



FOR IMMEDIATE RELEASE

## CINEPLEX GALAXY INCOME FUND Reports Record Fourth Quarter and Full Year Results

**TORONTO, CANADA**, February 11, 2010 (TSX: CGX.UN) – Cineplex Galaxy Income Fund (the “Fund”) today released its financial results for the fourth quarter and full year of 2009.

### Full Year Results

	<b>2009</b>	<b>2008</b>	<b>Year over Year Change</b>
<b>Total Revenues</b>	\$964.3 million	\$849.7 million	+13.5%
<b>Attendance</b>	70.0 million	63.5 million	+10.2%
<b>Other Revenue</b>	\$95.0 million	\$87.1 million	+9.0%
<b>Net Income</b>	\$53.4 million	\$29.0 million	+84.3%
<b>Adjusted EBITDA</b>	\$159.9 million	\$140.5 million	+13.8%
<b>Adjusted EBITDA Margin</b>	16.6%	16.5%	+0.1%
<b>Distributable Cash Per Unit</b>	\$2.141	\$1.855	+15.4%

### Fourth Quarter Results

	<b>Three months ended December 31, 2009</b>	<b>Three months ended December 31, 2008</b>	<b>Period over Period Change</b>
<b>Total Revenues</b>	\$247.2 million	\$211.4 million	+16.9%
<b>Attendance</b>	17.1 million	15.2 million	+12.3%
<b>Other Revenue</b>	\$30.7 million	\$27.3 million	+12.6%
<b>Net Income</b>	\$9.5 million	\$6.9 million	+37.6%
<b>Adjusted EBITDA</b>	\$38.1 million	\$35.0 million	+8.7%
<b>Adjusted EBITDA Margin</b>	15.4%	16.6%	-1.2%
<b>Distributable Cash Per Unit</b>	\$0.462	\$0.451	+2.4%

Period over period change calculated based on thousands of dollars except percentage and per unit values.

“Cineplex Entertainment experienced a tremendous fourth quarter and full-year performance resulting in our best year ever,” said Ellis Jacob, President and CEO. “We achieved all-time records in key performance metrics including box office, concession, other and total revenues. This culminated in record annual Adjusted EBITDA of \$159.9 million, up 13.8%, and distributable cash of \$2.141 per unit, up 15.4% versus 2008. Adjusted EBITDA for 2009 was negatively impacted by non-recurring items including a pension settlement loss of \$2.4 million recorded in the third quarter and charges of \$2.9 million (of which \$2.2 million was recorded in the fourth quarter) related to a lease guarantee claim and pre-Famous Players acquisition legal reserves. Excluding these items, Adjusted EBITDA would have been \$165.2 million and Adjusted EBITDA margin would have been 17.1%. Of particular note is the 10.2% growth in annual attendance to 70 million guests and the 84.3% increase in net income to \$53.4 million versus 2008,” said Jacob.

“Avatar played just 13 days during 2009 and was the top performing film of the fourth quarter. Avatar’s success combined with the year’s other 3D films support our installation of 100 additional 3D projection systems during 2009 in advance of the Industry rollout. In 2010, additional 3D systems will be added to ensure we are well positioned to capitalize on the ever expanding 3D film schedule. During 2009 we continued to diversify our business beyond the traditional movie exhibition model. Our SCENE loyalty program added approximately 735,000 new members, reaching the milestone of 2 million members in October and to date has surpassed 2.2 million members. In our Merchandising business, we focused on speed of service initiatives and product mix modifications. These are just some of the many initiatives that have contributed to our success,” Jacob said.

EBITDA and distributable cash are not measures recognized by generally accepted accounting principles ("GAAP") and do not have standardized meanings in accordance with such principles. Therefore, EBITDA and distributable cash may not be comparable to similar measures presented by other issuers. EBITDA is calculated by adding back to net income, income tax expense, amortization and interest expense net of interest income. Adjusted EBITDA is calculated by adjusting EBITDA for non-controlling interests, extraordinary gains and gains or losses on disposal of assets. Distributable cash is a non-GAAP measure generally used in Canadian open-ended trusts, as an indicator of financial performance and it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. Management uses adjusted EBITDA and distributable cash to evaluate performance primarily because of the significant effect certain unusual or non-recurring charges and other items have on EBITDA from period to period. For a detailed reconciliation of net income to EBITDA and adjusted EBITDA and from cash used in operating activities to distributable cash, please refer to Cineplex's management's discussion and analysis filed on [www.sedar.com](http://www.sedar.com).

## **Fourth Quarter and Full Year Results**

The results of the Fund for the three and twelve months ended December 31, 2009 as compared to the three and twelve months ended December 31, 2008 are presented below.

Total revenues for the three months and year ended December 31, 2009 increased \$35.7 million (16.9%) and \$114.7 million (13.5%) to \$247.2 million and \$964.3 million, respectively. A discussion of the factors affecting the changes in box office, concession and other revenues for the fourth quarter and the full year compared to 2008 is provided on the following pages.

