and benefits thereto.

(b) Performance-Based RSU Grant.

(i) Grant. The Company acknowledges that at the March 5, 2012 meeting of the CCLG, the CCLG approved the grant to Employee of 150,000 Lions Gate restricted share units (the Performance RSU Grant,” and together with the Time-Based RSU Grant, the “RSU Grants”) in accordance with the terms and conditions of the Plan. The award date of the Performance RSU Grant shall be the date that such grant was approved by the CCLG. The Performance RSU Grant shall be evidenced by and subject to the terms of an award agreement in the form generally then used by Lions Gate to evidence grants of performance-based restricted stock units under the Plan.

(ii) Vesting. Subject to the other terms hereof, the Performance RSU Grant shall be eligible to vest based as follows (each vesting date, a “Performance Vesting Date”):

- (A) the first 50,000 stock units of the Performance RSU Grant shall be eligible to vest on March 5, 2013;
- (B) an additional 50,000 stock units of the Performance RSU Grant shall be eligible to vest on March 5, 2014;
- (C) the final 50,000 stock units of the Performance RSU Grant shall be eligible to vest on March 5, 2015.

The vesting of the Performance RSU Grant on the Performance Vesting Dates shall be subject to an assessment of Employee’s performance over the twelve (12) month period ending on such Performance Vesting Date, based on such Company and/or individual performance criteria determined by the CCLG in consultation with the CEO. Determination of the portion of an annual grant vesting on each Performance Vesting Date, if any, shall be made by the CCLG. All shares from an annual grant that do not vest on the respective Performance Vesting Date shall expire on that date with no possibility of further vesting. Notwithstanding the foregoing, the CCLG may, in its sole discretion, provide that any portion of the Performance RSU Grant scheduled to vest on any such Performance Vesting Date that does not vest on such date may vest on any future Performance Vesting Date.

(iii) Continuance of Employment. The vesting schedule in Section 5(b) (ii) above requires Employee’s continued employment with the Company through each applicable vesting date as a condition to the vesting of the applicable installment of the Performance RSU Grant and the rights and benefits thereto.

(c) Option Grant

(i) Option. The Company acknowledges that at the March 5, 2012 meeting of the CCLG, the CCLG approved the grant to Employee of the right (the “Time- Based Option”) to purchase 125,000 Lions Gate common shares in accordance with the Plan. The award date of the Time-Based Option shall be the

date that such grant was approved by the CCLG. The Time-Based Option shall be evidenced by and subject to the terms of an award agreement in the form generally then used by Lions Gate to evidence grants of stock options under the Plan.

(ii) Vesting. Subject to the other terms hereof, the Time-Based Option shall vest as follows:

- (A) the Time-Based Option will vest as to 41,667 shares subject to the Time-Based Option on March 5, 2013;
- (B) the Time-Based Option will vest as to 41,667 shares subject to the Time-Based Option on March 5, 2014;
- (C) the Time-Based Option will vest as to 41,666 shares subject to the Time-Based Option on March 5, 2015.

(iii) Performance Option. The Company acknowledges that at the March 5, 2012 meeting of the CCLG, the CCLG approved the grant to Employee of the right (the "Performance Option," and together with the Time-Based Option, the "Option") to purchase 375,000 Lions Gate common shares in accordance with the Plan. The award date of the Performance Option shall be the date that such grant was approved by the CCLG. The Performance Option shall be evidenced by and subject to the terms of an award agreement in the form generally then used by Lions Gate to evidence grants of stock options under the Plan.

(iv) Vesting. Subject to the other terms hereof, the Performance Option shall be eligible to vest as follows (each vesting date, a "Performance Option Vesting Date"):

- (A) the Performance Option to purchase the first 125,000 common shares will be eligible to vest on March 5, 2013;
- (B) the Performance Option to purchase an additional 125,000 common shares will be eligible to vest on March 5, 2014;
- (C) the Performance Option to purchase the final 125,000 common shares will be eligible to vest on March 5, 2015.

The vesting of the Performance Option on the Performance Option Vesting Dates shall be subject to an assessment of Employee's performance over the twelve (12) month period ending on such Performance Option Vesting Date, based on such Company and/or individual performance criteria determined by the CCLG in consultation with the CEO. Determination of the portion of an annual grant vesting on each Performance Option Vesting Date, if any, shall be made by the CCLG. All shares from an annual grant that do not vest on the respective Performance Option Vesting Date shall expire on that date with no possibility of

further vesting. Notwithstanding the foregoing, the CCLG may, in its sole discretion, provide that any portion of the Performance Option scheduled to vest on any such Performance Option Vesting Date that does not vest on such date may vest on any future Performance Option Vesting Date.

(v) Continuance of Employment. The vesting schedules in Section 5(c)(ii) and (iv) above require Employee's continued employment with the Company through each applicable vesting date as a condition to the vesting of the applicable installment of the Option and the rights and benefits thereto.

(d) Acceleration of Grants and Options. In the event that Employee dies during the Term of this Agreement, the RSU Grants and the Option referred to in Sections 5(a)-(c) of this Agreement, to the extent then outstanding and unvested, shall accelerate and immediately become fully vested. In the event that Employee is terminated pursuant to Section 7(a)(v) below, any portion of the Time-Based RSU Grant and the Time-Based Option scheduled to vest during the contract year (i.e. April 2 – April 1 of the following year) in which the termination occurs, to the extent then outstanding and unvested, shall accelerate and immediately become fully vested.

(e) Change of Control.

- (i) If a Change of Control occurs during the Term of this Agreement and Employee is terminated pursuant to Section 7(a)(v) below within six (6) months following the Change of Control, the RSU Grants and the Option referred to in Sections 5(a)-(c) of this Agreement, to the extent then outstanding and unvested, shall accelerate and immediately become fully vested.
- (ii) For the purposes of this Agreement, "Change of Control" shall mean:
 - (A) if any person, other than (A) any person who holds or controls entities that, in the aggregate (including the holdings of such person), hold or control twenty-five percent (25%) or more of the outstanding shares of Lions Gate on the date of execution of this Agreement of each party hereto (collectively, a "Twenty-Five Percent Holder") or (B) a trustee or other fiduciary holding securities of Lions Gate under an employee benefit plan of Lions Gate, becomes the beneficial owner, directly or indirectly, of securities of Lions Gate representing thirty-three percent (33%) or more of the outstanding shares as a result of one or more related transactions in the context of a merger, consolidation, sale or other disposition of equity interests or assets of Lions Gate, excluding any transactions or series of transactions involving a sale or other disposition of

securities of Lions Gate by a Twenty-Five Percent Holder;

- (B) if, as a result of one or more related transactions in the context of a merger, consolidation, sale or other disposition of equity interests or assets of Lions Gate, there is a sale or disposition of 33% or more of Lions Gate's assets (or consummation of any transaction, or series of related transactions, having similar effect);
- (C) if, as a result of one or more related transactions in the context of a merger, consolidation, sale or other disposition of equity interests or assets of Lions Gate, there occurs a change or series of changes in the composition of the Board as a result of which half or less than half of the directors are incumbent directors;
- (D) if, as a result of one or more related transactions in the context of a merger, consolidation, sale or other disposition of equity interests or assets of Lions Gate (excluding any sale or other disposition of securities of Lions Gate by a Twenty-Five Percent Holder in a single transaction or a series of transactions), a shareholder or group of shareholders acting in concert, other than a Twenty-Five Percent Holder in a single transaction or a series of transactions, obtain control of thirty-three percent (33%) or more of the outstanding shares of Lions Gate;
- (E) if, as a result of one or more related transactions in the context of a merger, consolidation, sale or other disposition of equity interests or assets of Lions Gate, a shareholder or group of shareholders acting in concert obtain control of half of the Board, excluding any transactions or series of transactions involving a sale or other disposition of securities of Lions Gate by a Twenty-Five Percent Holder;
- (F) if there is a dissolution or liquidation of Lions Gate; or
- (G) if there is any transaction or series of related transactions that has the substantial effect of any or more of the foregoing, excluding any transaction or series of transactions involving a Twenty-Five Percent Holder.

(f) Effect on Prior Grants. The RSU Grants and the Option provided for in Sections 5(a)-(c) above are in addition to, and not in lieu of, any and all grants and options provided for in any and all previous agreements between Employee and Company. Any and all grants and options granted under such prior agreements shall be unaffected by this Agreement.

6. HANDBOOK

Employee agrees that the Company Employee Handbook outlines other policies in addition to the terms set forth in this Agreement, which will apply to Employee's employment with the Company, and Employee acknowledges receipt of such handbook. Employee acknowledges and agrees that the Company retains the right to revise, modify or delete any such policy or any employee benefit plan it deems appropriate.

7. TERMINATION

(a) This Agreement and the Term shall terminate upon the happening of any one or more of the following events:

- (i) The mutual written agreement between the Company and Employee;
- (ii) The death of Employee;
- (iii) Employee's having become so physically or mentally disabled as to be incapable, even with a reasonable accommodation, of satisfactorily performing Employee's duties hereunder for a period of twelve (12) consecutive weeks or sixteen (16) weeks in any year, provided that Employee has not cured disability within ten days of written notice;
- (iv) The determination on the part of the Company that "cause" exists for termination of this Agreement. As used herein, "cause" is defined as the occurrence of any of the following:
 - (A) Employee's conviction of a felony or plea of nolo contendere to a felony (other than a traffic violation);
 - (B) commission, by act or omission, of any material act of dishonesty in the performance of Employee's duties hereunder;
 - (C) material breach of this Agreement by Employee; or
 - (D) any act of misconduct by Employee having a substantial adverse effect on the business or reputation of the Company. Prior to terminating Employee's employment for "cause," the Company shall provide Employee with written notice of the grounds for the proposed termination. If the grounds for termination are subject to cure, the Employee shall have fifteen (15)

days after receiving such notice in which to cure such grounds to the extent such cure is possible. If not cure is possible or Employee has failed to cure, Employee's employment shall terminate upon the 15th day following notice of termination.

- (v) Employee is terminated “without cause.” If the Company elects to terminate Employee “without cause,” it must provide Employee with sixty (60) days prior written notice. Termination “without cause” shall be defined as Employee being terminated by the Company for any reason other than as set forth in Sections 7(a)(i)-(iv) above. In the event of a termination “without cause,” subject to Employee’s execution and delivery to the Company of a general release of claims in a form acceptable to the Company not more than twenty-one (21) days after the date of such termination (and Employee’s not revoking such release within any revocation period provided under applicable law), Employee shall be entitled to receive a lump sum severance payment equal to 50% of the amount of the Base Salary which Employee would have been entitled to receive for the period commencing on the date of such termination and ending on the last day of the Term had Employee continued to be employed with the Company through such date, but in no event less than the greater of either (i) twelve (12) months’ Base Salary at the monthly rate in effect on the date of such termination, or (ii) the amount Employee would receive from the Company’s severance policy for non-contract employees that is currently in effect at the time of termination; provided, however, that in the event such a termination “without cause” occurs on or within six (6) months following a Change of Control, (x) instead of the severance payment provided for above, Employee shall be entitled to receive a continued Base Salary as set forth in Section 2 through the conclusion of the Term, subject to Employee’s obligation to mitigate in accordance with California Law (unless such termination occurs during the final year of the Term, in which case the severance payment shall be twelve (12) months’ Base Salary paid in one lump sum), and (y) Employee’s equity-based awards granted by Lions Gate, to the extent then outstanding and unvested, shall become fully vested upon such termination. Any lump sum cash severance payable to Employee pursuant to the preceding provisions of this Section 7(a)(v) shall be paid, subject to Section 14(b), as soon as practicable after (and in all events not more than two and one-half (2 ½) months after) the date of Employee’s “separation from service” (within the meaning of Treasury Regulation Section 1.409A-1(h)) with the Company. The Company’s provision of the payments and benefits referred to in

this 7(a)(v), in addition to the accrued obligations described in Section 7(b) below, shall relieve the Company of any and all obligations to Employee, with the exception that Employee shall remain eligible for any amounts payable under Section 2(c) above.

(b) In the event that this Agreement is terminated pursuant to Sections 7(a)(i)-(iv) above, neither the Company nor Employee shall have any remaining duties or obligations hereunder, except that the Company shall pay to Employee, any base salary that had accrued but had not been paid (including accrued and unpaid vacation time) as of the date of termination. Following the termination of the Term and/or this Agreement for any reason, Sections 9 through 14 shall, notwithstanding anything else herein to the contrary, survive and continue to be binding upon the parties following such termination.

8. EXCLUSIVITY AND SERVICE

Employee's services shall be exclusive to the Company during the Term. Employee shall render such services as are customarily rendered by persons in Employee's capacity in the entertainment industry and as may be reasonably requested by the Company. Employee hereby agrees to comply with all reasonable requirements, directions and requests, and with all reasonable rules and regulations made by the Company in connection with the regular conduct of its business. Employee further agrees to render services during Employee's employment hereunder whenever, wherever and as often as the Company may reasonably require in a competent, conscientious and professional manner, and as instructed by the Company in all matters, including those involving artistic taste and judgment, but there shall be no obligation on the Company to cause or allow Employee to render any services, or to include all or any of Employee's work or services in any motion picture or other property or production.

9. INTELLECTUAL PROPERTY

(a) Employee agrees that the Company shall own all rights of every kind and character throughout the universe, in perpetuity to any material and/or idea suggested or submitted by Employee or suggested or submitted to Employee by a third party that occurs during the Term or any other period of employment with the Company, its parent, affiliates, or subsidiaries that are within the scope of Employee's employment and responsibilities hereunder. Employee agrees that during the Term and any other period of employment with the Company, its parent, affiliates, or subsidiaries, the Company shall own all other results and proceeds of Employee's services that are related to Employee's employment and responsibilities. Employee shall promptly and fully disclose all intellectual property generated by the Employee during the Term and any other period of employment with the Company, its parent, affiliates, or subsidiaries in connection with Employee's employment hereunder.

(b) All copyrightable works that Employee creates in connection with Employee's obligations under this Agreement and any other period of employment with the Company, its parent, affiliates, or subsidiaries shall be considered "work made for

hire” and therefore the property of the Company. To the extent any work so produced or other intellectual property so generated by Employee is not deemed to be a “work made for hire,” Employee hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) Employee's full right, title and interest in and to all such works and other intellectual property. Employee agrees to execute any and all applications for domestic and foreign copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the intellectual property to the Company and to permit the Company to enforce any copyrights or other proprietary rights to the intellectual property. Employee further agrees not to charge the Company for time spent in complying with these obligations. This Section 9 shall apply only to that intellectual property which related at the time of conception to the Company's then current or anticipated business or resulted from work performed by Employee for the Company. Employee hereby acknowledges receipt of written notice from the Company pursuant to California Labor Code Section 2872 that this Agreement (to the extent it requires an assignment or offer to assign rights to any invention of Employee) does not apply to an invention which qualifies fully under California Labor Code Section 2870.

