



FOR IMMEDIATE RELEASE

**CINEPLEX GALAXY INCOME FUND
Reports Record Annual Results**

TORONTO, CANADA, February 10, 2011 (TSX: CGX) – Cineplex Inc. (“Cineplex”) today released its financial results for the fourth quarter and full year of 2010 for the Cineplex Galaxy Income Fund (the “Fund”).

Full Year Results

	2010	2009	Year over Year Change
Total Revenues	\$1,010.8 million	\$964.3 million	4.8%
Attendance	69.4 million	70.0 million	-0.9%
Other Revenue	\$113.7 million	\$95.0 million	19.7%
Net Income	\$63.0 million	\$53.4 million	17.8%
Adjusted EBITDA	\$169.3 million	\$159.9 million	5.8%
Adjusted EBITDA Margin	16.7%	16.6%	0.1%
Distributable Cash Per Unit	\$2.217	\$2.141	3.5%

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

Fourth Quarter Results

	Three months ended December 31, 2010	Three months ended December 31, 2009	Period over Period Change
Total Revenues	\$240.8 million	\$247.2 million	-2.6%
Attendance	15.7 million	17.1 million	-7.9%
Other Revenue	\$34.1 million	\$30.7 million	11.0%
Net Income	\$10.9 million	\$9.5 million	14.8%
Adjusted EBITDA	\$37.1 million	\$38.1 million	-2.5%
Adjusted EBITDA Margin	15.4%	15.4%	0.0%
Distributable Cash Per Unit	\$0.458	\$0.462	-0.9%

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

“2010 was an extraordinary year for Cineplex. For the first time in our history, we exceeded the \$1 billion mark in total revenues, up 4.8% versus 2009,” said Ellis Jacob, President and CEO, Cineplex Inc. “Additionally, we continued to generate record results in several key performance metrics throughout the year. All three revenue areas delivered new highs – box office, up 3.4% to \$601.1 million; concessions, up 2.7% to \$296.0 million; and other revenues up 19.7%, to \$113.7 million. These culminated in our best ever results for Adjusted EBITDA, up 5.8% to \$169.3 million; net income up 17.8% to \$63.0 million; and distributable cash per unit of \$2.217, up 3.5%.”

“Box office revenues exceeded the prior year by \$20.0 million largely due to the tremendous performance of *Avatar* in the first quarter of the year and the overall success of many 3D films presented throughout 2010,” said Jacob. “While attendance was marginally lower at 69.4 million versus 70.0 million in 2010, the premiums charged for 3D tickets offset this slight attendance decline. Our speed of service initiatives helped contribute to a new record annual CPP of \$4.27, up from \$4.12 in 2009. Other revenues increased \$18.7 million to \$113.7 million in 2010 and is the first time that other revenues have exceeded the \$100 million mark. This increase was due primarily to increased advertiser spending in our Cineplex Media group in addition to the revenues generated by our acquisition of Digital Display and Communications Inc.”

“Throughout 2010 we continued to install digital and 3D equipment enabling us to capitalize on the expanded number of 3D movies available. Today, more than 30% of our screens are equipped with digital projectors and 27% are 3D capable,” said Jacob. “SCENE, our loyalty rewards program, continued to grow, reaching more than 2.7 million members at December 31st. We installed UltraAVX™, our enhanced audio visual experience, into 11 theatres across Canada with more planned for 2011. We also launched Cineplex mobile ticketing, mobile Apps, and our digital download service from the Cineplex Store which further expands our reach outside the theatre and into the home,” said Jacob.

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.

Fourth Quarter and Full Year Results

The results of the Fund for the three and twelve months ended December 31, 2010 as compared to the three and twelve months ended December 31, 2009 are presented below.

Total revenues

Total revenues for the three months ended December 31, 2010 decreased \$6.4 million (2.6%) to \$240.8 million as compared to the prior year period. Total revenues for 2010 increased \$46.4 million (4.8%) to \$1.0 billion as compared to the prior year, representing the first year that the Fund’s revenue has exceeded one billion dollars. A discussion of the factors affecting the changes in box office, concession and other revenues for the periods is provided on the following pages.