### **Box office revenues**

The following table highlights the movement in box office revenues, attendance and box office revenues per patron ("BPP") for the quarter and the year (in thousands of dollars, except attendance reported in thousands of patrons, and per patron amounts, unless otherwise noted):

Box office revenues	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
Box office revenues	\$ 143,570	\$ 122,797	16.9%	\$ 581,114	\$ 510,934	13.7%
Attendance	17,096	15,229	12.3%	69,997	63,491	10.2%
Box office revenue per patron	\$ 8.40	\$ 8.06	4.1%	\$ 8.30	\$ 8.05	3.2%
Canadian industry revenues (1)			16.0%			12.8%
Same store box office revenues	\$ 137,414	\$ 118,895	15.6%	\$ 557,781	\$ 500,280	11.5%
Same store attendance	16,379	14,612	12.1%	67,288	61,918	8.7%
% Total box from IMAX & 3D	19.8%	3.5%	465.7%	14.4%	3.4%	323.5%

(1) The Motion Picture Theatre Associations of Canada ("MPTAC") reported that the Canadian Exhibition Industry reported a box office increase of 27.9% for the period from October 2, 2009 to December 31, 2009 as compared to the period from September 26, 2008 to December 25, 2008. On a basis consistent with the Fund's calendar reporting period (October 1 to December 31), the Canadian industry box office increase is estimated to be 16.0%. The MPTAC reported a box office increase of 14.1% for the period from January 2, 2009 to December 31, 2009 as compared to the period from December 28, 2007 to December 25, 2008. On a basis consistent with the Fund's calendar reporting period (January 1 to December 31), the Canadian industry box office increase is estimated to be 12.8%.

Box office continuity In thousands	Fourth Quarter		Full Year	
	Box Office	Attendance	Box Office	Attendance
2008 as reported	\$ 122,797	15,229	\$ 510,934	63,491
Same store attendance change	14,378	1,767	43,388	5,370
Impact of same store BPP change	4,141	-	14,113	-
New and acquired theatres	3,963	458	17,399	1,995
Disposed and closed theatres	(1,709)	(358)	(4,720)	(859)
2009 as reported	\$ 143,570	17,096	\$ 581,114	69,997

### *Fourth quarter*

Top Cineplex Films – Fourth Quarter 2009 compared to Fourth Quarter 2008					
Q4 2009 Top Cineplex Films		% Total Box	Q4 2008 Top Cineplex Films		% Total Box
1	Avatar	11.8%	1	Quantum of Solace	10.3%
2	The Twilight Saga: New Moon	10.7%	2	Twilight	7.2%
3	2012	6.7%	3	Madagascar: Escape 2 Africa	6.5%
4	Disney's A Christmas Carol	5.6%	4	Four Christmases	3.9%
5	Couples Retreat	4.4%	5	High School Musical 3: Senior Year	3.7%

The fourth quarter of 2009 marked the fifth consecutive quarter that the Fund has reported its highest-ever box office revenue for a given quarter. The quarter benefited from two blockbuster titles that performed strongly, the highly-anticipated 3D film *Avatar* from director James Cameron, and the second release in the *Twilight* franchise, *The Twilight Saga: New Moon*. *Avatar* was the Fund's top release for the quarter despite the film being screened for only thirteen days during the quarter.

Box office revenue per patron increased \$0.34 (4.1%) from \$8.06 in the fourth quarter of 2008 to \$8.40 in the fourth quarter of 2009. The success of *Avatar* released in both 3D and IMAX, as well as *Disney's A Christmas Carol* which was also released in both 3D and IMAX, increased the Fund's overall box office revenue per patron, as these films are priced at a premium over regular ticket prices. 3D and IMAX box office revenues represented 19.8% of the Fund's total box office results during the fourth quarter of 2009, up from 3.5% in the prior year period. These premium priced products also contributed to the Fund outperforming the industry results as the Fund's circuit contains the largest number of 3D and IMAX systems in Canada. Select ticket price increases implemented in November 2008 also contributed to this increase.

#### Full Year

Top Cineplex Films – Full Year 2009 compared to Full Year 2008					
2009 Top Cineplex Films		% Total Box	2008 Top Cineplex Films		% Total Box
1	Transformers: Revenge of the Fallen	3.7%	1	The Dark Knight	4.9%
2	Harry Potter and the Half-Blood Prince	3.2%	2	Iron Man	2.9%
3	Avatar	2.9%	3	Indiana Jones and the Kingdom of the Crystal Skull	2.9%
4	UP	2.8%	4	Quantum of Solace	2.5%
5	The Twilight Saga: New Moon	2.6%	5	Hancock	2.0%

Box office revenues for 2009 were up 13.7% from the prior year due to a 10.2% increase in attendance and a 3.2% increase in box office revenue per patron. The increase in attendance was due to strong film product released throughout the year, as all four quarters in 2009 were record box office revenue results for the Fund. While 2008 was dominated by one strong performing title (*The Dark Knight*), 2009 featured a larger number of strong performing blockbuster releases which resulted in strong box office performance throughout the year. The Fund continued to outperform the industry box office in 2009.

The Fund's box office revenue per patron was \$8.30 for 2009 and \$8.05 for the prior year. This increase was due to select ticket price increases introduced in November 2008 as well as the success of IMAX and 3D product during the period, as these films are priced at a premium over regular ticket prices. The top three films of 2009 (*Transformers: Revenge of the Fallen*, *Harry Potter and the Half-Blood Prince* and *Avatar*) were shown in select theatres across the circuit in IMAX, and both *Avatar* and *UP* were shown in select theatres across the circuit in 3D.