10. ASSIGNMENT AND DELEGATION

Employee shall not assign any of Employee's rights or delegate any of Employee's duties granted under this Agreement. Any such assignment or delegation shall be deemed void *ab initio*.

11. TRADE SECRETS

The parties acknowledge and agree that during the Term of this Agreement and in the course of the discharge of Employee's duties hereunder and at any other period of employment with the Company, its parent, affiliates, or subsidiaries, Employee shall have and has had access to information concerning the operation of the Company and its affiliated entities, including without limitation, financial, personnel, sales, planning and other information that is owned by the Company and regularly used in the operation of the Company's business and (to the extent that such confidential information is not subsequently disclosed) that this information constitutes the Company's trade secrets. Notwithstanding the above, the parties acknowledge and agree that trade secrets shall not include any information that Employee can demonstrate (i) was publicly available at the time of its disclosure to Employee; (ii) was already in Employee's possession at the time of disclosure; (iii) was rightfully received by Employee from a third party not subject to obligations of confidentiality, or (iv) was independently developed by Employee without use of any trade secrets.

Employee agrees that Employee shall not disclose any such trade secrets, directly or indirectly, to any other person or use them in any way, either during the Term of this Agreement or at any other time thereafter, except as is required in the course of Employee's employment for the Company, as required by applicable law or court order,

or if authorized in writing.. Employee shall not use any such trade secrets in connection with any other employment and/or business opportunities following the Term. In addition, Employee hereby expressly agrees that Employee will not disclose any confidential matters of the Company that are not trade secrets prior to, during or after Employee's employment including the specifics of this Agreement. Employee shall not use any such confidential information in connection with any other employment and/or business opportunities at any time during or following the Term. In addition, in order to protect any such confidential information, Employee agrees that during the Term and for a period of eighteen (18) months thereafter, Employee will not, directly or indirectly, induce or entice any other executive or employee of the Company, with the sole exception of Employee's assistant if Company has employed an individual in such role, to leave such employment.

12. ARBITRATION

Any dispute, controversy or claim arising out of or in respect to this Agreement (or its validity, interpretation or enforcement), the employment relationship or the subject matter hereof shall at the request of either party be submitted to and settled by binding arbitration conducted before a single arbitrator in Los Angeles in accordance with the Federal Arbitration Act, to the extent that such rules do not conflict with any provisions of this Agreement. Said arbitration shall be under the jurisdiction of Judicial Arbitration and Mediation Services, Inc. ("JAMS") in Los Angeles, California. All such actions must be brought within the statute of limitations period applicable to the claim as if that claim were being filed with the judiciary or forever be waived. Failure to institute an arbitration proceeding within such period shall constitute an absolute bar to the institution of any proceedings respecting such controversy or claim, and a waiver thereof. The arbitrator shall have the authority to award damages and remedies in accordance with applicable law. Any award, order, or judgment pursuant to such arbitration shall be deemed final and binding and may be entered and enforced in any state or federal court of competent jurisdiction. Each party agrees to submit to the jurisdiction of any such court for purposes of the enforcement of any such award, order, or judgment. Company shall pay for the administrative costs of such hearing and proceeding.

13. INTEGRATION, AMENDMENT, NOTICE, SEVERABILITY, AND FORUM

(a) This Agreement expresses the binding and entire agreement between Employee and the Company and shall replace and supersede all prior arrangements and representations, either oral or written, as to the subject matter hereof (including, without limitation, the Prior Agreement).

(b) All modifications or amendments to this Agreement must be made in writing and signed by both parties.

(c) Any notice required herein shall be in writing and shall be deemed to have been duly given when delivered by hand, received via electronic mail or on the depositing of said notice in any U.S. Postal Service mail receptacle with postage prepaid,

addressed to the Company at 2700 Colorado Avenue, Suite 200, Santa Monica, California 90404 and to Employee at the address set forth above, or to such address as either party may have furnished to the other in writing in accordance herewith.

(d) If any portion of this Agreement is held unenforceable under any applicable statute or rule of law then such portion only shall be deemed omitted and shall not affect the validity of enforceability of any other provision of this Agreement.

(e) This Agreement shall be governed by the laws of the State of California. The state and federal courts (or arbitrators appointed as described herein) located in Los Angeles, California shall, subject to the arbitration agreement set forth in Section 12 above, be the sole forum for any action for relief arising out of or pursuant to the enforcement or interpretation of this Agreement. Each party to this Agreement consents to the personal jurisdiction and arbitration in such forum and courts and each party hereto covenants not to, and waives any right to, seek a transfer of venue from such jurisdiction on any grounds.

14. SECTION 409A

(a) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the U.S. Internal Revenue Code (including the Treasury regulations and other published guidance relating thereto) (“Code Section 409A”) so as not to subject Employee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to Employee.

(b) Notwithstanding any provision of this Agreement to the contrary, if Employee is a “specified employee” within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of Employee’s separation from service (as defined above), Employee shall not be entitled to any payment or benefits pursuant to Section 7(a)(v) until the earlier of (i) the date which is six (6) months after Employee’s separation from service for any reason other than death, or (ii) the date of Employee’s death. Any amounts otherwise payable to Employee upon or in the six (6) month period following Employee’s separation from service that are not so paid by reason of this paragraph shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after Employee’s separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of Employee’s death). The provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A.

(c) To the extent that any reimbursements pursuant to the provisions of this Agreement are taxable to Employee, any such reimbursement payment shall be paid to Employee on or before the last day of Employee’s taxable year following the taxable year in which the related expense was incurred. The benefits and reimbursements pursuant to

such provisions are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that Employee receives in one taxable year shall not affect the amount of such benefits or reimbursements that Employee receives in any other taxable year.

Please acknowledge your confirmation of the above terms by signing below where indicated and returning this letter to me.

Steve, please call Nancy Coleman at (310) 255-3929 if you have any questions.

Very truly yours,

LIONS GATE FILMS INC.

/s/ Wayne Levin

Wayne Levin

Executive Vice President and General Counsel

AGREED AND ACCEPTED

This 5th day of March, 2012

/s/ Steve Beeks

STEVE BEEKS

CONFIDENTIAL AGREEMENT AND GENERAL RELEASE

Reference is hereby made to that certain employment agreement between Joseph Drake and Lions Gate Films, Inc. dated September 10, 2007 (“Employment Agreement”).

In reference to the Employment Agreement, LIONS GATE ENTERTAINMENT INC., its parents, affiliates and subsidiaries (collectively referred to as “Company”) and Joseph Drake, his heirs, executors, administrators, successors, and assigns (collectively referred to as “Employee”), agree that:

1. Except as expressly set forth herein, Employee’s Employment Agreement with Company shall terminate for all purposes (including without limitation the Lions Gate Incentive Savings Plan), as of April 30, 2012 (the “Separation Date”). Company and Employee agree to so terminate Employee’s Employment Agreement pursuant to Section 8.a.v. of the Employment Agreement and under the terms of this Confidential Agreement and General Release (“Agreement”). Upon full execution of this Agreement by both parties, Company shall have no further obligations, other than those set forth in Section 2 below, to Employee under the Employment Agreement including the payment of a bonus of any kind.

2. **Consideration.** In consideration for signing this Agreement and compliance with the promises made herein, Company agrees to the following:

a. Company shall pay the following severance amounts to Employee:

- i. FOUR HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$425,000), less lawful and customary deductions, due to Employee pursuant to Section 8.b.i. of the Employment Agreement. Said payment shall be made within ten (10) business days after the date that Company receives this executed Agreement from Employee.
- ii. TWO MILLION DOLLARS (\$2,000,000), less lawful and customary deductions, in connection with Hunger Games and in lieu of any other bonus amount due to Employee pursuant to the Employment Agreement or otherwise. Said payment shall be made at the same time as the payment in Section 2.a.i. above. Employee agrees that he shall not be due any other bonus payment from Company following such payment unless otherwise set forth in this Section 2.a..
- iii. A ONE MILLION DOLLAR (\$1,000,000) advance, less lawful and customary deductions, against the Box Office Bonuses set forth below, payable in four (4) equal installments on each of June 1, 2012, September 1, 2012, December 1, 2012 and March 1, 2013.

Employee shall receive the following payments (“Box Office Bonuses”) for Catching Fire and each of the first and second Mockingjay films (each a “Qualifying Picture”) if any of such pictures are produced and distributed.

If any of the Qualifying Pictures achieve an actual box office of TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000) or more as reported in Daily Variety (or if there is no Daily Variety then another comparable publication) based upon its theatrical release in the U.S. and Canada,, Employee shall receive a Box Office Bonus payment of FIVE HUNDRED THOUSAND DOLLARS (\$500,000), less lawful and customary deductions.

If any of the Qualifying Pictures achieve an actual box office of THREE HUNDRED MILLION DOLLARS (\$300,000,000) or more based upon its theatrical release in the U.S. and Canada, Employee shall receive an additional Box Office Bonus payment of FIVE HUNDRED THOUSAND DOLLARS (\$500,000), less lawful and customary deductions. Any Box Office Bonus payments shall be made as soon as practicable after the Qualifying Picture's achievement of the required actual box office and in all events within the "short-term deferral" period provided under Treasury Regulation Section 1.409A-1(a) (4).

After the release of the final picture in the Hunger Games franchise (as determined by Company in its sole and reasonable discretion), if the aggregate Box Office Bonuses do not equal \$1,000,000, Employee shall repay the Company the difference between \$1,000,000 and the aggregate amount of Box Office Bonuses.

- b. Employee acknowledges that he shall have the option to convert and continue Employee's health insurance after the Separation Date, as may be required or authorized by law under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), as amended. If Employee opts to so convert and continue Employee's health insurance, Company shall for eighteen (18) months pay the monthly premiums for said converted and continued health insurance that it paid for Employee's health insurance at the time Employee's employment with Company terminated. Except as provided in this Agreement (and as controlled by COBRA), from and after the Separation Date, Employee shall not be entitled to participate in or accrue any other payments or benefits under any employee benefit plan of Company.
- c. All restricted share units granted pursuant to the Restricted Share Unit Award Agreements dated as of August 6, 2009 and June 27, 2011, to the extent outstanding and unvested as of the Separation Date, shall accelerate and immediately become fully vested upon execution of this Agreement by Employee and approval of the Lions Gate Entertainment Corp. Compensation Committee.

3. **No Consideration Absent Execution of this Agreement.** Employee understands and agrees that he would not receive the benefits specified in Section 2 above except for his execution of this Agreement and the fulfillment of the promises contained herein.

4. **General Release of Claims.** Employee knowingly and voluntarily releases and forever discharges, to the full extent permitted by law, Company, its parent corporation, affiliates, subsidiaries, divisions, predecessors, successors and assigns and the current and former employees, officers, directors and agents thereof (collectively referred to throughout the remainder of this Agreement as "Released

Parties”), of and from any and all claims, known and unknown, asserted and unasserted, Employee has or may have against Company or the other Released Parties as of the date of execution of this Agreement, including, but not limited to, any alleged violation of:

- Title VII of the Civil Rights Act of 1964, as amended;
- The Civil Rights Act of 1991;
- Sections 1981 through 1988 of Title 42 of the United States Code, as amended;
- The Employee Retirement Income Security Act of 1974, as amended;
- The Immigration Reform and Control Act, as amended;
- The Americans with Disabilities Act of 1990, as amended;
- The Occupational Safety and Health Act, as amended;
- The Sarbanes-Oxley Act of 2002;
- The federal Worker Adjustment and Retraining Notification Act (or any similar state, local or foreign law);
- California Family Rights Act – Cal. Govt. Code § 12945.2 et seq.;
- California Fair Employment and Housing Act – Cal. Gov’t Code § 12900 et seq.;
- California Unruh Civil Rights Act, including California’s Sexual Orientation Bias Law – Civ. Code § 51 et seq.;
- California AIDS Testing and Confidentiality Law – Cal. Health & Safety Code §120980 et seq.;
- California Confidentiality of Medical Information – Cal. Civ. Code §56 et seq.;
- California Smokers’ Rights Law;
- California Parental Leave Law – Cal. Lab. Code §230.7 et seq.;
- California Apprenticeship Program Bias Law – Cal. Lab. Code §3070 et seq.;
- California Wage Payment Act, as amended;

- California Equal Pay Law – Cal. Lab. Code §1197.5 et seq.;
- California Whistleblower Protection Law – Cal. Lab. Code § 1102.5(a) to (c);
- California Military Personnel Bias Law – Cal. Mil. & Vet. Code §394 et seq.;
- California Family and Medical Leave – Cal. Lab. Code §233;
- California Electronic Monitoring of Employees – Cal. Lab. Code §435 et seq.;
- The California Occupational Safety and Health Act, as amended, California Labor Code §6300 *et seq.*, and any applicable regulations thereunder;
- California Consumer Reports: Discrimination Law – Cal. Civ. Code §1786.10 et seq.;
- California Political Activities of Employees Act – Cal. Lab. Code §1101 et seq.;
- California Domestic Violence Victim Employment Leave Act – Cal. Lab. Code §230.1;
- California Voting Leave Law – Cal. Elec. Code §14000 et seq.;
- California Court Leave Law – Cal. Lab. Code §230;
- Los Angeles AIDS-Based Discrimination Ordinance, Los Angeles Municipal Ordinance §45.80 et seq.;
- Any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance;
- United States and California Constitutions;
- Any public policy, contract, tort, or common law; or
- Any claim for costs, fees, or other expenses including attorneys' fees incurred in these matters.

5. **Waiver of California Civil Code section 1542.** To effect a full and complete general release as described above, Employee expressly waives and relinquishes all rights and benefits of section 1542 of the Civil Code of the State of California, and Employee does so understanding and acknowledging the significance and consequence of specifically waiving section 1542. Section 1542 of the Civil Code of the State of California states as follows:

A general release does not extend to claims which the creditor does

not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Thus, notwithstanding the provisions of section 1542, and to implement a full and complete release and discharge of Company and the other Released Parties, Employee expressly acknowledges this Agreement is intended to include in its effect, without limitation, all claims Employee does not know or suspect to exist in Employee's favor at the time of signing this Agreement, and that this Agreement contemplates the extinguishment of any such claim or claims. Employee warrants he has read this Agreement, including this waiver of California Civil Code section 1542, and that he has consulted counsel or has had the opportunity to consult counsel about this Agreement and specifically about the waiver of section 1542, and that Employee understands this Agreement and the section 1542 waiver, and so Employee freely and knowingly enters into this Agreement. Employee acknowledges Employee may later discover facts different from or in addition to those Employee now knows or believes to be true regarding the matters released or described in this Agreement, and even so Employee agrees the releases and agreements contained in this Agreement shall remain effective in all respects notwithstanding any later discovery of any different or additional facts. Employee assumes any and all risk of any mistake in connection with the true facts involved in the matters, disputes, or controversies described in this Agreement or with regard to any facts now unknown to Employee relating to those matters.