Box office revenues

The following table highlights the movement in box office revenues, attendance and 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		
	2010	2009	Change	2010	2009	Change
Box office revenues	\$ 138,351	\$ 143,570	-3.6%	\$ 601,097	\$ 581,114	3.4%
Attendance	15,743	17,096	-7.9%	69,361	69,997	-0.9%
Box office revenue per patron	\$ 8.79	\$ 8.40	4.6%	\$ 8.67	\$ 8.30	4.5%
Canadian industry revenues (1)			-6.2%			1.8%
Same store box office revenues	\$ 133,372	\$ 141,873	-6.0%	\$ 585,580	\$ 575,784	1.7%
Same store attendance	15,202	16,885	-10.0%	67,610	69,295	-2.4%
% Total box from IMAX & 3D	28.0%	19.8%	41.4%	28.3%	14.4%	96.5%

(1) The Motion Picture Theatre Associations of Canada (“MPTAC”) reported that the Canadian exhibition industry reported a box office decrease of 8.0% for the period from October 1, 2010 to December 30, 2010 as compared to the period from October 2, 2009 to December 31, 2009. On a basis consistent with the Fund’s calendar reporting period (October 1 to December 31), the Canadian industry box office decrease is estimated to be 6.2%. The MPTAC reported a box office increase of 1.8% for the period from January 1, 2010 to December 30, 2010 as compared to the period from January 2, 2009 to December 31, 2009. On a basis consistent with the Fund’s calendar reporting period (January 1 to December 31), the Canadian industry box office increase is also estimated to be 1.8%.

Box office continuity In thousands	Fourth Quarter		Full Year	
	Box Office	Attendance	Box Office	Attendance
2009 as reported	\$ 143,570	17,096	\$ 581,114	69,997
Same store attendance change	(14,142)	(1,683)	(14,005)	(1,685)
Impact of same store BPP change	5,642	-	23,801	-
New and acquired theatres	3,554	370	12,020	1,324
Disposed and closed theatres	(273)	(40)	(1,833)	(275)
2010 as reported	\$ 138,351	15,743	\$ 601,097	69,361

Fourth quarter

Q4 2010 Top Cineplex Films		% Total Box	Q4 2009 Top Cineplex Films		% Total Box
1	Harry Potter and the Deathly Hallows (i)	12.1%	1	Avatar (i)(ii)	11.8%
2	Tangled (ii)	5.9%	2	The Twilight Saga: New Moon	10.7%
3	Jackass 3D (ii)	5.6%	3	2012	6.7%
4	Megamind (i)(ii)	5.4%	4	Disney's A Christmas Carol (i)(ii)	5.6%
5	The Social Network	5.0%	5	Couples Retreat	4.4%

i = Film screened in IMAX.

ii = Film screened in 3D.

Box office revenues decreased \$5.2 million, or 3.6%, to \$138.4 million during the fourth quarter of 2010, compared to \$143.6 million recorded in the same period in 2009. This decrease was due to the lower attendance, partially offset by the higher BPP period over period (7.9% decrease and 4.6% increase, respectively). The decrease in box office revenue during the fourth quarter of 2010 as compared to the prior year period was primarily due to the films released during the holiday period in 2010 being unable to match the record-breaking performance of *Avatar* from December 2009.

BPP increased \$0.39, from \$8.40 in the fourth quarter of 2009 to \$8.79 in the same period in 2010. Three of the top five films during the quarter were screened in 3D, and two of the top five were screened in IMAX (2009 - two of the top five in IMAX and 3D). The percentage of box office revenues earned from the 3D and IMAX titles represented 28.0% of the Fund's total box office results for the quarter, up from 19.8% from the same period in the prior year. These premium priced offerings as well as select ticket price increases introduced at the end of March 2010 contributed to the increase in the BPP amount.

The Fund's continued investment in digital and 3D technology in 2010 allowed it to capitalize on the success of the 3D releases, contributing to the Fund outperforming the Canadian film exhibition industry during the fourth quarter of 2010.

Full Year

2010 Top Cineplex Films		% Total Box	2009 Top Cineplex Films		% Total Box
1	Avatar (i)(ii)	7.0%	1	Transformers: Revenge of the Fallen (i)	3.7%
2	Alice in Wonderland (i)(ii)	3.9%	2	Harry Potter and the Half-Blood Prince (i)	3.2%
3	Inception (i)	3.6%	3	Avatar (i)(ii)	2.9%
4	Toy Story 3 (i)(ii)	3.1%	4	UP (ii)	2.8%
5	Harry Potter and the Deathly Hallows (i)	2.8%	5	The Twilight Saga: New Moon	2.6%

i = Film screened in IMAX.

ii = Film screened in 3D.