#### Concession revenues

The following table highlights the movement in concession revenues, attendance and CPP for the quarter and the year (in thousands of dollars, except attendance and same store attendance reported in thousands of patrons, and per patron amounts):

Concession revenues	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
Concession revenues	\$ 72,909	\$ 61,373	18.8%	\$ 288,255	\$ 251,645	14.5%
Attendance	17,096	15,229	12.3%	69,997	63,491	10.2%
Concession revenue per patron	\$ 4.26	\$ 4.03	5.8%	\$ 4.12	\$ 3.96	3.9%
Same store concession revenues	\$ 69,633	\$ 59,202	17.6%	\$ 276,206	\$ 245,551	12.5%
Same store attendance	16,379	14,612	12.1%	67,288	61,918	8.7%

Concession revenue continuity In thousands	Fourth Quarter		Full Year	
	Concession	Attendance	Concession	Attendance
2008 as reported	\$ 61,373	15,229	\$ 251,645	63,491
Same store attendance change	7,159	1,767	21,296	5,370
Impact of same store CPP change	3,272	-	9,359	-
New and acquired theatres	2,138	458	9,075	1,995
Disposed and closed theatres	(1,033)	(358)	(3,120)	(859)
2009 as reported	\$ 72,909	17,096	\$ 288,255	69,997

#### *Fourth Quarter*

Concession revenues increased 18.8% as compared to the prior year period, due to the 12.3% increase in attendance and a 5.8% increase in average concession revenue per patron, which increased from \$4.03 in the fourth quarter of 2008 to \$4.26 in the fourth quarter of 2009. The \$4.26 CPP represents the Fund's highest ever quarterly CPP, \$0.09 higher than the third quarter of 2009. This represents the third quarter in a row where the Fund established a new CPP record. The Fund believes that revised offerings, as well as process improvements designed to increase speed of service contributed to this year-over-year increase. The fourth quarter of 2009 also represents the first full quarter of the 'Telus Tuesdays' program which it believes drives incremental attendance and concession purchase incidence on Tuesdays.

#### *Full Year*

Concession revenues increased 14.5% as compared to the prior year, due to the 10.2% increase in attendance and a \$0.16 or 3.9% increase in the average concession revenue per patron, which increased from \$3.96 in 2008 to \$4.12 for 2009, a new annual record for the Fund. Three of the top five movies during the 2009 appealed to the family demographic, who tend to be higher concession spenders, contributing to the higher concession spending in 2009, whereas the top five films for 2008 catered primarily to adult audiences. Selected price increases implemented on June 1, 2008, as well as improved product offering mix designed to encourage consumers to make purchases outside of the core concession offerings contributed to this increase in CPP. Process improvements designed to increase the speed of service also contributed to this increase.

#### **Other revenues**

The following table highlights the movement in media, games and other revenues for the quarter and the year (in thousands of dollars):

Other revenues	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
Media	\$ 23,081	\$ 19,926	15.8%	\$ 66,773	\$ 60,966	9.5%
Games	1,193	1,149	3.8%	4,832	4,999	-3.3%
Other	6,417	6,176	3.9%	23,374	21,145	10.5%
Total	\$ 30,691	\$ 27,251	12.6%	\$ 94,979	\$ 87,110	9.0%

#### *Fourth Quarter*

Media revenues for the fourth quarter of 2009 were \$23.1 million, up \$3.2 million from the prior year period. The fourth quarter of 2009 includes a \$3.2 million increase in non-cash barter revenue, with cash-settled media revenue amounts flat quarter over quarter. Rather than settling cash-based transactions, during 2008 and 2009 the Fund entered into a number of cross-promotional non-cash barter agreements with certain promotional partners to provide radio and television promotions for the Fund's business initiatives. During the fourth quarter of 2009 the Fund recognized \$3.7 million in media revenue and \$2.8 million in marketing costs related to these transactions (fourth quarter of 2008: \$0.5 million in media revenue and \$0.9 million in marketing costs). Other revenues are up \$0.2 million, primarily due to higher breakage revenues associated with increased sales of gift cards and coupons.

#### *Full Year*

Media revenues increased \$5.8 million to \$66.8 million during 2009 compared to the prior year. The increase was due to a \$7.7 million increase in non-cash barter revenue and a \$1.9 million decrease in cash-settled media revenue. Games

revenues are down 3.3% compared to the prior year. Other revenues are up \$2.2 million, primarily due to higher breakage revenues associated with increased sales of gift cards and coupons.

### Film cost

The following table highlights the movement in film cost and film cost as a percentage of box office revenue (“film cost percentage”) for the quarter and the year to date (in thousands of dollars, except film cost percentage):

Film cost	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
Film cost	\$ 75,759	\$ 62,360	21.5%	\$ 305,095	\$ 265,210	15.0%
Film cost percentage	52.8%	50.8%	3.9%	52.5%	51.9%	1.1%

#### Fourth Quarter

Film cost varies primarily with box office revenue. The quarterly increase was due to the 16.9% increase in box office revenues and the 3.9% increase in the film cost percentage as compared to the prior year period. The increase in film cost percentage is primarily due to the settlement rate on the quarter’s top film, *Avatar*, being higher than the average film settlement rate.

#### Full Year

The 15.0% increase in film cost from 2008 was due to the 13.7% increase in box office revenues and the 1.1% increase in the film cost percentage as compared to the prior year. This increase in the film cost percentage is due to the impact of more blockbuster films in 2009 compared to 2008, which tend to attract a higher than average film settlement rate.