6. **Affirmations.** Employee affirms that he has not filed, caused to be filed, or presently is a party to any claim, complaint, or action against Company in any forum or form. Employee further affirms that he has been paid or has received all leave (paid or unpaid), compensation, wages, bonuses, commissions, or benefits to which he may be entitled and that no other leave (paid or unpaid), compensation, wages, vacation pay-outs, bonuses, commissions and/or benefits are due to him, except as provided in this Agreement. Employee furthermore affirms that he has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act or the California Family Rights Act.

7. **Non-Disparagement.** For a period of five (5) years following the Separation Date, the Employee shall not directly or indirectly, publicly or privately, make, publish, solicit or encourage others to defame, disparage or demean the Company or the other Released Parties or any of their stockholders, officers, directors, employees, affiliates, Subsidiaries or any of their respective products, services or businesses.

8. **Return of Property.** Employee has returned or will return to the Human Resources department within ten (10) days following execution of this Agreement any and all Company information and property including without limitation the following: door and/or file keys, access cards, computers, reports, data, plans, projects, files, memoranda and records and software; credit cards, safe combinations; computer access codes; disks and instructional or personnel manuals; and other physical or personal property which Employee received or prepared or helped to prepare in connection with Employee's employment with Company. Employee warrants and represents that Employee has not retained and will not retain any copies, duplicates, reproductions or excerpts of such Company information and property.

9. **Confidentiality.** Employee agrees not to disclose any information regarding the existence or substance of this Agreement, except to his spouse, tax advisor, an attorney with whom Employee chooses to consult regarding his consideration of this Agreement, or as required by law. Without limiting the generality of the foregoing, Employee will not respond to or in any way participate

in or contribute to any public discussion, notice or other publicity concerning, or in any way relating to, execution of this Agreement. Without limiting the generality of the foregoing, Employee specifically agrees that Employee shall not disclose information regarding this Agreement to any current or former employee of Released Parties. Employee hereby agrees that disclosure by Employee of any of the terms and conditions of the Agreement in violation of the foregoing shall constitute and be treated as a material breach of this Agreement. Employee acknowledges that during his employment with the Company, its parents, affiliates, or subsidiaries, Employee has had access to information concerning the operation of Company and its affiliated entities, including without limitation, financial, personnel, sales, planning and other information that is owned by Company and regularly used in the operation of Company's business and (to the extent that such confidential information is not subsequently disclosed) that this information constitutes Company's trade secrets. Employee agrees not to disclose any such trade secrets, directly or indirectly, to any other person or use them in any way, at any time after his employment with Company. Employee shall not use any such trade secrets in connection with any other employment and/or business opportunities following his employment with Company. In addition, Employee hereby expressly agrees that Employee will not disclose any confidential matters of Company that are not trade secrets after Employee's employment, including the specifics of any employment agreements between Employee and Company. Employee shall not use any such confidential information in connection with any other employment and/or business. Employee shall never reveal any such confidential information without Company's prior written consent or court order. In addition, in order to protect any such confidential information, Employee agrees that for a period of one (1) year following the Separation Date, Employee will not, directly or indirectly, induce or entice any other executive of the Company to leave such employment or cause anyone else to leave such employment.

10. **Cooperation.** Following the Separation Date, Employee will not be required to perform any services for Company except: (a) as is necessary to cooperate with and assist Company as reasonably requested in the orderly transition of duties, including but not limited to, answering Company's questions on an ongoing basis as Company may reasonably require; and (b) to assist and cooperate (including, but not limited to, testifying or providing information to Company) in the investigation and handling of any actual or threatened court action, arbitration or other proceeding involving any matter that arose during the period of Employee's employment

11. **Governing Law and Interpretation.** This Agreement shall be governed and conformed in accordance with the laws of the state of California without regard to its conflict of laws provision. In the event the Employee or Company breaches any provision of this Agreement, Employee and Company affirm that either may institute an action to specifically enforce any term or terms of this Agreement. Should any provision of this Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, excluding the general release language, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

12. **Non-admission of Wrongdoing.** The parties agree that neither this Agreement nor the furnishing of the consideration for this Agreement shall be deemed or construed at anytime for any purpose as an admission by Company or the other Released Parties of any liability or unlawful conduct of any kind.

13. **Employees with Employment Contracts:** Employee agrees that the Employment Agreement is null and void as of the Separation Date as a result of signing this Agreement, except that Sections 10-17 of the Employment Agreement shall survive as well as the agreements set forth in Section

25 of this Agreement.

14. **Amendment.** This Agreement may not be modified, altered or changed except upon express written agreement of both parties wherein specific reference is made to this Agreement.

15. **Revocation.** Employee may revoke this Agreement for a period of seven (7) calendar days following the day he executes this Agreement. Any revocation within this period must be submitted, in writing, to the Human Resources department and state, "I hereby revoke my acceptance of our Confidential Agreement and General Release." The revocation must be personally delivered to the Human Resources department, or mailed to the Human Resources department and postmarked within seven (7) calendar days of execution of this Agreement. This Agreement shall not become effective or enforceable until the revocation period has expired and a fully executed copy of this Agreement has been received by the Human Resources department. If the last day of the revocation period is a Saturday, Sunday, or legal holiday in the state in which Employee was employed at the time of his last day of employment, then the revocation period shall not expire until the next following day which is not a Saturday, Sunday, or legal holiday.

16. **Enforcement.** In the event of a party's material breach of this Agreement, the non-breaching party may initiate action seeking any and all appropriate sanctions, damages, and remedies, including, but not limited to, injunctive or other equitable relief, damages, attorneys' fees, costs and interest. In any such action, the prevailing party shall be entitled to recovery of reasonable attorneys' fees.

17. **Construction.** In the event of vagueness or ambiguity, this Agreement shall not be construed against the party preparing it, but shall be construed as if all parties prepared it jointly.

18. **Succession.** This Agreement shall inure to the benefit of and be binding upon Employee and his heirs, executors, administrators, successors, and assigns. This Agreement shall inure to the benefit of Company and the other Released Parties and be binding upon Company and its successors and assigns.

19. **No Assignment.** Employee warrants and represents that he has not assigned or transferred or purported to assign or transfer to any person or entity all or any part of any interest in any claim released under this Agreement. Employee also warrants and represents there are no liens against any of the settlement proceeds described in this Agreement.

20. **Counterparts.** This Agreement may be executed in counterparts and shall be deemed fully executed when each party has signed and transmitted a counterpart to the other. All counterparts taken together shall constitute a single agreement. A facsimile signature shall have the same force and effect of an original signature.

21. **Federal Worker Adjustment and Retraining Notification Act.** Any payment of severance or benefits under this Agreement is intended to satisfy, where applicable, the Company's obligations, if any, under the Federal Worker Adjustment and Retraining Notification Act (or any similar state, local or foreign law) (collectively, "WARN"). As such, should the Company be deemed to hold any obligations to you under WARN, the severance or benefits paid under this Agreement shall be deemed reduced on a dollar-for-dollar basis by any payments required to be made to you under WARN and those amounts reduced shall be deemed to have been made in lieu of notice under WARN. This will not affect

the amount of the payments you receive from the Company.

22. **Knowing Waiver of Age Discrimination Claims.** By entering into this Agreement, Employee knowingly and voluntarily waives and releases the Released Parties from any claims for age discrimination under the Age Discrimination in Employment Act and the California Fair Employment and Housing Act. Employee also acknowledges that he has been informed pursuant to the Federal Older Workers Benefit Protection Act of 1990 that:

- a. he has the right to consult with an attorney before signing this Agreement;
- b. he does not waive rights or claims under the federal Age Discrimination in Employment Act or age discrimination claims under the California Fair Employment and Housing Act that may arise after the date this waiver is executed;
- c. he has forty-five (45) days from the date he receives this Agreement to consider this Agreement;
- d. he has seven (7) days after signing this Agreement to revoke the Agreement and the Agreement will not be effective until that revocation period has expired.

23. **Knowing and Voluntary Agreement.** By signing this Agreement, Employee acknowledges that he has been advised in writing to seek the advice of an attorney regarding this Agreement, he has been given adequate time to review this Agreement, he has read this entire Agreement, he fully understands its purpose, and that he is voluntarily entering into this Agreement with the intent to be legally bound by its terms.

24. **Entire Agreement.** This Agreement sets forth the entire agreement between the parties hereto, and fully supersedes any prior obligation of the Company to Employee except in connection with any confidentiality agreements that Employee has executed and/or that are that are contained in the Company Handbook, which each shall survive. Employee acknowledges that he has not relied on any representations, promises, or agreements of any kind made to him in connection with his decision to accept this Agreement, except for those set forth in this Agreement.

EMPLOYEE IS HEREBY ADVISED THAT HE HAS UP TO FORTY-FIVE (45) CALENDAR DAYS TO REVIEW THIS AGREEMENT AND TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTION OF THIS AGREEMENT.

EMPLOYEE AGREES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL FORTY-FIVE (45) DAY CONSIDERATION PERIOD.

HAVING ELECTED TO EXECUTE THIS AGREEMENT, TO FULFILL THE PROMISES AND TO RECEIVE THE BENEFITS IN SECTION 2 ABOVE, EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS HE HAS OR MIGHT HAVE AGAINST COMPANY OR THE OTHER RELEASED PARTIES.

25. **Binding Arbitration.** Employee and Company agree that any and all claims or controversies whatsoever arising hereunder or relating to this Agreement or Employee's employment shall be settled by final and binding arbitration pursuant to the rules and procedures of JAMS in Los Angeles, California. Such arbitration proceeding shall be treated pursuant to the Federal Arbitration Act and/or California Civil Procedure Code, Sections 1281 et seq. The arbitration will be conducted before an arbitrator who is a member of the JAMS Panel. If the parties are unable to agree upon the arbitrator, each shall select one arbitrator from the JAMS panel, who shall jointly select a third arbitrator from the JAMS panel. The three arbitrators shall preside over the case. The arbitrator(s) shall have a business office in or be a resident of Los Angeles County, California. The arbitrator(s) will have jurisdiction to determine the arbitrability of any claim. The arbitrator(s) will not have the right to add to, subtract from or modify any of the terms of this Agreement, nor the power to reverse or modify any decision reserved to Company. The arbitrator shall have the authority to grant all monetary or equitable relief (including, without limitation, injunctive relief and ancillary costs and fees) available under state and Federal law. Judgment on any award rendered by the arbitrator may be entered and enforced by any court having jurisdiction thereof. Discovery shall be in accordance with the California Arbitration Act.

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily executed this Agreement as of the date set forth below:

LIONS GATE ENTERTAINMENT INC.

/s/ Joseph Drake
JOSEPH DRAKE

By: /s/ Wayne Levin

Date: April 27, 2012

Date: _____

Portions of this document have been redacted pursuant to a Request for Confidential Treatment filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. Redacted portions are indicated with the notation “[**]”.

**AMENDMENT NO. 4, WAIVER AND CONSENT TO SECOND AMENDED AND
RESTATED CREDIT, SECURITY,
PLEDGE AND GUARANTY AGREEMENT**

AMENDMENT NO. 4, WAIVER AND CONSENT, dated as of May 11, 2012 (this “Amendment”) to the SECOND AMENDED AND RESTATED CREDIT, SECURITY, PLEDGE AND GUARANTY AGREEMENT, dated as of July 25, 2008 (as amended, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time, the “Credit Agreement”) by and among LIONS GATE ENTERTAINMENT INC. (“LGEI”), LIONS GATE UK LIMITED (“LGUK”), and LIONS GATE AUSTRALIA PTY LIMITED (“LGA”) as Borrowers (the “Borrowers”), the GUARANTORS referred to therein (the “Guarantors”), (iii) the LENDERS referred to therein (the “Lenders”), JPMORGAN CHASE BANK, N.A., a national banking association, as Administrative Agent (in such capacity, the “Administrative Agent”) and as Issuing Bank and Wachovia Bank, N.A., as syndication agent.

WHEREAS, the Borrowers have advised the Administrative Agent and the Lenders that LGUK may issue growth shares of LGUK (the “Growth Share Issuance”);

WHEREAS, the Credit Parties may elect or may be obligated to purchase the growth shares issued pursuant to the Growth Share Issuance (the “Growth Share Repurchase”, together, the “Growth Share Issuance and Repurchase”);

WHEREAS, in connection with the Growth Share Issuance and Repurchase, the Borrowers have requested that the Administrative Agent and the Required Lenders agree, subject to the terms and conditions set forth herein, to waive compliance by the Credit Parties of each of the negative covenants contained in (i) Section 6.1 of the Credit Agreement with regard to the existence of any preferred stock or preferred membership interest; (ii) Section 6.5 with regard to the payment or declaration of any Restricted Payment, (iii) Section 6.7(a) with regard to the sale or disposition of any capital stock of any Subsidiary and (iv) Section 6.12 with regard to transactions with Affiliates, in each case, solely with respect to the Growth Share Issuance and Repurchase;

WHEREAS, the Borrowers have requested that the Administrative Agent and the Required Lenders consent to changes to the schedule of Acceptable Obligor;

WHEREAS, the Borrowers the Required Lenders and the Administrative Agent have agreed to amend certain provisions of the Credit Agreement subject to the terms and conditions set forth herein;

NOW, THEREFORE, the Borrowers, the Guarantors, the Required Lenders and the Administrative Agent each hereby agree as follows:

1. Defined Terms. All terms used but not otherwise defined herein have the meanings assigned to them in the Credit Agreement.

2. Amendment to Credit Agreement. Subject to the satisfaction of the conditions precedent set forth in Section 5 hereof, the Credit Agreement is hereby amended as of the Effective Date (as hereinafter defined) as follows:

(a) Article 1 of the Credit Agreement is hereby amended by adding the following definition in the proper alphabetical place:

“FATCA’ shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.”