Box office revenues for 2010 exceeded the prior year by \$20.0 million, or 3.4%. The \$601.1 million in total box office revenue represents an annual record for the Fund. The record-breaking performance of *Avatar* during the first quarter of the year contributed to this increase, as did the overall success of 3D product during the year. The Fund's investment in digital and 3D technology in 2009 and 2010 has allowed it to capitalize on the success of the 3D releases, contributing to the Fund outperforming the Canadian film exhibition industry during the year.

BPP for 2010 increased \$0.37, or 4.5%, from \$8.30 in 2009 to an annual record of \$8.67 in 2010. The percentage of box office revenues earned from 3D and IMAX titles represented 28.3% of the Fund's total box office results during the period, up from 14.4% from the prior year period. These premium priced offerings, as well as select ticket price increases introduced at the end of March 2010, contributed to the higher BPP. This increased BPP amount was partially offset by the impact of the Fund's reduced price Tuesday program, which features a reduced price movie and concession offering. The program was launched during September 2009 and is therefore not fully reflected in the prior year's comparatives. The Fund believes the program drives incremental attendance on Tuesdays.

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		
	2010	2009	Change	2010	2009	Change
Concession revenues	\$ 68,382	\$ 72,909	-6.2%	\$ 295,961	\$ 288,255	2.7%
Attendance	15,743	17,096	-7.9%	69,361	69,997	-0.9%
Concession revenue per patron	\$ 4.34	\$ 4.26	1.9%	\$ 4.27	\$ 4.12	3.6%
Same store concession revenues	\$ 65,849	\$ 71,946	-8.5%	\$ 288,058	\$ 285,208	1.0%
Same store attendance	15,202	16,885	-10.0%	67,610	69,295	-2.4%

Concession revenue continuity In thousands	Fourth Quarter		Full Year	
	Concession	Attendance	Concession	Attendance
2009 as reported	\$ 72,909	17,096	\$ 288,255	69,997
Same store attendance change	(7,172)	(1,683)	(6,937)	(1,685)
Impact of same store CPP change	1,075	-	9,786	-
New and acquired theatres	1,728	370	5,805	1,324
Disposed and closed theatres	(158)	(40)	(948)	(275)
2010 as reported	\$ 68,382	15,743	\$ 295,961	69,361

Fourth Quarter

Concession revenues decreased 6.2% as compared to the prior year quarter, due to the 7.9% decrease in attendance, partially offset by the 1.9% increase in CPP. CPP increased from \$4.26 in the fourth quarter of 2009 to \$4.34 in the fourth quarter of 2010.

Full Year

Concession revenues increased 2.7% as compared to the prior year period, due to the 3.6% increase in CPP, partially offset by the 0.9% decrease in attendance. CPP increased from \$4.12 in 2009 to \$4.27 in 2010, representing the highest annual CPP the Fund has recorded in its history.

Cineplex believes that revised concession offerings, as well as process improvements designed to increase speed of service contributed to the period-over-period CPP increases, as well as nominal concession price increases introduced in May 2010. While the 10% SCENE discount and the reduced price concession offering included in the Tuesday program introduced in September 2009 both had a negative impact on CPP, Cineplex believes that these programs drive incremental visits and concession purchases, resulting in higher overall concession revenues.

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		
	2010	2009	Change	2010	2009	Change
Media	\$ 25,159	\$ 23,081	9.0%	\$ 82,264	\$ 66,773	23.2%
Games	1,218	1,193	2.1%	4,862	4,832	0.6%
Other	7,684	6,417	19.7%	26,598	23,374	13.8%
Total	\$ 34,061	\$ 30,691	11.0%	\$ 113,724	\$ 94,979	19.7%

Fourth Quarter

Other revenues increased 11.0% from \$30.7 million in the fourth quarter of 2009 to \$34.1 million in the fourth quarter of 2010. Media revenues for the fourth quarter of 2010 were \$25.2 million, up \$2.1 million, or 9.0%, from the prior year period. The increase is primarily due to higher CDM revenue, which increased \$1.9 million period over period, and increased full-motion and digital pre-show advertising sales, up \$1.8 million period over period. These increases were offset by a \$1.4 million decrease in non-cash barter revenue in the 2010 period compared to 2009. CDM results in the

fourth quarter of 2010 includes the operations of DDC, which was acquired in July 2010 and therefore not included in the prior year comparative. The increase in Other is primarily due to higher breakage revenues associated with increased sales of gift cards and coupons. The Games revenue increase is due in part to the addition of the Fund's second XSCAPE entertainment centre at the SilverCity CrossIron Mills Cinemas in Calgary, Alberta, which opened on June 30, 2010.