### Cost of concessions

The following table highlights the movement in concession cost and concession cost as a percentage of concession revenues (“concession cost percentage”) for the quarter and the year (in thousands of dollars, except concession cost percentage and concession margin per patron):

Cost of concessions	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
Concession cost	\$ 14,654	\$ 12,192	20.2%	\$ 59,267	\$ 52,192	13.6%
Concession cost percentage	20.1%	19.9%	1.2%	20.6%	20.7%	-0.9%
Concession margin per patron	\$ 3.41	\$ 3.23	5.5%	\$ 3.27	\$ 3.14	4.1%

#### Fourth Quarter

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The increase in concession cost as compared to the prior year period was due to the 12.3% increase in attendance, increased purchase incidence and the higher concession cost percentage. This increase in concession cost percentage was due to the enhanced product offering mix, designed to encourage consumers to make purchases outside of the core concession offerings. These non-core offerings tend to have lower margins than popcorn and fountain drinks. The continued growth of the SCENE loyalty program and the associated 10% discount on concession products also contributed to the higher concession cost percentage. Despite this increase in concession cost percentage, the concession margin per patron increased from \$3.23 in the fourth quarter of 2008 to \$3.41 in the same period in 2009. The ‘Telus Tuesdays’ program is designed to increase concession purchase incidence on Tuesdays, however due to the discounted nature of the combo offering, does have a negative impact on the concession cost percentage.

#### Full Year

The increase in concession cost from the prior year was due to the 10.2% increase in attendance and increased concession purchase incidence. The decrease in the concession cost percentage was due to the higher proportion of

films catering to the family demographic in 2009 as compared to the prior year, as families tend to purchase concession items with higher margins. This decrease due to the demographic mix was partially offset by the improved product offering mix, as non-core offerings tend to have lower margins than popcorn and fountain drinks, which helped concession margin per patron increase 4.1% from \$3.14 in the prior year to \$3.27 in 2009.

### Occupancy expenses

The following table highlights the movement in occupancy expenses for the quarter and the year, including non-recurring one-time amounts recognized during the period (in thousands of dollars):

Occupancy expenses	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
Rent	\$ 26,465	\$ 26,551	-0.3%	\$ 106,143	\$ 105,812	0.3%
Other occupancy	12,281	12,151	1.1%	52,331	52,085	0.5%
Non-recurring lease guarantee payment	1,463	-	NM	1,463	-	NM
Non-recurring legal provision	720	-	NM	1,407	-	NM
Other one-time items	(174)	(312)	-44.2%	(2,417)	(2,982)	-18.9%
Total	\$ 40,755	\$ 38,390	6.2%	\$ 158,927	\$ 154,915	2.6%

Occupancy continuity In thousands	Fourth Quarter Occupancy	Full Year Occupancy
2008 as reported	\$ 38,390	\$ 154,915
Impact of new theatres	821	3,600
Impact of disposed theatres	(132)	(1,782)
Same store rent change	(327)	(613)
Non-recurring items	2,321	3,435
Other	(318)	(628)
2009 as reported	\$ 40,755	\$ 158,927

#### Fourth Quarter

Occupancy expense increased \$2.4 million, primarily due to non-recurring expenses recognized during the quarter (\$2.2 million). During the fourth quarter of 2009, the Fund recorded a non-recurring occupancy expense of \$1.8 million relating to lease guarantees triggered by landlords for theatres sold by the Partnership in 2006. This expense was mitigated by the cancellation of related media contract obligations, resulting in a net charge of \$1.5 million to occupancy expense during the current year period. Also during the fourth quarter of 2009, the Fund increased its reserve for certain liabilities incurred by Famous Players prior to the Partnership's acquisition of Famous Players in 2005 by \$0.7 million.

#### Full Year

Occupancy expenses increased \$4.0 million during 2009 as compared to the prior period primarily due to the non-recurring expenses described above (\$1.5 million relating to the lease guarantees and \$1.4 million related to the pre-acquisition liabilities) and lower one-time benefits of lease related items than those recognized during 2008. New theatre openings also contributed to the increased occupancy costs, partially offset by closed theatres and lower same store rent expenses and other occupancy (primarily real estate taxes and insurance related expenses).

### Other operating expenses

The following table highlights the movement in other operating expenses during the quarter and the year (in thousands of dollars):

Other operating expenses	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
Other operating expenses	\$ 62,812	\$ 52,212	20.3%	\$ 228,129	\$ 196,546	16.1%

Other operating continuity In thousands	Fourth Quarter Other Operating		Full Year Other Operating	
2008 as reported	\$	52,212	\$	196,546
Impact of new theatres		1,600		5,302
Impact of disposed theatres		(1,091)		(2,119)
Same store payroll change		3,574		10,542
Marketing change		2,667		7,328
New business initiatives		144		1,690
Other		3,706		8,840
2009 as reported	\$	62,812	\$	228,129

#### Fourth Quarter

Other operating expenses increased \$10.6 million during the fourth quarter of 2009 compared to the prior year period primarily as a result of increased business volumes due to the 12.3% increase in attendance. Theatre payroll for same store locations increased \$3.6 million due to minimum wage increases and increased theatre staffing in response to higher theatre attendance in the fourth quarter of 2009. Marketing costs increased \$2.7 million, of which \$1.9 million relates to the non-cash barter agreements previously discussed under 'Other revenues'. New business initiatives include costs for the Fund's SCENE loyalty program, costs relating to the Cineplex Store and costs relating to Cineplex Digital Media. Other includes technology enhancements and expanded service offerings including the elimination of charges for online ticketing, and 3D technology licensing payments (\$1.7 million) and increased costs relating to the higher business volumes (\$2.0 million). Total theatre payroll accounted for 42.1% of the total expenses in other operating expenses during the fourth quarter of 2009, as compared to 43.4% for the same period in 2008.

#### Full Year

Other operating expenses increased \$31.6 million in 2009 compared to the prior year primarily due to business volumes generated by the 10.2% increase in attendance. Theatre payroll for same store locations increased \$10.5 million due to minimum wage increases and increased theatre staffing due to the higher theatre attendance. Marketing costs increased \$7.3 million, of which \$5.5 million relates to the non-cash barter agreements. Other includes the cost of technology enhancements and expanded service offerings including the elimination of charges for online ticketing, and 3D technology licensing payments (\$4.1 million) and \$4.7 million relating to increased costs due to the higher business volumes in 2009 as compared to the prior year. For the year, total theatre payroll accounted for 45.6% of total operating expenses compared to 46.6% for the same period in 2008.