(b) The definition of “Obligations” in Section 1 of the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“Obligations’ shall mean (i) the obligation of the Borrowers to make due and punctual payment of principal and interest on the Loans, the face amount of the Commitment Fees, any reimbursement obligations in respect of Letters of Credit, monetary obligations of any Credit Party pursuant to interparty agreements delivered in connection with any Special Purpose Producer Credit Agreement, costs and attorneys’ fees and all other monetary obligations of the Borrowers to the Administrative Agent , the Issuing Bank or any Group Lender under this Credit Agreement, the Notes, any other Fundamental Document or the Fee Letter, (ii) all amounts payable by any Credit Party to any Group Lender or its Affiliates under any Currency Agreement or Interest Rate Protection Agreement, provided that such Group Lender will use commercially reasonable efforts to provide notice thereof to the Administrative Agent within ten (10) Business Days after execution of such Currency Agreement or Interest Rate Protection Agreement (it being understood and agreed that the failure to provide such notice within ten (10) Business Days of the execution of such agreements will not result in the exclusion of the amounts payable pursuant to such agreements from the term ‘Obligations’), (iii) amounts payable to JPMorgan Chase Bank, N.A. or the Syndication Agent (or any of their respective Affiliates) in connection with any bank account maintained by the Borrowers or any other Credit Party at JPMorgan Chase Bank, N.A. or at the Syndication Agent (or at any of their respective Affiliates) or any other treasury, depository, purchasing card, cash management or other banking services provided to the Borrowers or any other Credit Party by JPMorgan Chase Bank, N.A. or by the Syndication Agent (or by any of their respective Affiliates) including any automated clearing house transfers of funds or similar services, and (iv) for purposes of Articles 8, 9 and 12, hereof and Annex I, the term “Obligations” shall

also include the PA Obligations.”

(c) Section 2.13(a)(i) of the Credit Agreement is hereby amended by deleting the word “or” in the eleventh line thereof and adding the following language before the “;” in the last line thereof “or (z) imposed under FACTA.”

(d) Section 2.15 of the Credit Agreement is hereby amended by adding the following language to the end thereof:

“If a payment made to a LGEI Lender organized under the laws of a jurisdiction outside the United States would be subject to U.S. federal withholding Tax imposed by FATCA if such LGEI Lender fails to comply with the applicable reporting requirements of FATCA, such LGEI Lender shall deliver to the Administrative Agent and the Borrowers at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrowers or the Administrative Agent, such documentation under any Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) or reasonably requested by the Administrative Agent or the Borrowers sufficient for the Administrative Agent or the Borrowers to comply with their respective obligations under FATCA and to determine that such LGEI Lender has complied with such applicable reporting requirements, or to determine the amount to deduct and withhold, if any, from such payment. Solely for purposes of the preceding sentence, “FATCA” shall include any amendments made to FATCA after the date of this Agreement.”

(e) Section 6.4(xviii) of the Credit Agreement is hereby amended by deleting “\$10,000,000” and replacing it with the following “\$12,500,000”.

(f) Section 13.1 of the Credit Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic photocopy (i.e., “PDF” or “TIFF”) format sent by electronic mail, as follows, (a) if to the Administrative Agent, the Issuing Bank or JPMorgan Chase Bank, to it at (i) JPMorgan Chase Bank, N.A., 2029 Century Park East, 38th Floor, Los Angeles, California 90067, Attention: Stephen C. Price (Telecopy No. (310) 860-7260), E-mail: stephen.c.price@jpmorgan.com, with copies to (ii) JPMorgan Chase Bank, N.A., JPMorgan Loan Services, 10 South Dearborn, 7th Floor, Chicago, Illinois 60603, Attention: Sabana Johnson (Telecopy No. (888) 292-9533), E-mail: sabana.n.johnson@jpmchase.com, with copies to (iii) J.P. Morgan Securities LLC, 2029 Century Park East, 38th Floor, Los Angeles, California 90067, Attention: David Shaheen (Telecopy No. (310) 860-7260), E-mail: david.shaheen@jpmorgan.com, and with copies to (iv)

J.P. Morgan Europe Limited, 125 London Wall, London, EC2Y 5AJ, England, Attention: Loan and Agency - 9th Floor (Telecopy No. 44 207 777 2360), E-mail loan_and_agency_london@jpmorgan.com, or (b) if to any Credit Party to it at Lions Gate Entertainment Inc., 2700 Colorado Avenue, Suite 200, Santa Monica, CA, 90404, Attn: Wayne Levin and James Gladstone, Facsimile No.: 310-452-8934, E-mail: wlevin@lionsgate.com and jgladstone@lionsgate.com, or (c) if to a Lender, to it at its address set forth on the signature pages hereto, or such other address as such party may from time to time designate by giving written notice to the other parties hereunder. Any failure of the Administrative Agent or a Lender giving notice pursuant to this Section 13.1, to provide a courtesy copy to a party as provided herein, shall not affect the validity of such notice. All notices and other communications given to any party hereto in accordance with the provisions of this Credit Agreement shall be deemed to have been given on the fifth Business Day after the date when sent by registered or certified mail, postage prepaid, return receipt requested, if by mail, or upon receipt by such party, if by any telegraphic or facsimile communications equipment or electronic mail, in each case addressed to such party as provided in this Section 13.1 or in accordance with the latest unrevoked written direction from such party.”

3. Waivers. Subject to the satisfaction of the conditions precedent set forth in Section 5 hereof, each of the Administrative Agent and the Required Lenders, by its execution hereof, hereby agree to waive the application of Sections 6.1, 6.5, 6.7(a) and 6.12 of the Credit Agreement solely with respect to the Growth Share Issuance and Repurchase, provided, that (i) the aggregate amount spent by the Credit Parties in connection with the Growth Share Repurchase does not exceed \$[**] and (ii) a Credit Party at all times maintains at least a majority of the voting stock or other ownership interests having voting power of LGUK. The Amendment shall be limited to the purposes described above and shall not be construed as a consent or waiver in relation to any other matters.

4. Consent. Subject to the satisfaction of the conditions precedent set forth in Section 5 hereof, the Administrative Agent and the Required Lenders hereby consent to the following changes to the schedule of Acceptable Obligor:

(a) The following entities shall be added to the schedule of Acceptable Domestic Account Debtors with the corresponding limit set forth below:

<u>Obligor Name</u>	<u>Limit</u>
[**]	\$[**]
[**]	\$[**].

(b) The existing limits for the following Acceptable Domestic Account Debtors shall be replaced with the corresponding amount set forth below:

<u>Obligor Name</u>	<u>Limit</u>
---------------------	--------------

[**]	\$[**]
[**]	\$[**]
[**]	\$[**]

(c) “[**]” shall be deleted from the schedule of Acceptable Domestic Account Debtors and replaced with “[**]” and its corresponding limit shall be increased to \$[**].

(d) “[**]” shall be deleted from the schedule of Acceptable Major Account Debtors”.

(e) “[**]” shall be deleted from the schedule of Acceptable Domestic Account Debtors and replaced with “[**]” and its corresponding limit shall be increased to \$[**].

5. Conditions to Effectiveness. The effectiveness of this Amendment is subject to the satisfaction in full of the condition precedent set forth in this Section 5 (the date upon which each of such conditions precedent has been satisfied, the “Effective Date”):

(a) the Administrative Agent shall have received counterparts of this Amendment which, when taken together, bear the signatures of the Borrowers, each Guarantor and the Required Lenders.

6. Representations and Warranties. The Borrowers and each Guarantor represents and warrants that:

(a) immediately after giving effect to this Amendment, the representations and warranties contained in the Credit Agreement are true and correct in all material respects on and as of the date hereof as if such representations and warranties had been made on and as of the date hereof (except to the extent that any such representations and warranties specifically relate to an earlier date, in which case all such representations and warranties are true and correct in all material respects on and as of the applicable date); and

(b) immediately after giving effect to this Amendment, no Default or Event of Default will have occurred and be continuing.

7. Fundamental Document. This Amendment is designated a Fundamental Document by the Administrative Agent. All references to the Credit Agreement in the Fundamental Documents shall mean the Credit Agreement as amended by this Amendment.

8. Full Force and Effect; Reaffirmation.

(a) Except as expressly set forth herein, this Amendment does not constitute an amendment or waiver of any provision of the Credit Agreement, and does not constitute a waiver of any Default or Event of Default whether or not known to the Administrative Agent or the Lenders. Except as expressly amended hereby, the Credit Agreement and the other Fundamental Documents shall continue in full force and effect in accordance with the provisions

thereof on the date hereof and are hereby ratified and confirmed. As used in the Credit Agreement, the terms “Agreement,” “this Agreement,” “this Credit Agreement,” “herein,” “hereafter,” “hereto,” “hereof” and words of similar import, shall, unless the context otherwise requires, mean the Credit Agreement as modified by this Amendment.

(b) Without limiting the foregoing, each Credit Party hereby (i) reaffirms its obligations under the Credit Agreement and each and every other Fundamental Document to which it is a party and (ii) reaffirms all Liens on the Collateral and/or the Pledged Collateral, as applicable, which have been granted by it in favor of the Administrative Agent (for the benefit of the Secured Parties) pursuant to any of the Fundamental Documents. Each Credit Party hereby confirms and acknowledges as of the date hereof that it is validly and justly indebted to the Administrative Agent and the Lenders for the payment of all Obligations under the Credit Agreement and the other Fundamental Documents without offset, defense, cause of action or counterclaim of any kind or nature whatsoever.

9. APPLICABLE LAW. THIS AMENDMENT SHALL IN ALL RESPECTS BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WHICH ARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE.

10. Counterparts. This Amendment may be executed by facsimile or other electronic means of delivery and in one or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

11. Expenses. The Borrowers agree to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including, but not limited to, the reasonable fees and disbursements of Morgan, Lewis & Bockius LLP, counsel for the Administrative Agent.

12. Headings. The headings of this Amendment are for the purposes of reference only and shall not affect the construction of or be taken into consideration in interpreting this Amendment.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the date and year first above written.

BORROWERS:

LIONS GATE ENTERTAINMENT INC.

By: /s/ Wayne Levin
Name: Wayne Levin
Title:

LIONS GATE UK LIMITED

By: /s/ Wayne Levin
Name: Wayne Levin
Title:

LIONS GATE AUSTRALIA PTY LIMITED

By: /s/ Wayne Levin
Name: Wayne Levin
Title:

GUARANTORS:

100 PLUS PRODUCTIONS, INC.
ABX PRODUCTIONS, INC.
ALL ABOUT US PRODUCTIONS INC.
ANGER PRODUCTIONS, INC.
ARIMA, INC.
ARTISAN ENTERTAINMENT INC.
ARTISAN FILMED PRODUCTIONS INC.
ARTISAN HOME ENTERTAINMENT INC.
ARTISAN PICTURES LLC
ARTISAN RELEASING LLC
AWAKEN PRODUCTIONS CORP.
AWAKEN PRODUCTIONS INC.
BACKSEAT PRODUCTIONS, LLC
BASTER PRODUCTIONS, LLC
BD OPTICAL MEDIA, INC.
BHF PRODUCTIONS, INC.
BLAIR WITCH FILMS, LLC
BLITZ DISTRIBUTION LIMITED
BLITZ FILMS LIMITED

BLUE MOUNTAIN STATE PRODUCTIONS CORP.
BOSS KANE PRODUCTIONS, INC.
BURROWERS PRODUCTIONS, INC.
CALLER PRODUCTIONS, INC.
COUNTRYMAN PRODUCTIONS, LLC
CRASH TELEVISION PRODUCTIONS, INC.
CRASH 2 TELEVISION PRODUCTIONS, INC.
CUPID PRODUCTIONS, INC.
DANCING ELK PRODUCTIONS, LLC
DD2 ACQUISITION CORP.
DEAD ZONE PRODUCTION CORP.
DEBMAR/MERCURY, LLC
DEBMAR/MERCURY INTERNATIONAL LIMITED (UK)
DEBMAR/MERCURY (WW) PRODUCTIONS LLC
DEBMAR STUDIOS, INC.
DELISH PROJECTS, LLC
DELISH TELEVISION DEVELOPMENT, LLC
DJM SERVICES, INC.
DODGE PRODUCTIONS LLC
DRESDEN FILES PRODUCTIONS CORP.
DRESDEN FILES PRODUCTIONS I CORP.
FEAR ITSELF PRODUCTIONS CORP.
FILM HOLDINGS CO.
FIVE DAYS PRODUCTIONS CORP.
GC FILMS, INC.
GC SHORT FILMS, INC.
GHS PRODUCTIONS, LLC
GOOD EVEL PRODUCTIONS, INC.
GRINDSTONE ENTERTAINMENT GROUP, LLC
HEART FRANK, INC.
HIGHER POST LLC
HORSEMEN PRODUCTIONS, LLC
IDIOM PRODUCTIONS, INC.
INVISIBLE CASTING INC.
IV PRODUCTIONS INC.
IV3D PRODUCTIONS CORP.
IWC PRODUCTIONS, LLC
JESSABELLE PRODUCTIONS, INC.
JV1 DELISH, LLC
KILL PIT PRODUCTIONS INC.
LAMB PRODUCTIONS, INC.
LANDSCAPE ENTERTAINMENT CORP.
LG HORROR CHANNEL HOLDINGS, LLC
LG PICTURES INC.
LGAC 3, LLC
LIONS GATE ENTERTAINMENT CORP.

LIONS GATE ENTERTAINMENT INC.
LIONS GATE FILMS INC.
LIONS GATE FILMS OF PUERTO RICO, INC.
LIONS GATE FILMS PRODUCTIONS CORP./PRODUCTIONS
LIONS GATE HOME ENTERTAINMENT UK LIMITED
LIONS GATE INDIA INC.
LIONS GATE INTERNATIONAL SALES, LLC
LIONS GATE MANDATE FINANCING VEHICLE INC.
LIONS GATE MUSIC CORP.
LIONS GATE MUSIC, INC.
LIONS GATE MUSIC PUBLISHING LLC
LIONS GATE ONLINE SHOP INC.
LIONS GATE PENNSYLVANIA, INC.
LIONS GATE PICTURES UK LIMITED
LIONS GATE RECORDS, INC.
LIONS GATE SPIRIT HOLDINGS, LLC
LIONS GATE TELEVISION DEVELOPMENT LLC
LIONS GATE TELEVISION INC.
LIONS GATE TELEVISION INTERNATIONAL – LATIN
LIONS GATE X PRODUCTIONS, LLC
LOG PRODUCTIONS, LLC
LOL PRODUCTIONS, LLC
LOVE LESSONS PRODUCTIONS, INC.
LUCKY 7 PRODUCTIONS CORP.
LUDUS PRODUCTIONS, INC.
MANDATE PICTURES, LLC
MANDATE FILMS, LLC
MANIFEST ENTERTAINMENT, LLC
MERCURY PRODUCTIONS, LLC
MK ANIMATED, LLC
MOTHER PRODUCTIONS CORP.
MQP, LLC
NEXT PRODUCTION INC.
NGC FILMS, INC.
NR PRODUCTIONS, INC.
NURSE PRODUCTIONS INC.
PEARL RIVER HOLDINGS CORP.
PEEPLER PRODUCTIONS, INC.
PGH PRODUCTIONS, INC.
PLANETARY PRODUCTIONS, LLC
PLAYLIST, LLC
POWER MONGERING DESPOT, INC.
PRODUCTION MANAGEMENT INC.
PROFILER PRODUCTIONS CORP.
PSYCHO PRODUCTIONS SERVICES CORP.
PWG PRODUCTIONS, INC.