Full Year

Other revenues increased 19.7% from \$95.0 million in 2009 to \$113.7 million in 2010. This represents the first time the Fund's annual other revenues have exceeded \$100 million. Media revenues for 2010 were \$82.3 million, up \$15.5 million, or 23.2%, from the prior year. This increase was primarily due to increased spending by the automotive and telecommunications sectors during 2010 compared to the prior year, as advertisers returned to the screens starting in the fourth quarter of 2009 after the reduction in full motion and digital pre-show advertising during the first three quarters of 2009 due to the challenging economic environment. CDM revenues increased \$4.4 million during the year, which contributed 28.7% of the media increase. The acquisition of DDC in July 2010 contributed to this increase. The increase in the other category is 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 (in thousands of dollars, except film cost percentage):

Film cost	Fourth Quarter			Full Year		
	2010	2009	Change	2010	2009	Change
Film cost	\$ 71,388	\$ 75,759	-5.8%	\$ 318,495	\$ 305,095	4.4%
Film cost percentage	51.6%	52.8%	-2.3%	53.0%	52.5%	1.0%

Fourth Quarter

Film cost varies primarily with box office revenue, and can vary from quarter to quarter based on the relative strength of the titles exhibited during the period. The decrease in 2010 compared to the prior year period was due to the decrease in attendance and the impact of the 2.3% decrease in film cost.

Full Year

The increase in film cost in 2010 compared to 2009 was due to the 3.4% increase in box office revenues and the 1.0% increase in film cost percentage during the year. The increase in film cost percentage as compared to the prior year period is primarily due to the settlement rate on certain strong performing titles during the first and second quarters of 2010 being higher than the 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		
	2010	2009	Change	2010	2009	Change
Concession cost	\$ 14,121	\$ 14,654	-3.6%	\$ 62,504	\$ 59,267	5.5%
Concession cost percentage	20.7%	20.1%	3.0%	21.1%	20.6%	2.4%
Concession margin per patron	\$ 3.45	\$ 3.41	1.2%	\$ 3.37	\$ 3.27	3.1%

Fourth Quarter

Cost of concessions varies primarily with theatre attendance as well as the quantity and mix of concession offerings sold. The decrease in concession cost as compared to the prior year period was due to the 6.2% decrease in concession revenues, partially offset by the 3.0% increase in concession cost percentage. The concession margin per patron increased from \$3.41 in the fourth quarter of 2009 to \$3.45 in the same period in 2010, reflecting the impact of the higher CPP during the period.

Full Year

The increase in concession cost period over period was due to the 2.7% increase in concession revenues and the 2.4% increase in the concession cost percentage. Concession margin per patron increased 3.1%, from \$3.27 in 2009 to \$3.37 in 2010, representing an annual record for the Fund.

The increase in the concession cost percentage in each period was primarily due to the continued growth of the SCENE loyalty program and the associated 10% discount on concession products. The concession cost percentage was also negatively impacted by the reduced price Tuesday program, which is included in the 2010 results but not in the January to August 2009 results as the program was launched in September 2009.

Occupancy expenses

The following table highlights the movement in occupancy expenses for the quarter and the year (in thousands of dollars):

Occupancy expense	Fourth Quarter			Full Year		
	2010	2009	Change	2010	2009	Change
Rent	\$ 27,350	\$ 26,465	3.3%	\$ 109,494	\$ 106,143	3.2%
Other occupancy	12,834	12,281	4.5%	53,813	52,331	2.8%
Non-recurring lease guarantee payment	-	1,463	NM	-	1,463	NM
Non-recurring legal contingency	-	720	NM	-	1,407	-100.0%
One-time items	(482)	\$ (174)	177.0%	(1,819)	\$ (2,417)	-24.7%
Total	\$ 39,702	\$ 40,755	-2.6%	\$ 161,488	\$ 158,927	1.6%

Occupancy continuity In thousands	Fourth Quarter Occupancy	Full Year Occupancy
2009 as reported	\$ 40,755	\$ 158,927
Impact of new theatres	1,140	4,587
Impact of disposed theatres	(85)	(555)
Same store rent change	34	709
Non-recurring items	(2,491)	(2,272)
Other	349	92
2010 as reported	\$ 39,702	\$ 161,488

Fourth Quarter

Occupancy expense decreased \$1.1 million during the fourth quarter of 2010 compared to the prior year period. During the fourth quarter of 2009, the Fund recorded a non-recurring net occupancy expense of \$1.5 million relating to lease guarantees triggered by landlords for theatres sold by the Partnership in 2006. 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. The \$1.1 million decrease from the fourth quarter of 2009 to the fourth quarter of 2010 was due to these \$2.2 million non-recurring charges, partially offset by \$1.1 million due to the impact of new theatres.