### General and administrative expenses

The following table highlights the movement in general and administrative ("G&A") expenses during the quarter and the year to date, including the Fund's Long-Term Incentive Plan ("LTIP") and unit option plan costs, and G&A net of these costs (in thousands of dollars):

G&A expenses	Fourth Quarter			Full Year		
	2009	2008	Change	2009	2008	Change
G&A excluding LTIP, option plan expense and pension settlement	\$ 9,816	\$ 8,907	10.2%	\$ 37,364	\$ 33,007	13.2%
LTIP	1,991	2,313	-13.9%	9,059	7,278	24.5%
Option plan	3,282	-	NM	4,220	-	NM
Pension plan settlement	-	-	NM	2,360	-	NM
G&A expenses as reported	\$ 15,089	\$ 11,220	34.5%	\$ 53,003	\$ 40,285	31.6%

#### Fourth Quarter

General and administrative costs increased \$3.9 million as a result of increased costs under the option plans (\$3.3 million) and increased direct costs (\$0.9 million), offset by lower LTIP expenses (\$0.3 million).

#### Full Year

General and administrative costs increased \$12.7 million as a result of increased costs under the LTIP and option plans (\$6.0 million), the one-time settlement loss of \$2.4 million relating to the Retirement Plan for Salaried Employees of

Famous Players, and increased direct costs (\$4.3 million). The direct costs increased due to increased head office payroll (\$3.0 million) and higher professional fees (\$1.2 million). Professional fees for the year include the costs relating to the secondary offering of Fund Units discussed previously (\$0.4 million), costs relating to the Fund's ongoing project to prepare for the 2011 conversion to IFRS (\$0.4 million), and costs relating to the Fund's general ledger system upgrade undertaken to provide reporting enhancements in preparation for the Fund's transition to IFRS (\$0.7 million).

### **Earnings before interest, taxes, depreciation and amortization**

The Fund reported income before undernoted ("adjusted EBITDA") for the three months ended December 31, 2009 of \$38.1 million, as compared to \$35.0 million during the prior year period. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 15.4%, down from 16.6% from the prior year period. The decrease is primarily due to the non-recurring occupancy expenses described previously and the increased LTIP and option expense recorded in the fourth quarter of 2009. Excluding the previously discussed provisions for lease guarantees and legal reserves (\$2.2 million), adjusted EBITDA would have been \$40.3 million and the adjusted EBITDA margin would have been 16.3% for the fourth quarter of 2009.

For the year ended December 31, 2009, adjusted EBITDA increased \$19.4 million, or 13.8% compared to the prior period, and adjusted EBITDA margin increased from 16.5% to 16.6%. These increases in EBITDA margin were realized as a result of higher revenues achieved due to the strong film product screened during the year, partially offset by the one-time settlement loss of \$2.4 million related to the settlement of the Famous Players defined benefit pension plan recorded in 2009, as well as the non-recurring occupancy expenses and increased LTIP and option expense recorded during the year. Excluding the \$2.4 million pension settlement loss, and the previously discussed provisions for lease guarantees and legal reserves (\$2.9 million), 2009 adjusted EBITDA would have been \$165.2 million and the 2009 adjusted EBITDA margin would have been 17.1%.

### **Distributable Cash**

For 2009, distributable cash per unit was \$2.141 as compared to \$1.855 in 2008. The declared distributions per unit were \$1.260 in 2009 and \$1.240 in 2008. The payout ratios for these periods were 59% and 67%, respectively. For the three months ended December 31, 2009, distributable cash per Fund unit was \$0.462 as compared to \$0.451 for the three months ended December 31, 2008. The declared distributions per Fund unit were \$0.315 for both the three months ended December 31, 2009 and 2008. The payout ratios were approximately 68% and 70% for each of these periods.

### **Board of Directors Change**

The members of the Board of Directors of Cineplex Entertainment Corporation are pleased to announce the appointment of Edward Sonshine, Q.C., President and Chief Executive Officer of RioCan Real Estate Investment Trust, and Ian Greenberg, President and Chief Executive Officer of Astral Media Inc., to the Board of Directors. The appointments were effective February 10, 2010.

"Ed Sonshine and Ian Greenberg are two of the most well respected and successful CEO's in Canada. Their business expertise, particularly in the areas of real estate and media, will be invaluable to the Board and we are both delighted and very fortunate to have them," said Ellis Jacob.

### **Presentation**

Prior to 2009, Cineplex presented and discussed the results of Cineplex Entertainment Limited Partnership (the "Partnership") as the Fund equity accounted for its investment in the Partnership prior to Q2 2007 and, as such, the consolidated financial statements of the Fund did not provide comparative results on a line-by-line basis. As a result of the Fund's step acquisitions in the Partnership, there are differences in the valuation bases of certain assets and liabilities between the Fund and the Partnership. These valuation differences give rise to differences in certain non-cash expenses (primarily included in the occupancy category) which result in differences in reported results between the Fund and the Partnership. In its filed Management's Discussion and Analysis, the Fund provides a reconciliation of the Fund and the Partnership reported results. For 2009, the Fund reported Adjusted EBITDA of \$159.9 million, and the Partnership reported Adjusted EBITDA of \$164.2 million (Q4 – Fund reported Adjusted EBITDA of \$38.1 million and the Partnership reported Adjusted EBITDA of \$39.2 million). Excluding the \$2.4 million pension settlement loss and previously discussed provisions for lease guarantees and legal reserves (\$2.9 million), 2009 adjusted EBITDA for the Fund would have been \$165.2 million and 2009 adjusted EBITDA margin for the Fund would have been 17.1%