PX1 PRODUCTIONS, INC.
R&B PRODUCTIONS, INC.
RABBIT PRODUCTIONS, INC.
RG PRODUCTIONS, INC.
SCREENING ROOM, INC.
SILENT DEVELOPMENT CORP.
SKILLPA PRODUCTIONS, LLC
SS3 PRODUCTIONS, INC.
SWEAT PRODUCTIONS, INC.
TALK PRODUCTIONS CORP.
TED PRODUCTIONS, INC.
TERRESTRIAL PRODUCTIONS CORP.
TINY HORSE PRODUCTIONS, INC.
TOUCH PRODUCTIONS CORP.
U.R.O.K. PRODUCTIONS, INC.
VERDICT PRODUCTIONS, INC.
VESTRON INC.
WEEDS PRODUCTIONS INC.
WILDE KINGDOM PRODUCTIONS CORP.
WILDFIRE PRODUCTIONS INC.
WILDFIRE 2 PRODUCTIONS INC.
WILDFIRE 3 PRODUCTIONS INC.
WILDFIRE 4 PRODUCTIONS INC.

By: /s/ Wayne Levin
Name: Wayne Levin
Title:

REQUIRED LENDERS:

JPMORGAN CHASE BANK, N.A., individually
and as Administrative Agent and Issuing Bank

By /s/ Darian A. Singer
Name: Darian A. Singer
Title: Associate

J.P. MORGAN EUROPE LTD, as UK Lender

By /s/ Altan Kayaalp
Name: Altan Kayaalp
Title: Executive Director

WELLS FARGO BANK, N.A., individually and as
Syndication Agent

By /s/ Kevin Harbour
Name: Kevin Harbour
Title: Senior Vice PResident

UNION BANK, N.A.

By /s/ Matthew Anderson
Name: Matthew Anderson
Title: IBO

CITY NATIONAL BANK

By /s/ Norman B. Starr
Name: Norman B. Starr
Title: Senior Vice President

FIRST BANK

By /s/ Russell T. Sun

Name: Russell T. Sun

Title: Vice President\

CALIFORNIA BANK & TRUST

By /s/ Connie McCoy

Name: Connie McCoy

Title: Vice President

MANUFACTURERS BANK

By /s/ Dirk Price

Name: Dirk Price

Title: Vice President

BANK OF AMERICA, N.A.

By /s/ Randy Hua

Name: Randy Hua

Title: Vice President

CONSOLIDATED FINANCIAL STATEMENTS

TV Guide Entertainment Group, LLC
Years Ended March 31, 2012 and 2011
With Report of Independent Auditors

TV Guide Entertainment Group, LLC

Consolidated Financial Statements

Years Ended March 31, 2012 and 2011

Contents

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Report of Independent Auditors

The Board of Managers
TV Guide Entertainment Group, LLC

We have audited the accompanying consolidated balance sheets of TV Guide Entertainment Group, LLC (the “Company”) as of March 31, 2012 and 2011, and the related consolidated statements of operations, changes in members' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TV Guide Entertainment Group, LLC at March 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Los Angeles, California
May 30, 2012

TV Guide Entertainment Group, LLC

Consolidated Balance Sheets

(In thousands)

	March 31	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,960	\$ 10,734
Accounts receivable, net	17,948	21,168
Programming costs	12,170	10,478
Prepaid expenses and other current assets	1,470	1,117
Total current assets	41,548	43,497
Noncurrent assets:		
Property and equipment, net	13,544	16,995
Programming costs, net of current portion	16,245	30,547
Amortizable intangible assets, net	53,802	60,858
Goodwill	152,599	152,599
Other assets	665	246
Total assets	\$ 278,403	\$ 304,742
Liabilities and members' equity (deficit)		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 14,773	\$ 18,002
Due to related party	5,067	3,679
Current portion of capital lease obligation	1,008	944
Deferred revenue	1,702	1,933
Accrued programming costs	8,429	7,568
Total current liabilities	30,979	32,126
Noncurrent liabilities:		
Capital lease obligation, net of current portion	8,337	9,345
Deferred revenue, net of current portion	3,331	4,360
Due to related party, net of current portion	8,571	8,994
Accrued programming costs, net of current portion	13,168	17,655
Mandatorily redeemable preferred units	230,412	200,724
Total liabilities	294,798	273,204
Members' equity (deficit)	(16,395)	31,538
Total liabilities and members' equity (deficit)	\$ 278,403	\$ 304,742

See accompanying notes.

TV Guide Entertainment Group, LLC

Consolidated Statements of Operations

(In thousands)

	Year Ended March 31	
	2012	2011
Revenues:		
Advertising, including related party advertising of \$1,864 and \$2,133, respectively	\$ 69,624	\$ 83,857
Subscriber fees	29,122	30,321
Other, including related-party other revenue of \$480 and \$0, respectively	2,153	1,502
Total revenues	100,899	115,680
Cost of services:		
Programming, including related party programming of \$7,842 and \$1,586, respectively	51,279	36,368
Other direct costs	1,510	2,001
Total cost of services	52,789	38,369
Other expenses:		
Advertising	13,148	13,963
Selling, general and administrative, including related party charges of \$1,366 and \$1,632, respectively	40,292	47,001
Depreciation and amortization	11,602	15,331
Total other expenses	65,042	76,295
Operating (loss) income	(16,932)	1,016
Other income, net	15	—
Interest expense, net	(31,518)	(29,556)
Net loss	(48,435)	(28,540)

See accompanying notes.

TV Guide Entertainment Group, LLC

Consolidated Statements of Changes in Members' Equity (Deficit)

(In thousands)

	Common Units		Accumulated	Total
	Number	Amount	Deficit	
Balance at March 31, 2010	100	\$ 80,536	\$ (20,960)	\$ 59,576
Share-based compensation	—	502	—	502
Net loss	—	—	(28,540)	(28,540)
Balance at March 31, 2011	100	81,038	(49,500)	31,538
Share-based compensation	—	502	—	502
Net loss	—	—	(48,435)	(48,435)
Balance at March 31, 2012	100	\$ 81,540	\$ (97,935)	\$ (16,395)

See accompanying notes.

TV Guide Entertainment Group, LLC

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended March 31	
	2012	2011
Operating activities		
Net loss	\$ (48,435)	\$ (28,540)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,602	15,331
Gain on sale of property and equipment	(15)	—
Amortization of programming costs	51,279	36,368
Allowance for doubtful accounts	(5)	(119)
Share-based compensation	502	502
Interest accretion on preferred units and 10% dividend	29,688	27,703
Dividend to preferred unit holders	—	(20,000)
Changes in operating assets and liabilities:		
Accounts receivable	3,225	(1,351)
Programming costs	(38,669)	(57,850)
Prepaid expenses and other assets	(772)	213
Accounts payable and other accrued liabilities	(3,229)	1,039
Due to related party	965	11,708
Accrued programming costs	(3,626)	7,446
Deferred revenue	(1,260)	(1,128)
Net cash provided by (used in) provided by operating activities	1,250	(8,678)
Investing activities		
Proceeds from sale of property and equipment	16	—
Additions to property and equipment	(1,096)	(1,884)
Cash used in investing activities	(1,080)	(1,884)
Financing activities		
Principal payments of capital lease obligations	(944)	(883)
Net cash used in financing activities	(944)	(883)
Net change in cash and cash equivalents	(774)	(11,445)
Cash and cash equivalents at beginning of year	10,734	22,179
Cash and cash equivalents at end of year	\$ 9,960	\$ 10,734

See accompanying notes.

TV Guide Entertainment Group, LLC

Notes to Consolidated Financial Statements

March 31, 2012

1. Description of Business, Organization, and Basis of Presentation

Description of Business

TV Guide Entertainment Group, LLC, a limited liability company (“the Company”), was formed pursuant to a Limited Liability Agreement dated May 28, 2009. TV Guide Entertainment Group, LLC includes the operations of its consolidated subsidiaries, which include TV Guide Network, TV Guide Online, TV Guide Broadband, and TV Guide Video On Demand. The Company conducts substantially all of its business in the United States.

TV Guide Network offers entertainment and television guidance-related programming as well as localized program listings and descriptions primarily in the United States. TV Guide Network is typically included in a basic or expanded basic viewing package offered by cable or satellite operators to their subscribers. TV Guide Online is currently comprised of two entertainment web sites, led by tvguide.com, which feature a combination of entertainment news, video programming, celebrity information, localized channel listings, editorial guidance, community features, and search features. TV Guide Video On Demand and TV Guide Broadband are advertiser supported, video-on-demand services featuring short-form, originally produced entertainment programs about television programming. TV Guide Broadband is available on www.tvguide.com and is also distributed on major video portals such as Hulu and YouTube.

Organization and Basis of Presentation

In January 2009, Lions Gate Entertainment Corp. (“Lions Gate”) entered into an Equity Purchase Agreement with Macrovision Solutions Corporation (“Macrovision,” later renamed Rovi Corporation, “Rovi”), for the purchase of all of the issued and outstanding equity interests of TV Guide Entertainment Group, Inc. The acquisition closed on February 28, 2009. At the time of the acquisition, Lions Gate allocated its purchase price to the estimated fair values of the tangible and intangible assets and liabilities of TV Guide Entertainment Group, Inc. The purchase price allocation has been pushed down to the Company. The excess of the purchase price over the estimated fair value of the net tangible and intangible assets and liabilities acquired was recorded as goodwill. The Company believes the goodwill represents the value of its existing workforce and position in the industry.

Conversion to a Limited Liability Company. On May 18, 2009, the Company was converted to a limited liability company, and the previous common shares of TV Guide Entertainment Group, Inc. were effectively exchanged for members' interest in TV Guide Entertainment Group, LLC.

1. Description of Business, Organization, and Basis of Presentation (continued)

Sale of Interest in the Company. On May 28, 2009, Lions Gate entered into a Purchase Agreement with One Equity Partners (“OEP”), the global private equity investment arm of JPMorgan Chase Bank N.A., pursuant to which OEP purchased 49% of Lions Gate's interest in TV Guide Entertainment Group, LLC. In addition, OEP reserved the option of buying another 1% of TV Guide Entertainment Group, LLC under certain circumstances. The arrangement contains joint control rights, as evidenced in an operating agreement, as well as certain transfer restrictions and exit rights. In connection with the transaction, the Company issued 49,000 Series A Preferred Units (“Preferred Units”) and 49,000 Series B-1 Common Units (“B-1 Common Units”) to OEP in exchange for cash consideration paid to Lions Gate, and 51,000 Preferred Units and 51,000 B-1 Common Units to Lions Gate in exchange for Lions Gate's membership interest.

2. Significant Accounting Policies

Generally Accepted Accounting Principles

These consolidated financial statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”). The U.S. dollar is the functional currency of the Company's businesses.

Reclassifications

The Company has made certain reclassifications to the prior year's financial statements to conform to classifications in the current year. These reclassifications had no impact on previously reported results of operations.

Principles of Consolidation

All material intercompany balances and transactions between the entities that comprise the Company have been eliminated.

Revenue Recognition

Revenues primarily consist of advertising revenues and subscriber fees.

2. Significant Accounting Policies (continued)

Advertising Revenues. Advertising revenues are earned and recognized when the advertising spot is displayed or aired on the Company's distribution platforms. Advertising revenues are recorded net of agency commissions and discounts. Cash payments received in advance for advertising are deferred until earned, at which time revenue is recognized.

Network advertising contracts may guarantee the advertiser a minimum audience for its advertisements over the term of the contracts. Revenues are only recognized when those minimum requirements are met. The determination of whether such audience minimums have been met is based on information provided by ratings services companies and historical experience. If the minimum guaranteed audience requirements are not met, the Company provides the advertiser additional advertising time until the minimum audience guarantees have been met. A liability is recorded for the amount of the contract fee that has not yet achieved the minimum audience guarantee. This liability is recognized as revenue when minimum audience guarantees have been met.

Subscriber Fees. The Company has entered into agreements with cable operators and digital broadcast satellite providers for the licensing or distribution of its services in exchange for "subscriber fees," generally calculated on a per-subscriber basis. Subscriber fees revenue from the distribution of TV Guide Network programming is recognized in the month the services are provided. Payments received in advance for subscription services are deferred until the month earned, at which time revenue is recognized. The Company defers launch support assets (capitalized fees paid to a cable or direct broadcast satellite operator to facilitate the launch of a cable network) and amortizes the amounts on a straight-line basis over the contract period. The Company classifies the amortization of launch support as a reduction of revenue.

Barter Transactions

The Company enters into transactions that exchange advertising time for program license rights or advertising time on the other party's network. Advertising barter transactions are recorded at the estimated fair value of the advertising surrendered and recognized as the related advertising units are aired.

For the years ended March 31, 2012 and 2011, the Company recognized barter revenues and expenses of \$0.5 million and \$1.6 million, respectively. Such amounts are included in Advertising Revenues and Programming Cost of Services, respectively, in the accompanying consolidated statements of operations.

2. Significant Accounting Policies (continued)

Advertising Expense

Marketing and promotion costs to promote the Company's distribution platforms are expensed when incurred and are classified as advertising expense in the accompanying consolidated statements of operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits at financial institutions and money market mutual funds. The Company considers all highly liquid investments with maturities of three months or less when acquired to be cash equivalents.

Programming Costs

For programs produced by the Company, capitalized costs include all direct production costs and production overhead. Costs for programs produced are expensed over the economic life of the program in relation to revenues generated. If the content of the program deals with current events, program costs are generally expensed upon first airing. The valuation of the cost of programs produced is evaluated on a program-by-program basis. When an event or change in circumstances indicates that the fair value of the program is less than its unamortized cost, the program is written down to its estimated fair value.

For acquired programs, the cost of acquired programming is capitalized and a liability is recorded upon delivery of the episodes acquired that are available for broadcast. The liability represents the present value of the contractual cash payments scheduled over the license period. Capitalized costs of programs acquired are allocated to the estimated number of projected runs over the program license period and subsequently amortized as those runs are aired. Acquired programming costs are stated at the lower of unamortized cost or net realizable value.