This news release contains “forward-looking statements” within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in our Annual Information Form and in this news release. Those risks and uncertainties include adverse factors generally encountered in the film exhibition industry such as poor film product and unauthorized copying; the risks associated with national and world events, including war, terrorism, international conflicts, natural disasters, extreme weather conditions and infectious diseases; changes in income tax legislation; and general economic conditions. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. All forward-looking statements in this news release are qualified by these cautionary statements. These statements are made as of the date of this news release and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Cineplex Entertainment, its financial or operating results or its securities.

## **About Cineplex Entertainment LP**

As the largest motion picture exhibitor in Canada, Cineplex Entertainment LP owns, leases or has a joint-venture interest in 130 theatres with 1,347 screens serving approximately 70 million guests annually. Headquartered in Toronto, Canada, Cineplex Entertainment operates theatres from British Columbia to Quebec and is the largest exhibitor of digital, 3D and IMAX projection technologies in the country. Proudly Canadian and with a workforce of approximately 10,000 employees, the company operates the following top tier brands: Cineplex Odeon, Galaxy, Famous Players, Colossus, Coliseum, SilverCity, Cinema City and Scotiabank Theatres. The units of Cineplex Galaxy Income Fund, which owns approximately 99.6% of Cineplex Entertainment LP, are traded on the Toronto Stock Exchange (symbol CGX.UN). For more information, visit [www.cineplex.com](http://www.cineplex.com).

Further information can be found in the disclosure documents filed by the Fund with the Canadian securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).

You are cordially invited to participate in a teleconference call with the management of the Partnership (TSX: CGX.UN) to review our quarterly results. **Ellis Jacob, President and Chief Executive Officer** and **Gord Nelson, Chief Financial Officer**, will host the call. The teleconference call is scheduled for:

**Thursday, February 11th, 2010  
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial (416) 644-3415 or outside of Toronto dial 1-800-814-4861** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 4201935 to access the call.

- If you cannot participate in the live mode, a replay will be available. Please dial 416-640-1917 or 1-877-289-8525 and enter code 4201935#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, February 11th, 2010 and end at 11:59 p.m. Eastern Time on Thursday, February 18th, 2010.
- Note that media will be participating in the call in listen – only mode.
- Thank you in advance for your interest and participation.

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### **For further information:**

**Gord Nelson**  
**Chief Financial Officer**  
**(416) 323-6602**

**Pat Marshall**  
**Vice President Communications and Investor Relations**  
**(416) 323-6648**

**Cineplex Galaxy Income Fund**  
**Consolidated Supplemental Information**  
**(Unaudited)**  
**(expressed in thousands of Canadian dollars)**

**Reconciliation to Adjusted EBITDA**

	Three months ended December 31,		Year ended December 31,	
	2009	2008	2009	2008
<b>Net income</b>	\$ 9,450	\$ 6,870	\$ 53,446	\$ 29,003
Amortization	20,067	20,973	80,403	84,280
Interest and accretion expense on convertible debentures	1,851	1,836	7,447	7,386
Interest on long-term debt and capital lease obligations	3,798	3,664	15,929	17,081
Interest income	(69)	(161)	(330)	(777)
Provision for (recovery of) income taxes	223	(1,474)	1,105	(3,539)
<b>EBITDA</b>	<b>35,320</b>	<b>31,708</b>	<b>158,000</b>	<b>133,434</b>
Non-controlling interests	23	333	420	2,519
Extraordinary gain	-	-	(1,059)	-
Loss on disposal of assets	2,758	3,006	2,566	4,588
<b>Adjusted EBITDA</b>	<b>\$ 38,101</b>	<b>\$ 35,047</b>	<b>\$ 159,927</b>	<b>\$ 140,541</b>

**Cineplex Galaxy Income Fund**  
**Consolidated Supplemental Information**  
**(Unaudited)**

(expressed in thousands of Canadian dollars, except number of units and per unit data)

**Distributable Cash**

	For the three months ended		For the year ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Cash provided by operating activities	\$ 88,706	\$ 74,363	\$ 178,863	\$ 140,630
Less: Total capital expenditures	(10,353)	(32,138)	(44,025)	(60,177)
Standardized distributable cash	78,353	42,225	134,838	80,453
Less:				
Changes in operating assets and liabilities (i)	(53,602)	(39,072)	(31,568)	(12,656)
Tenant inducements (ii)	(2,938)	(5,112)	(9,990)	(8,113)
Principal component of capital lease obligations	(437)	(406)	(1,700)	(1,581)
Add:				
New build capital expenditures and other (iii)	5,220	28,333	31,496	48,588
Non-cash components in operating assets and liabilities (iv)	(180)	(168)	(699)	(656)
Distributable cash	\$ 26,416	\$ 25,800	\$ 122,377	\$ 106,035
Less: Non-controlling interests share of distributable cash	(115)	(6,201)	(1,799)	(25,541)
Distributable cash available to Fund unitholders	\$ 26,301	\$ 19,599	\$ 120,578	\$ 80,494
Average number of Fund units outstanding	56,901,057	43,414,217	56,310,507	43,384,657
Distributable cash per Fund unit	\$ 0.462	\$ 0.451	\$ 2.141	\$ 1.855

(i) Changes in operating assets and liabilities are not considered a source or use of distributable cash.

(ii) Tenant inducements received are for the purpose of funding new theatre capital expenditures and are not considered a source of distributable cash.

(iii) New build capital expenditures and other represent expenditures on Board approved projects as well as any expenditures for digital equipment anticipated to be incorporated into a third-party digital integrator financing structure, and exclude maintenance capital expenditures. The Partnership's revolving credit facility is available to the Fund for use to fund Board approved projects.

(iv) Certain non-cash components of other assets and liabilities are indirectly excluded from distributable cash to the extent they reflect permanent, not timing differences. Such items include the amortization of deferred gains on sale-leaseback transactions and non-cash pension adjustments relating to the Fund's acquisition of the Partnership.

**Cineplex Galaxy Income Fund**  
**Consolidated Balance Sheets**

(expressed in thousands of Canadian dollars)

	<b>December 31, 2009</b>	December 31, 2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 95,791	\$ 44,585
Accounts receivable	54,892	45,507
Inventories	4,260	4,014
Prepaid expenses and other current assets	4,310	3,733
	<hr/>	<hr/>
	159,253	97,839
<b>Property, equipment and leaseholds</b>	<b>428,253</b>	<b>455,885</b>
<b>Future income taxes</b>	<b>20,221</b>	<b>13,099</b>
<b>Deferred charges</b>	<b>820</b>	<b>953</b>
<b>Intangible assets</b>	<b>103,674</b>	<b>117,476</b>
<b>Goodwill</b>	<b>600,564</b>	<b>600,564</b>
	<hr/>	<hr/>
	\$ 1,312,785	\$ 1,285,816
	<hr/>	<hr/>

**Cineplex Galaxy Income Fund**  
**Consolidated Balance Sheets ... *continued***

(expressed in thousands of Canadian dollars)

	December 31, 2009	December 31, 2008
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 109,900	\$ 86,140
Distributions payable	6,001	6,001
Income taxes payable	34	48
Deferred revenue	85,501	76,929
Capital lease obligations - current portion	2,004	1,700
Fair value of interest rate swap agreements	6,881	5,213
	<hr/> 210,321	176,031
<b>Long-term debt</b>	<b>233,459</b>	<b>232,861</b>
<b>Fair value of interest rate swap agreements</b>	<b>5,382</b>	<b>15,415</b>
<b>Capital lease obligations – long-term portion</b>	<b>31,127</b>	<b>33,131</b>
<b>Accrued pension benefit liability</b>	<b>2,012</b>	<b>932</b>
<b>Other liabilities</b>	<b>114,941</b>	<b>108,380</b>
<b>Convertible debentures - liability component</b>	<b>100,982</b>	<b>99,834</b>
	<hr/> 698,224	666,584
<b>Non-controlling interests</b>	<b>2,669</b>	<b>149,860</b>
<b>Unitholders' equity</b>	<b>611,892</b>	<b>469,372</b>
	<hr/> \$ 1,312,785	\$ 1,285,816

**Cineplex Galaxy Income Fund**  
**Consolidated Statements of Operations**

(expressed in thousands of Canadian dollars)

	Three months ended December 31, 2009	Three months ended December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2008
<b>Revenues</b>				
Box office	\$ 143,570	\$ 122,797	\$ 581,114	\$ 510,934
Concessions	72,909	61,373	288,255	251,645
Other	30,691	27,251	94,979	87,110
	<u>247,170</u>	<u>211,421</u>	<u>964,348</u>	<u>849,689</u>
<b>Expenses</b>				
Film cost	75,759	62,360	305,095	265,210
Cost of concessions	14,654	12,192	59,267	52,192
Occupancy	40,755	38,390	158,927	154,915
Other operating	62,812	52,212	228,129	196,546
General and administrative	15,089	11,220	53,003	40,285
	<u>209,069</u>	<u>176,374</u>	<u>804,421</u>	<u>709,148</u>
<b>Income before undernoted</b>	<b>38,101</b>	<b>35,047</b>	<b>159,927</b>	<b>140,541</b>
<b>Amortization</b>	<b>20,067</b>	<b>20,973</b>	<b>80,403</b>	<b>84,280</b>
<b>Loss on disposal of assets</b>	<b>2,758</b>	<b>3,006</b>	<b>2,566</b>	<b>4,588</b>
<b>Interest and accretion expense on convertible debentures</b>	<b>1,851</b>	<b>1,836</b>	<b>7,447</b>	<b>7,386</b>
<b>Interest on long-term debt and capital lease obligations</b>	<b>3,798</b>	<b>3,664</b>	<b>15,929</b>	<b>17,081</b>
<b>Interest income</b>	<b>(69)</b>	<b>(161)</b>	<b>(330)</b>	<b>(777)</b>
<b>Income before income taxes, extraordinary gain and non-controlling interests</b>	<b>9,696</b>	<b>5,729</b>	<b>53,912</b>	<b>27,983</b>
<b>Provision for (recovery of) income taxes</b>				
Current	-	-	7	(4)
Future	223	(1,474)	1,098	(3,535)
	<u>223</u>	<u>(1,474)</u>	<u>1,105</u>	<u>(3,539)</u>
<b>Income before extraordinary gain and non-controlling interests</b>	<b>9,473</b>	<b>7,203</b>	<b>52,807</b>	<b>31,522</b>
Extraordinary gain	-	-	1,059	-
<b>Income before non-controlling interests</b>	<b>9,473</b>	<b>7,203</b>	<b>53,866</b>	<b>31,522</b>
Non-controlling interests	23	333	420	2,519
<b>Net income</b>	<b>\$ 9,450</b>	<b>\$ 6,870</b>	<b>\$ 53,446</b>	<b>\$ 29,003</b>