Property and Equipment and Amortizable Intangible Assets

Property and equipment and amortizable intangible assets are recorded at cost, or fair value, as of the date of the acquisition by Lions Gate. Property and equipment and amortizable intangible assets are depreciated using the straight-line method over the estimated useful lives of the assets. Assets acquired under capital lease arrangements are recorded at the present value of the minimum lease payments and are amortized over the shorter of the lease term or useful life of the leased asset.

2. Significant Accounting Policies (continued)

Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the useful life of the leasehold improvement.

Estimated useful lives of property and equipment and amortizable intangible assets are as follows:

Machinery and equipment, furniture and fixtures	3 - 7 years
Computer equipment and software	3 years
Transponder under capital lease	15 years
Customer relationships	7 - 11 years
Trademark/tradename	2 - 20 years
License agreements	2 - 6 years
Internal use software	2 years

The Company periodically reviews and evaluates the recoverability of property and equipment and amortizable intangible assets. Where applicable, estimates of net future cash flows, on an undiscounted basis, are calculated based on future revenue and cost estimates. If undiscounted cash flow estimates are less than the carrying value, a reduction in the carrying amount is recorded to adjust the carrying amount to fair value, which approximates discounted cash flows.

Goodwill

Goodwill represents the excess of acquisition costs over the fair value of the tangible and intangible assets acquired and liabilities assumed in the acquisition of the Company by Lions Gate on February 28, 2009. Goodwill is not amortized but is reviewed for impairment annually within each fiscal year or between the annual tests if an event occurs or circumstances change that indicates it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The impairment test follows a two-step approach. The first step determines if the goodwill is potentially impaired, and the second step measures the amount of the impairment loss, if necessary. Under the first step, goodwill is considered potentially impaired if the fair value of the reporting unit is less than the reporting unit's carrying amount, including goodwill. Under the second step, the impairment loss is then measured as the excess of recorded goodwill over the fair value of the goodwill, as calculated. The fair value of goodwill is calculated by allocating the fair value of the reporting unit to all the assets and liabilities of the reporting unit as if the reporting unit was purchased in a business combination and the purchase price was the fair value of the reporting unit. The Company performs its annual impairment test as of January 1 in each fiscal year. The Company performed its annual impairment test on its goodwill as of January 1, 2012. No goodwill impairment was identified.

2. Significant Accounting Policies (continued)

Other Assets

Other assets include prepaid expenses and security deposits.

Share-Based Compensation

Accounting rules require the measurement of all share-based awards using a fair value method and the recognition of the related share-based compensation expense in the consolidated financial statements over the requisite service period.

Income Taxes

The Company mainly operates as limited liability companies (there are two corporate entities within the consolidated group that are not limited liability companies), so any federal and state tax exposure is minimal. For limited liability companies, federal and state income taxes are liabilities of the individual members. The Company's tax returns and the amount of allocable profits or losses are subject to examination by federal and state taxing authorities. If such examinations result in changes to profits and losses, the income tax liability of the members may also change. As a result, only minimal federal and state income tax expense has been recorded in these consolidated financial statements for the years ending March 31, 2012 and 2011. Such amounts are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations. The Company paid \$19,400 and \$61,300 in taxes for each of the years ended March 31, 2012 and 2011.

Fair Value of Financial Instruments

Carrying amounts of certain of the Company's financial instruments, including accounts receivable, accounts payable, and accrued liabilities, approximate their fair value due to their short maturities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant

2. Significant Accounting Policies (continued)

estimates made by management in the preparation of the accompanying consolidated financial statements relate to estimating the provision for doubtful accounts; estimating the number of program runs for acquired programming amortization; estimating the useful lives of property and equipment and amortizable intangible assets; and impairment assessments for programming cost, property and equipment, goodwill, and amortizable intangible assets. Actual results could differ from such estimates.

Credit Risk and Significant Concentrations

Accounts that potentially subject the Company to a concentration of credit risk principally consist of trade receivables. For the years ended March 31, 2012 and 2011, there were no revenues from one single customer in excess of 10% of total revenues. As of March 31, 2012 and 2011, there was no single customer that accounted for 10% or more of the total accounts receivable balance. The Company does not require collateral and evaluates its outstanding accounts receivable each period for collectability. This evaluation involves assessing the aging of the amounts due and reviewing the creditworthiness of each customer. Based on this evaluation, the Company records an allowance for accounts receivable that are estimated to not be collectible.

Subsequent Events

The Company has evaluated all events and transactions subsequent to March 31, 2012 through the date of issuance, May 30, 2012. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

Recent Accounting Pronouncements

In October 2009, new guidance was issued related to the accounting for multiple-deliverable revenue arrangements. This new guidance amends the existing guidance for separating consideration in multiple-deliverable arrangements and establishes a hierarchy for determining the selling price of a deliverable. The Company adopted this standard beginning in first quarter of fiscal 2012 and it did not have a material impact on its consolidated financial statements.

In May 2011, the FASB issued an accounting standards update related to fair value measurements and disclosures to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and

2. Significant Accounting Policies (continued)

International Financial Reporting Standards. This guidance includes amendments that clarify the intent about the application of existing fair value measurement requirements, while other amendments change a principle or requirement for measuring fair value or for disclosing information about fair value measurements. Specifically, the guidance requires additional disclosures for fair value measurements that are based on significant unobservable inputs. The updated guidance is to be applied prospectively and is effective for the Company's annual periods beginning April 1, 2012. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In September 2011, the FASB issued an accounting standard update to simplify the annual goodwill impairment test. The guidance provides companies with the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. This guidance is effective for the Company's fiscal year beginning April 1, 2012, with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

3. Accounts Receivable

Accounts receivable consists of the following (in thousands):

	March 31	
	2012	2011
Accounts receivable	\$ 19,649	\$ 22,874
Allowance for doubtful accounts	(1,701)	(1,706)
Accounts receivable, net	<u>\$ 17,948</u>	<u>\$ 21,168</u>

4. Property and Equipment

Property and equipment consists of the following (in thousands):

	March 31	
	2012	2011
Equipment under capital lease	\$ 12,065	\$ 12,065
Furniture and fixtures	1,050	1,050
Computer equipment and software	9,528	8,539
Machinery and equipment	7,462	7,497
Assets under construction	16	—
Leasehold improvements	3,593	3,588
	<u>33,714</u>	<u>32,739</u>
Less accumulated depreciation and amortization	(20,170)	(15,744)
Property and equipment, net	<u>\$ 13,544</u>	<u>\$ 16,995</u>

Depreciation and amortization expense related to property and equipment was \$4.5 million and \$6.1 million for the years ended March 31, 2012 and 2011, respectively, including amortization of equipment under capital lease of \$1.2 million in each year. Accumulated amortization of equipment under capital lease was \$3.5 million and \$2.4 million at March 31, 2012 and 2011, respectively. Unamortized capitalized software costs, net of accumulated depreciation, was \$0.8 million and \$0.9 million as of March 31, 2012 and 2011, respectively.

5. Programming Costs

Programming costs consist of the following (in thousands):

	March 31					
	2012			2011		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Acquired programming costs	\$ 11,789	\$ 16,245	\$ 28,034	\$ 10,105	\$ 30,547	\$ 40,652
In-house programming costs	381	—	381	373	—	373
	<u>\$ 12,170</u>	<u>\$ 16,245</u>	<u>\$ 28,415</u>	<u>\$ 10,478</u>	<u>\$ 30,547</u>	<u>\$ 41,025</u>

5. Programming Costs (continued)

The acquired programming costs balance at March 31, 2012 reflects all delivered episodes available for broadcast. There are additional episodes contractually committed under the license agreements that will be delivered in future periods. Amortization expense related to acquired programming costs for the years ended March 31, 2012 and 2011 was \$33.0 and \$12.2 million, respectively, which includes impairment costs of \$13.8 million and \$1.3 million for the years ended March 31, 2012 and 2011, respectively.

The in-house programming costs balance consists of all capitalized costs for episodes in production or completed but not aired as of March 31, 2012 and 2011.

6. Amortizable Intangible Assets

Amortizable intangible assets consist primarily of customer relationships and trademarks. The composition of the Company's amortizable intangible assets and the associated accumulated amortization (in thousands) is as follows:

	Weighted-Average Remaining Life in Years	Range of Remaining Life in Years	March 31					
			2012			2011		
			Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	7	2 - 8	\$ 66,340	\$ (20,124)	\$ 46,216	\$ 66,340	\$ (13,559)	\$ 52,781
Trademark/tradename	14	0 - 17	10,250	(2,810)	7,440	10,250	(2,369)	7,881
License agreements	1	0 - 3	1,510	(1,364)	146	1,510	(1,314)	196
			<u>\$ 78,100</u>	<u>\$ (24,298)</u>	<u>\$ 53,802</u>	<u>\$ 78,100</u>	<u>\$ (17,242)</u>	<u>\$ 60,858</u>

The aggregate amount of amortization expense associated with the Company's intangible assets for the years ending March 31, 2012 and 2011 was approximately \$7.1 and \$9.3 million, respectively. The estimated aggregate amortization expense for each of the years ending March 31, 2013 through 2017 is approximately \$7.1 million, \$7.0 million, \$6.8 million, \$6.7 million, and \$5.7 million, respectively.

7. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities consist of the following (in thousands):

	March 31	
	2012	2011
Payroll-related accruals	\$ 3,371	\$ 4,380
Accounts payable	3,207	5,104
Minimum audience guarantees	2,202	1,093
Advertising accruals	1,908	1,865
Unfavorable lease adjustment	823	1,043
Customer credits	665	3,306
Other	2,597	1,211
	<u>\$ 14,773</u>	<u>\$ 18,002</u>

8. Long-Term Obligations

Accrued Programming Costs

Accrued programming costs at March 31, 2012 and 2011 represent the present value of payments remaining on delivered episodes using a discount rate of 3.25%.

Future payments of programming costs (in thousands) are as follows:

	Year Ended March 31						Total
	2013	2014	2015	2016	2017	Thereafter	
Contractual commitments	\$ 11,660	\$ 6,427	\$ 6,223	\$ 1,509	—	—	\$ 25,819
Imputed interest							(999)
Undelivered episodes							(3,223)
							<u>\$ 21,597</u>

Commitments represent future minimum payments as required by contracted license agreements, relating to the purchase of programming. Future payments under these obligations are based on contractual due dates. The amounts include imputed interest payments associated with the obligations on delivered episodes.

8. Long-Term Obligations (continued)

Lease Obligations

Future minimum lease payments under capital and noncancelable operating leases at March 31, 2012, are as follows (in thousands):

	<u>Capital Lease</u>	<u>Operating Leases</u>
Year ending March 31:		
2013	\$ 1,600	\$ 3,445
2014	1,600	3,183
2015	1,600	2,023
2016	1,600	1,517
2017	1,600	—
Thereafter	3,866	—
Total future minimum lease payments	<u>11,866</u>	<u>10,168</u>
Less amount representing interest at 6.65%	(2,521)	—
Net future minimum lease payments	<u>\$ 9,345</u>	<u>\$ 10,168</u>

The Company leases office premises and equipment. Certain of the Company's operating leases have renewal options upon expiration of current terms. The Company's primary facilities are located in Hollywood, California, Tulsa, Oklahoma, and New York, New York. Rent expense recorded to general and administrative expense was \$3.2 million for the years ended March 31, 2012 and 2011. This excludes rent of \$0.5 million each year for studio production facilities, which is recorded as in-house production expense.

Other Long-Term Obligations

Other contractual commitments for the years ending March 31, 2013 through 2017 and thereafter are approximately \$4.0 million, \$2.7 million, \$2.6 million, \$1.4 million, \$1.0 million, and \$0.6 million, respectively, relating to service and data license agreements. The Company also has contractual commitments of \$3.5 million, \$3.5 million, \$3.5 million, \$3.5 million, and \$1.2 million, for the years ending March 31, 2013 through 2017, respectively, to be paid to a related party for acquired programming, as discussed in Note 11.

9. Mandatorily Redeemable Preferred Units, Members' Equity (Deficit), and Share-Based Compensation

The Company had 100,000 mandatorily redeemable Preferred Units and 100,000 B-1 Common Units outstanding at March 31, 2012.

The Preferred Units are mandatorily redeemable and carry a dividend rate of 10% compounded annually. These units are redeemable in May 2019 at the stated value plus the dividend return and any additional capital contributions less previous distributions. The Preferred Units were

9. Mandatorily Redeemable Preferred Units, Members' Equity (Deficit), and Share-Based Compensation (continued)

initially recorded based on their estimated fair value, as determined using an option pricing model methodology, as a liability in the accompanying consolidated balance sheets.

The Preferred Units and the 10% dividend are being accreted, through charges to interest expense, up to their redemption amounts, over the 10-year period to the redemption date. During the years ended March 31, 2012 and 2011, the Company paid \$0 and \$20 million of accrued dividends to the Preferred Unit holders.

The Preferred Units and Series B-1 Common Units are nonvoting units; however, only the Preferred Unit holders can elect the board of managers. Assuming no additional distributions, dividends, or additional capital contributions, the redemption amount would be \$618.6 million at May 2019. The redemption value as of March 31, 2012, based on the stated value and the dividend earned through that date, would be \$312.5 million. The fair value as of March 31, 2012 was \$284.4 million.

The board of managers has authorized the issuance of up to 8,889 Series B-2 Common Units ("B-2 Common Units") that vest over five years and 2,223 B-2 Common Units that may be granted through a junior unit that only vests if there is an exit event, as defined, with a return to Members upon exit of between 350% and 500% or more of the Members' investment. During the year ended March 31, 2010, the Company granted 3,556 B-2 Common Units to an employee. These units granted were valued at fair value at grant date and are being expensed as earned over the five-year vesting period. Total compensation expense recorded for these units amounted to \$0.5 million and \$0.5 million during the years ended March 31, 2012 and 2011, respectively. The fair values of the units were determined based on the value of the Company's May 28, 2009 sale of Lions Gate's 49% interest to OEP. The fair value per unit was \$706 at the time of grant. Unrecognized compensation expense as of March 31, 2012 is \$1.1 million.