# Cineplex Galaxy Income Fund

## Consolidated Statements of Unitholders' Equity and Comprehensive Income

(expressed in thousands of Canadian dollars)

For the year ended December 31, 2009

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total Unitholders' equity	Comprehensive income
<b>Balance - December 31, 2008</b>	\$ 102,535	\$ (190,881)	\$ (88,346)	\$ (13,683)	\$ 571,401	\$ 469,372	\$ -
Issuance of Fund units under exchange agreement	-	-	-	-	150,935	150,935	-
LTIP compensation obligation	-	-	-	-	3,433	3,433	-
LTIP Fund units	-	-	-	-	(2,912)	(2,912)	-
Distributions declared	-	(71,213)	(71,213)	-	-	(71,213)	-
Net income	53,446	-	53,446	-	-	53,446	53,446
Other comprehensive income - interest rate swap agreements, net of \$952 of future income tax provision	-	-	-	8,831	-	8,831	8,831
<b>Comprehensive income for the year</b>	-	-	-	-	-	-	\$ 62,277
<b>Balance - December 31, 2009</b>	\$ 155,981	\$ (262,094)	\$ (106,113)	\$ (4,852)	\$ 722,857	\$ 611,892	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at December 31, 2009 is \$110,965.

For the year ended December 31, 2008

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive income	Unitholders' capital	Total Unitholders' equity	Comprehensive income
<b>Balance - December 31, 2007</b>	\$ 73,532	\$ (137,082)	\$ (63,550)	\$ 290	\$ 570,728	\$ 507,468	\$ -
Issuance of Fund units under exchange agreement	-	-	-	-	2,139	2,139	-
LTIP compensation obligation	-	-	-	-	2,225	2,225	-
LTIP Fund units	-	-	-	-	(3,691)	(3,691)	-
Distributions declared	-	(53,799)	(53,799)	-	-	(53,799)	-
Net income	29,003	-	29,003	-	-	29,003	29,003
Other comprehensive loss - interest rate swap agreements, net of \$1,857 future income tax recovery	-	-	-	(13,973)	-	(13,973)	(13,973)
<b>Comprehensive income for the year</b>	-	-	-	-	-	-	\$ 15,030
<b>Balance - December 31, 2008</b>	\$ 102,535	\$ (190,881)	\$ (88,346)	\$ (13,683)	\$ 571,401	\$ 469,372	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at December 31, 2008 is \$102,029.

# Cineplex Galaxy Income Fund

## Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

	Three months ended December 31, 2009	Three months ended December 31, 2008	Year ended December 31, 2009	Year ended December 31, 2008
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Net income	\$ 9,450	\$ 6,870	\$ 53,446	\$ 29,003
Adjustments to reconcile net income to net cash provided by operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	20,067	20,973	80,403	84,280
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(535)	33	(1,166)	13
Amortization of debt issuance costs	150	150	598	595
Loss on disposal of assets	2,758	3,006	2,566	4,588
Future income taxes	223	(1,259)	1,098	(3,535)
Cash flow hedges - non-cash interest	(277)	2	(148)	1,312
Extraordinary gain	-	-	(1,059)	-
Non-controlling interests	23	118	420	2,519
Accretion of convertible debentures	307	286	1,147	1,086
Tenant inducements	2,938	5,112	9,990	8,113
Changes in operating assets and liabilities	53,602	39,072	31,568	12,656
	<b>88,706</b>	<b>74,363</b>	<b>178,863</b>	<b>140,630</b>
<b>Investing activities</b>				
Proceeds from sale of assets	39	17	535	2,470
Purchases of property, equipment and leaseholds	(10,353)	(32,138)	(44,025)	(60,177)
Cash acquired in exchanges of LP units	-	-	639	-
Theatre shutdown payment	-	(2,406)	-	(3,156)
Acquisition of businesses	-	-	(1,933)	(387)
	<b>(10,314)</b>	<b>(34,527)</b>	<b>(44,784)</b>	<b>(61,250)</b>
<b>Financing activities</b>				
Distributions paid	(17,923)	(13,675)	(69,795)	(53,564)
Distributions paid by the Partnership to non-controlling interests	(79)	(4,327)	(2,215)	(17,017)
Borrowings under credit facility	5,000	-	35,000	13,000
Repayment of credit facility	(5,000)	-	(35,000)	(13,000)
Payments under capital leases	(437)	(406)	(1,700)	(1,581)
Acquisition of long-term incentive plan Fund units	-	-	(9,163)	(6,887)
	<b>(18,439)</b>	<b>(18,408)</b>	<b>(82,873)</b>	<b>(79,049)</b>
<b>Increase in cash and cash equivalents during the year</b>	<b>59,953</b>	<b>21,428</b>	<b>51,206</b>	<b>331</b>
<b>Cash and cash equivalents - Beginning of year</b>	<b>35,838</b>	<b>23,157</b>	<b>44,585</b>	<b>44,254</b>
<b>Cash and cash equivalents - End of year</b>	<b>\$ 95,791</b>	<b>\$ 44,585</b>	<b>\$ 95,791</b>	<b>\$ 44,585</b>
<b>Supplemental Information</b>				
Cash paid for interest	\$ 6,951	\$ 7,190	\$ 19,454	\$ 20,307
Cash paid for income taxes - net	\$ 10	\$ -	\$ 21	\$ 13
Cash received for interest	\$ 59	\$ 156	\$ 296	\$ 751