10. Interest Expense

Interest expense, net (in thousands) consists of the following:

	Year Ended March 31	
	2012	2011
Interest expense:		
Preferred Units and dividend accretion	\$ 29,687	\$ 27,704
Equipment under capital lease	656	717
Acquired programming	1,186	1,173
	31,529	29,594
Interest income	(11)	(38)
	\$ 31,518	\$ 29,556

11. Related-Party Transactions

Amounts due to related parties total approximately \$13.6 million and \$12.7 million at March 31, 2012 and 2011, respectively, including \$11.9 million and \$11.9 million due to Lions Gate for accrued programming costs at March 31, 2012 and 2011, respectively. The Company is subject to various advertising and other media agreements with Lions Gate. For the years ended March 31, 2012 and 2011, under the agreements, the Company recognized approximately \$1.9 million and \$2.1 million in advertising revenue, respectively. The Company also recognized \$0.5 million in other revenue for the year ended March 31, 2012, related to a television distribution agreement with Lions Gate.

The Company entered into various acquired programming agreements with Lions Gate. Under the agreements, the Company recognized approximately \$7.8 million and \$1.6 million in programming expenses for the years ended March 31, 2012 and 2011, respectively.

In addition, the Company is charged a shared service fee by Lions Gate for human resource, payroll management, corporate finance, information technology support, and general management services. The shared service fee for the years ended March 31, 2012 and 2011 was \$1.0 million and \$1.3 million, respectively. The Company is also charged a fee for allocated insurance premiums. The insurance charge was \$0.4 million for each of the years ended March 31, 2012 and 2011.

12. Litigation and Other Contingencies

The Company is, from time to time, involved in various claims, legal proceedings, and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any such pending or threatened proceedings, or any amount which the Company might be required to pay by reason thereof, would have a material adverse effect on the financial condition or future operating results of the Company.

13. Employee Benefit Plan

The Company has a defined contribution plan under Internal Revenue Code Section 401(k) covering all eligible employees. The plan includes a discretionary match provision, matching employees' voluntary contributions up to \$1,000 per employee. The Company incurred charges of \$0.1 million and \$0.2 million for employer matching contributions to the plan for the years ended March 31, 2012 and 2011, respectively.

14. Supplemental Cash Flow Information

The Company paid \$1.0 million and \$0.9 million in interest for the years ended March 31, 2012 and 2011, respectively.

CONSOLIDATED FINANCIAL STATEMENTS

**TV Guide Entertainment Group, LLC
Years Ended March 31, 2011 and 2010
With Report of Independent Auditors**

TV Guide Entertainment Group, LLC

Consolidated Financial Statements

Years Ended March 31, 2011 and 2010

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Report of Independent Auditors

The Board of Managers
TV Guide Entertainment Group, LLC

We have audited the accompanying consolidated balance sheets of TV Guide Entertainment Group, LLC (the “Company”) as of March 31, 2011 and 2010, and the related consolidated statements of operations, changes in members’ equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TV Guide Entertainment Group, LLC at March 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Los Angeles, California
May 31, 2011

TV Guide Entertainment Group, LLC

Consolidated Balance Sheets

(In thousands)

	March 31	
	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,734	\$ 22,179
Accounts receivable, net	21,168	19,698
Programming costs	10,478	2,820
Prepaid expenses and other current assets	1,117	1,266
Total current assets	<u>43,497</u>	<u>45,963</u>
Noncurrent assets:		
Property and equipment, net	16,995	21,163
Programming costs, net of current portion	30,547	16,723
Amortizable intangible assets, net	60,858	70,137
Goodwill	152,599	152,599
Other assets	246	310
Total assets	<u>\$ 304,742</u>	<u>\$ 306,895</u>
Liabilities and members' equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 18,002	\$ 16,963
Due to related party	3,679	965
Current portion of capital lease obligation	944	883
Deferred revenue	1,933	2,033
Accrued programming costs	7,568	3,280
Total current liabilities	<u>32,126</u>	<u>24,124</u>
Noncurrent liabilities:		
Capital lease obligation, net of current portion	9,345	10,289
Deferred revenue, net of current portion	4,360	5,388
Due to related party, net of current portion	8,994	
Accrued programming costs, net of current portion	17,655	14,497
Mandatorily redeemable preferred units	200,724	193,021
Total liabilities	<u>273,204</u>	<u>247,319</u>
Members' equity	31,538	59,576
Total liabilities and members' equity	<u>\$ 304,742</u>	<u>\$ 306,895</u>

See accompanying notes.

TV Guide Entertainment Group, LLC

Consolidated Statements of Operations

(In thousands)

	Year Ended March 31	
	2011	2010
Revenues:		
Advertising, including related party advertising of \$2,133 and \$2,473, respectively	\$ 83,857	\$ 88,181
Subscriber fees	30,321	27,110
Other	1,502	702
Total revenues	115,680	115,993
Cost of services:		
Programming, including related party programming of \$1,586 and \$1,228, respectively	36,368	36,842
Other direct costs	2,001	1,933
Total cost of services	38,369	38,775
Other expenses:		
Advertising	13,963	11,143
Selling, general and administrative, including related party charges of \$1,279 and \$1,066, respectively	46,950	44,770
Depreciation and amortization	15,331	18,800
Total other expenses	76,244	74,713
Operating income	1,067	2,505
Interest expense, net	(29,556)	(21,503)
Loss before income taxes	(28,489)	(18,998)
Income tax expense	(51)	(689)
Net loss	\$ (28,540)	\$ (19,687)

See accompanying notes.

TV Guide Entertainment Group, LLC

Consolidated Statements of Changes in Members' Equity

(In thousands)

	Common Shares		Members'	Common Units		Accumulate	Total
	Number	Amount	Interest Amount	Number	Amount	d Deficit	
Balance at March 31, 2009	100	\$ 243,158	\$ —	—	\$ —	\$ (1,273)	\$ 241,885
Conversion of TV Guide Entertainment Group, Inc. to TV Guide Entertainment Group, LLC	(100)	(243,158)	243,158	—	—	—	—
Sale of member's interest in TV Guide Entertainment Group, LLC and issuance of Series B-1 Common Units	—	—	(243,158)	100	80,112	—	(163,046)
Share-based compensation	—	—	—	—	424	—	424
Net loss	—	—	—	—	—	(19,687)	(19,687)
Balance at March 31, 2010	—	—	—	100	80,536	(20,960)	59,576
Share-based compensation	—	—	—	—	502	—	502
Net loss	—	—	—	—	—	(28,540)	(28,540)
Balance at March 31, 2011	—	\$ —	\$ —	100	\$ 81,038	\$ (49,500)	\$ 31,538

See accompanying notes.

TV Guide Entertainment Group, LLC

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended March 31	
	2011	2010
Operating activities		
Net loss	\$ (28,540)	\$ (19,687)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	15,331	18,800
Amortization of programming costs	36,368	36,842
Allowance for doubtful accounts	(119)	764
Share-based compensation	502	424
Interest accretion on preferred units and 10% dividend	27,703	20,587
Dividend to Preferred Unit holders	(20,000)	–
Changes in operating assets and liabilities:		
Accounts receivable	(1,351)	(3,729)
Programming costs	(57,850)	(55,197)
Prepaid expenses and other assets	213	272
Accounts payable and other accrued liabilities	1,039	3,953
Due to related party	11,708	(5,054)
Accrued programming costs	7,446	17,777
Deferred revenue	(1,128)	(1,099)
Net cash (used in) provided by operating activities	(8,678)	14,653
Investing activities		
Additions to property and equipment	(1,884)	(4,298)
Cash used in investing activities	(1,884)	(4,298)
Financing activities		
Repayment of capital lease obligations	(883)	(826)
Cash funding on closing of sale of member's interest	–	9,054
Net cash (used in) provided by financing activities	(883)	8,228
Net change in cash and cash equivalents	(11,445)	18,583
Cash and cash equivalents at beginning of year	22,179	3,596
Cash and cash equivalents at end of year	\$ 10,734	\$ 22,179

See accompanying notes.

1. Description of Business, Organization and Basis of Presentation

Description of Business

TV Guide Entertainment Group, LLC, a limited liability company (“the Company”), was formed pursuant to a Limited Liability Agreement dated May 28, 2009. TV Guide Entertainment Group, LLC includes the operations of its consolidated subsidiaries, which include TV Guide Network, TV Guide Online, TV Guide Broadband and TV Guide Video On Demand. The Company conducts substantially all of its business in the United States.

TV Guide Network offers entertainment and television guidance-related programming as well as localized program listings and descriptions primarily in the United States. TV Guide Network is typically included in a basic or expanded basic viewing package offered by cable or satellite operators to their subscribers. TV Guide Online is currently comprised of two entertainment websites, led by tvguide.com, which feature a combination of entertainment news, video programming, celebrity information, localized channel listings, editorial guidance, community features and search features. TV Guide Video On Demand and TV Guide Broadband are advertiser supported, video-on-demand services featuring short-form, originally produced entertainment programs about television programming. TV Guide Broadband is available on www.tvguide.com and is also distributed on major video portals such as Hulu and YouTube.

Organization and Basis of Presentation

In January 2009, Lions Gate Entertainment Corp. (“Lions Gate”) entered into an Equity Purchase Agreement with Macrovision Solutions Corporation (“Macrovision,” later re-named as Rovi Corporation, “Rovi”), for the purchase of all of the issued and outstanding equity interests of TV Guide Entertainment Group, Inc. The acquisition closed on February 28, 2009. At the time of the acquisition, Lions Gate allocated its purchase price to the estimated fair values of the tangible and intangible assets and liabilities of TV Guide Entertainment Group, Inc. The purchase price allocation has been pushed down to the Company. The excess of the purchase price over the estimated fair value of the net tangible and intangible assets and liabilities acquired was recorded as goodwill. The Company believes the goodwill represents the value of its existing workforce and position in the industry.

Conversion to a Limited Liability Company. On May 18, 2009, the Company was converted to a limited liability company, and the previous common shares of TV Guide Entertainment Group, Inc. were effectively exchanged for members’ interest in TV Guide Entertainment Group, LLC.

1. Description of Business, Organization and Basis of Presentation (continued)

Sale of Interest in the Company. On May 28, 2009, Lions Gate entered into a Purchase Agreement with One Equity Partners (“OEP”), the global private equity investment arm of JPMorgan Chase Bank N.A., pursuant to which OEP purchased 49% of Lions Gate’s interest in TV Guide Entertainment Group, LLC. In addition, OEP reserved the option of buying another 1% of TV Guide Entertainment Group, LLC under certain circumstances. The arrangement contains joint control rights, as evidenced in an operating agreement as well as certain transfer restrictions and exit rights. In connection with the transaction, the Company issued 49,000 Series A Preferred Units (“Preferred Units”) and 49,000 Series B-1 Common Units (“B-1 Common Units”) to OEP in exchange for cash consideration paid to Lions Gate, and 51,000 Preferred Units and 51,000 B-1 Common Units to Lions Gate in exchange for Lions Gate’s membership interest.

The Preferred Units are mandatorily redeemable and carry a dividend rate of 10% compounded annually. These units are redeemable in May 2019 at the stated value plus the dividend return and any additional capital contributions less previous distributions. The Preferred Units were initially recorded based on their estimated fair value, as determined using an option pricing model methodology, as a liability in the consolidated balance sheets.

The Preferred Units and the 10% dividend are being accreted, through charges to interest expense, up to their redemption amounts, over the ten-year period to the redemption date. During the year ended March 31, 2011, the Company paid \$20 million of accrued dividends to the Preferred Unit holders.

2. Significant Accounting Policies

Generally Accepted Accounting Principles

These consolidated financial statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”). The U.S. dollar is the functional currency of the Company’s businesses.

Principles of Consolidation

All material intercompany balances and transactions between the entities that comprise the Company have been eliminated.

2. Significant Accounting Policies (continued)

Revenue Recognition

Revenues primarily consist of advertising revenues and subscriber fees.

Advertising Revenues. Advertising revenues are earned and recognized when the advertising spot is displayed or aired on the Company's distribution platforms. Advertising revenues are recorded net of agency commissions and discounts. Cash payments received in advance for advertising are deferred until earned, at which time revenue is recognized.

Network advertising contracts may guarantee the advertiser a minimum audience for its advertisements over the term of the contracts. Revenues are only recognized when those minimum requirements are met. The determination of whether such audience minimums have been met is based on information provided by ratings services companies and historical experience. If the minimum guaranteed audience requirements are not met, the Company provides the advertiser additional advertising time until the minimum audience guarantees have been met. A liability is recorded for the amount of the contract fee which has not yet achieved the minimum audience guarantee. This liability is recognized as revenue when minimum audience guarantees have been met.

Subscriber Fees. The Company has entered into agreements with cable operators and digital broadcast satellite providers for the licensing or distribution of its services in exchange for "subscriber fees" generally calculated on a per-subscriber basis. Subscriber fees revenue from the distribution of TV Guide Network programming is recognized in the month the services are provided. Payments received in advance for subscription services are deferred until the month earned, at which time revenue is recognized.

Barter Transactions

The Company enters into transactions that exchange advertising time for program license rights. Advertising barter transactions are recorded at the estimated fair value of the advertising surrendered and recognized as the related advertising units are aired.

For the years ended March 31, 2011 and 2010, the Company recognized barter revenues and expenses of \$1.6 million and \$2.2 million, respectively. Such amounts are included in Advertising Revenues and Programming Cost of Services, respectively, in the accompanying consolidated statements of operations.

2. Significant Accounting Policies (continued)

Advertising Expense

Marketing and promotion costs to promote the Company's distribution platforms are expensed when incurred and are classified as advertising expense in the consolidated statements of operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits at financial institutions and money market mutual funds. The Company considers all highly liquid investments with maturities of three months or less when acquired to be cash equivalents.

Programming Costs

For programs produced by the Company, capitalized costs include all direct production costs and production overhead. Costs for programs produced are expensed over the economic life of the program in relation to revenues generated. If the content of the program deals with current events, program costs are generally expensed upon first airing. The valuation of the cost of programs produced is evaluated on a program-by-program basis. When an event or change in circumstances indicates that the fair value of the program is less than its unamortized cost, the program is written down to its estimated fair value.

For acquired programs, the cost of acquired programming is capitalized and a liability is recorded upon delivery of the episodes acquired. The liability represents the present value of the contractual cash payments scheduled over the license period. Capitalized costs of programs acquired are allocated to the estimated number of projected runs over the program license period and subsequently amortized as those runs are aired. Acquired programming costs are stated at the lower of unamortized cost or net realizable value.

2. Significant Accounting Policies (continued)

Property and Equipment and Amortizable Intangible Assets

Property and equipment and amortizable intangible assets are recorded at cost, or fair value as of the date of the Lions Gate acquisition. Property and equipment and amortizable intangible assets are depreciated using the straight-line method over the estimated useful lives of the assets. Assets acquired under capital lease arrangements are recorded at the present value of the minimum lease payments and are amortized over the shorter of the lease term or useful life of the leased asset. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the useful life of the leasehold improvement.

Estimated useful lives of property and equipment and amortizable intangible assets are as follows:

Machinery and equipment, furniture and fixtures	3 – 7 years
Computer equipment and software	3 years
Transponder under capital lease	15 years
Customer relationships	7 – 11 years
Trademark/tradename	2 – 20 years
License agreements	2 – 6 years
Internal use software	2 years

The Company periodically reviews and evaluates the recoverability of property and equipment and amortizable intangible assets. Where applicable, estimates of net future cash flows, on an undiscounted basis, are calculated based on future revenue and cost estimates. If undiscounted cash flow estimates are less than the carrying value, a reduction in the carrying amount is recorded to adjust the carrying amount to fair value, which approximates discounted cash flows.

Goodwill

Goodwill represents the excess of acquisition costs over the fair value of the tangible and intangible assets acquired and liabilities assumed in the acquisition of the Company by Lions Gate on February 28, 2009. Goodwill is not amortized but is reviewed for impairment annually within each fiscal year or between the annual tests if an event occurs or circumstances change that indicates it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The impairment test follows a two-step approach. The first step determines if the goodwill is potentially impaired, and the second step measures the amount of the impairment loss, if necessary. Under the first step, goodwill is considered potentially impaired if the fair

2. Significant Accounting Policies (continued)

value of the reporting unit is less than the reporting unit's carrying amount, including goodwill. Under the second step, the impairment loss is then measured as the excess of recorded goodwill over the fair value of the goodwill, as calculated. The fair value of goodwill is calculated by allocating the fair value of the reporting unit to all the assets and liabilities of the reporting unit as if the reporting unit was purchased in a business combination and the purchase price was the fair value of the reporting unit. The Company performs its annual impairment test as of January 1 in each fiscal year. The Company performed its annual impairment test on its goodwill as of January 1, 2011. No goodwill impairment was identified.

Other Assets

Other assets include prepaid expenses and security deposits.

Share-Based Compensation

Accounting rules require the measurement of all share-based awards using a fair value method and the recognition of the related share-based compensation expense in the consolidated financial statements over the requisite service period.

Income Taxes

The Company mainly operates as limited liability companies, so any federal and state tax exposure is minimal. For limited liability companies, federal and state income taxes are liabilities of the individual members. The Company's tax returns and the amount of allocable profits or losses are subject to examination by federal and state taxing authorities. If such examinations result in changes to profits and losses, the income tax liability of the members may also change. As a result, only minimal federal and state income tax expense has been recorded in these consolidated financial statements for the year ending March 31, 2011. The provision is mainly derived from federal and state income taxes.

Tax expense in the year ended March 31, 2010 primarily represents the tax impact of net earnings prior to the Company's conversion to a limited liability structure.

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Carrying amounts of certain of the Company's financial instruments, including accounts receivable, accounts payable and accrued liabilities, approximate their fair value because of their short maturities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant estimates made by management in the preparation of the consolidated financial statements relate to estimating the provision for doubtful accounts; estimating the number of program runs for acquired programming amortization; estimating the useful lives of property and equipment and amortizable intangible assets; and impairment assessments for programming cost, property and equipment, goodwill and amortizable intangible assets. Actual results could differ from such estimates.

Credit Risk and Significant Concentrations

Accounts that potentially subject the Company to a concentration of credit risk principally consist of trade receivables. For the years ended March 31, 2011 and 2010, there were no revenues from one single customer in excess of 10% of total revenues. As of March 31, 2011 and 2010, there was no single customer that accounted for 10% or more of the total accounts receivable balance. The Company does not require collateral and evaluates its outstanding accounts receivable each period for collectability. This evaluation involves assessing the aging of the amounts due and reviewing the creditworthiness of each customer. Based on this evaluation, the Company records an allowance for accounts receivable that are estimated to not be collectible.

Subsequent Events

The Company has evaluated all events and transactions subsequent to March 31, 2011 through the date of issuance, May 31, 2011. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In October 2009, new guidance was issued related to the accounting for multiple-deliverable revenue arrangements. This new guidance amends the existing guidance for separating consideration in multiple-deliverable arrangements and establishes a hierarchy for determining the selling price of a deliverable. The pronouncement is effective for fiscal years beginning on or after June 15, 2010. The Company will adopt the provisions of this new guidance on April 1, 2011. The Company is currently determining the impact on its consolidated financial statements.

3. Accounts Receivable

Accounts receivable consists of the following (in thousands):

	March 31	
	2011	2010
Accounts receivable	\$ 22,874	\$ 21,523
Allowance for doubtful accounts	(1,706)	(1,825)
Accounts receivable, net	<u>\$ 21,168</u>	<u>\$ 19,698</u>

4. Property and Equipment

Property and equipment consists of the following (in thousands):

	March 31	
	2011	2010
Equipment under capital lease	\$ 12,065	\$ 12,065
Furniture and fixtures	1,050	1,170
Computer equipment and software	8,539	8,632
Machinery and equipment	7,497	5,883
Leasehold improvements	3,588	3,917
	<u>32,739</u>	<u>31,667</u>
Less accumulated depreciation and amortization	(15,744)	(10,504)
Property and equipment, net	<u>\$ 16,995</u>	<u>\$ 21,163</u>

4. Property and Equipment (continued)

Depreciation and amortization expense related to property and equipment was \$6.1 million and \$9.4 million for the years ended March 31, 2011 and 2010, respectively, including amortization of equipment under capital lease of \$1.2 million in each year. Accumulated amortization of equipment under capital lease was \$2.4 million and \$1.2 million at March 31, 2011 and 2010, respectively.

5. Programming Costs

Programming costs consist of the following (in thousands):

	March 31					
	2011			2010		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Acquired programming costs	\$ 10,105	\$ 30,547	\$ 40,652	\$ 2,530	\$ 16,723	\$ 19,253
In-house programming costs	373	–	373	290	–	290
	<u>\$ 10,478</u>	<u>\$ 30,547</u>	<u>\$ 41,025</u>	<u>\$ 2,820</u>	<u>\$ 16,723</u>	<u>\$ 19,543</u>

The acquired programming costs balance at March 31, 2011 reflects all delivered episodes. There are additional episodes contractually committed under the license agreements that will be delivered in future periods. Amortization expense related to acquired programming costs for the years ended March 31, 2011 and 2010 was \$12.2 million and \$2.6 million, respectively.

The in-house programming costs balance consists of all capitalized costs for episodes in production or completed but not aired as of March 31, 2011 and 2010.

6. Amortizable Intangible Assets

Amortizable intangible assets consist primarily of customer relationships and trademarks. The composition of the Company's amortizable intangible assets and the associated accumulated amortization (in thousands) is as follows:

	Weighted-Average Remaining Life in Years	Range of Remaining Life in Years	March 31					
			2011			2010		
			Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	8	3 – 9	\$ 66,340	\$ (13,559)	\$ 52,781	\$ 66,340	\$ (6,993)	\$ 59,347
Trademark/tradename	15	0 – 18	10,250	(2,369)	7,881	10,250	(1,263)	8,987
License agreements	1	0 – 4	1,510	(1,314)	196	1,510	(710)	800
Internal use software	0	0	2,200	(2,200)	–	2,200	(1,197)	1,003
			<u>\$ 80,300</u>	<u>\$ (19,442)</u>	<u>\$ 60,858</u>	<u>\$ 80,300</u>	<u>\$ (10,163)</u>	<u>\$ 70,137</u>

The aggregate amount of amortization expense associated with the Company's intangible assets for the years ending March 31, 2011 and 2010 was approximately \$9.3 million and \$9.4 million, respectively. The estimated aggregate amortization expense for each of the years ending March 31, 2012 through 2016 is approximately \$7.1 million, \$7.1 million, \$7.0 million, \$6.8 million, and \$6.7 million, respectively.

7. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities consist of the following (in thousands):

	March 31	
	2011	2010
Accounts payable	\$ 5,104	\$ 3,646
Payroll-related accruals	4,380	4,262
Customer credits	3,306	2,755
Advertising accruals	1,865	901
Unfavorable lease adjustment	1,043	1,262
Other	2,304	4,137
	<u>\$ 18,002</u>	<u>\$ 16,963</u>

8. Long-Term Obligations

Accrued Programming Costs

Accrued programming costs at March 31, 2011 and 2010 represent the present value of payments remaining on delivered episodes using a discount rate of 3.25%.

Future payments of programming costs (in thousands) are as follows:

	Year Ended March 31						
	2012	2013	2014	2015	2016	Thereafter	Total
Contractual commitments	\$ 7,943	\$ 6,585	\$ 5,629	\$ 5,954	\$ 1,509	\$ –	\$ 27,620
Imputed interest							(1,651)
Undelivered episodes							(746)
							<u>\$ 25,223</u>

Commitments represent future minimum payments as required by contracted license agreements, relating to the purchase of programming. Future payments under these obligations are based on contractual due dates. The amounts include imputed interest payments associated with the obligations.

Lease Obligations

Future minimum lease payments under capital and noncancelable operating leases at March 31, 2011, are as follows (in thousands):

	Capital Lease	Operating Leases
Year ending March 31:		
2012	\$ 1,600	\$ 3,209
2013	1,600	3,580
2014	1,600	3,183
2015	1,600	2,023
2016	1,600	1,517
Thereafter	5,467	–
Total future minimum lease payments	<u>13,467</u>	<u>13,512</u>
Less amount representing interest at 6.65%	3,178	–
Net future minimum lease payments	<u>\$ 10,289</u>	<u>\$ 13,512</u>

8. Long-Term Obligations (continued)

The Company leases office premises and equipment. Certain of the Company's operating leases have renewal options upon expiration of current terms. The Company's primary facilities are located in Hollywood, California, Tulsa, Oklahoma, and New York, New York. Rent expense recorded to general and administrative expense was \$3.2 million and \$3.1 million for the years ended March 31, 2011 and 2010, respectively. This excludes rent of \$0.5 million each year for studio production facilities, which is recorded as in-house production expense.

Other Long-Term Obligations

Other contractual commitments for the years ending March 31, 2012 through 2016 and thereafter are approximately \$3.1 million, \$2.6 million, \$2.5 million, \$2.5 million, \$1.4 million, and \$1.5 million, respectively, relating to service and data license agreements. The Company also has contractual commitments of \$3.5 million, \$3.5 million, \$3.5 million, \$3.5 million, \$3.5 million and \$1.2 million, for the years ending March 31, 2012 through 2016 and thereafter, respectively, to be paid to a related party, as discussed in Note 11.

9. Mandatorily Redeemable Preferred Units, Members' Equity and Share-Based Compensation

The Company had 100,000 mandatorily redeemable Preferred Units and 100,000 B-1 Common Units outstanding at March 31, 2011. The Preferred Units carry a 10% dividend compounded annually and are payable at maturity. The carrying value of the Preferred Units was \$200.7 million as of March 31, 2011, and \$193.0 million as of March 31, 2010, including accretion through March 31, 2011 of its redemption value at maturity and the 10% dividend, less a \$20.0 million dividend to the Preferred Unit Holders discussed below. The accretion is calculated using the effective interest method and recorded as interest expense. The Preferred Units and Series B-1 Common Units are non-voting units; however, only the Preferred Unit holders can elect the board of managers. The Preferred Units are redeemable in May 2019 at the stated value plus the dividend return and any additional capital contributions less previous distributions. On March 8, 2011, the Company paid a dividend of \$20.0 million of the accreted interest to the Preferred Unit Holders. Assuming no additional distributions, dividends or additional capital contributions, the redemption amount would be \$618.6 million at May 2019. The redemption value as of March 31, 2011, based on the stated value and the dividend earned through that date, would be \$284.1 million.

9. Mandatorily Redeemable Preferred Units, Members' Equity and Share-Based Compensation (continued)

The board of managers has authorized the issuance of up to 8,889 Series B-2 Common Units ("B-2 Common Units") that vest over five years and 2,223 B-2 Common Units that may be granted through a junior unit that only vests if there is an exit event, as defined, with a return to Members upon exit of between 350% and 500% or more of the Members' investment. During the year ended March 31, 2010, the Company granted 3,556 B-2 Common Units for services rendered by an employee. These units granted were valued at fair value at grant date and are being expensed as earned over the five-year vesting period. Total compensation expense recorded for these units amounted to \$0.5 million and \$0.4 million during the years ended March 31, 2011 and 2010, respectively. The fair values of the units were determined based on the value of the Company's May 28, 2009, sale of Lions Gate's 49% interest to OEP. The fair value per unit was \$706 at the time of grant. Unrecognized compensation expense as of March 31, 2011 is \$1.6 million.

10. Interest Expense

Interest expense, net (in thousands) consists of the following:

	Year Ended March 31	
	2011	2010
Interest expense:		
Preferred Units and dividend accretion	\$ 27,704	\$ 20,587
Equipment under capital lease	717	774
Acquired programming	1,173	169
	<u>29,594</u>	<u>21,530</u>
Interest income	(38)	(27)
	<u>\$ 29,556</u>	<u>\$ 21,503</u>

11. Related Party Transactions

Amounts due to related parties total approximately \$12.7 million and \$1.0 million at March 31, 2011 and 2010, respectively, including \$11.9 million and \$0.5 million due to Lions Gate for accrued programming costs at March 31, 2011 and 2010, respectively. The Company is subject to various advertising and other media agreements with Lions Gate. For the years ended March 31, 2011 and 2010, under the agreements, the Company recognized approximately \$2.1 million and \$2.5 million in advertising revenue, respectively.

The Company entered into various acquired programming agreements with Lions Gate. Under the agreements, the Company recognized approximately \$1.6 million and \$1.2 million in programming expenses for the years ended March 31, 2011 and 2010, respectively.

In addition, the Company is charged a shared service fee by Lions Gate for human resource, payroll management, corporate finance, information technology support, and general management services. The shared service fee for the years ended March 31, 2011 and 2010 was \$1.3 million and \$1.1 million, respectively.

12. Litigation and Other Contingencies

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any such pending or threatened proceedings, or any amount which the Company might be required to pay by reason thereof, would have a material adverse effect on the financial condition or future operating results of the Company.

13. Employee Benefit Plan

The Company has a defined contribution plan under Internal Revenue Code Section 401(k) covering all eligible employees. The plan includes a discretionary match provision, matching employees' voluntary contributions up to \$1,000 per employee. The Company incurred charges of \$0.2 million and \$0.4 million for employer matching contributions to the plan for the years ended March 31, 2011 and 2010, respectively.

14. Supplemental Cash Flow Information

The Company paid \$0.1 million in taxes for each of the years ended March 31, 2011 and 2010.