Full Year

Occupancy expense increased \$2.6 million during 2010 compared to the prior year. The increase is primarily due to the net impact of new and disposed theatres (\$4.0 million) and higher same-store rent expenses (\$0.7 million), partially offset by the \$2.3 million impact of non-recurring items, which include the 2009 non-recurring expenses described above (\$1.5 million relating to the lease guarantees and \$1.4 million relating to the pre-acquisition liabilities) net of other non-recurring lease-related amounts.

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		
	2010	2009	Change	2010	2009	Change
Other operating expenses	\$ 62,555	\$ 62,812	-0.4%	\$ 239,938	\$ 228,129	5.2%

Other operating continuity In thousands	Fourth Quarter Other Operating	Full Year Other Operating
2009 as reported	\$ 62,812	\$ 228,129
Impact of new theatres	1,453	4,624
Impact of disposed theatres	(236)	(1,179)
Same store payroll change	291	2,228
Marketing change	(933)	(635)
New business initiatives	1,466	4,004
Other	(2,298)	2,767
2010 as reported	\$ 62,555	\$ 239,938

Fourth Quarter

Other operating expenses decreased \$0.3 million during the fourth quarter of 2010 compared to the prior year period primarily as a result of lower business volumes in 2010. Total theatre payroll accounted for 43.9% of the total expenses in other operating expenses during the fourth quarter of 2010, as compared to 42.1% for the same period one year earlier. Payroll expenses were marginally higher in the fourth quarter of 2010 compared to the prior year period due to minimum wage increases.

The \$2.3 million decrease in Other is primarily due to lower theatre operating costs due to the lower business volumes during the fourth quarter of 2010 compared to the prior year period

Full Year

Other operating expenses increased \$11.8 million during 2010 compared to the prior year. This increase was primarily due to higher spending on new business initiatives (\$4.0 million, includes spending on CDM, the www.cineplex.com website and the Cineplex Store), the net impact of new and disposed theatres (\$3.4 million) and higher same-store payroll costs (\$2.2 million). Total theatre payroll accounted for 45.1% of the total expenses in other operating expenses during 2010, as compared to 45.6% for the prior year.

The \$2.8 million increase in Other includes technology enhancements and expanded service offerings including the cost of online ticketing and 3D technology licensing payments (\$1.4 million) and increased costs relating to the higher business volumes during the year (\$1.4 million).

General and administrative expenses

The following table highlights the movement in general and administrative ("G&A") expenses during the quarter and the year, including the LTIP and Option Plan costs, and G&A net of these costs (in thousands of dollars):

G&A expenses	Fourth Quarter			Full Year		
	2010	2009	Change	2010	2009	Change
G&A excluding LTIP, Option Plan expense and pension settlement	\$ 10,457	\$ 9,816	6.5%	\$ 39,975	\$ 37,364	7.0%
LTIP	2,161	1,991	8.5%	9,986	9,059	10.2%
Option plan	3,279	3,282	-0.1%	9,119	4,220	116.1%
Pension plan settlement	-	-	NM	-	2,360	-100.0%
G&A expenses as reported	\$ 15,897	\$ 15,089	5.4%	\$ 59,080	\$ 53,003	11.5%

Fourth Quarter

General and administrative costs increased \$0.8 million during the fourth quarter of 2010 compared to the same period in the prior year. This increase was primarily due to a \$1.0 million increase in professional fees relating to the Fund's conversion to international financial reporting standards ("IFRS") and the Fund's conversion to a corporation, both of which were effective January 1, 2011.

Full Year

General and administrative costs increased \$6.1 million primarily as a result of increased costs under the Option Plan (\$4.9 million) and the Fund's LTIP program (\$0.9 million). The Fund's closing unit price at December 31, 2010 was \$22.41, as compared to \$18.33 at December 31, 2009. The increased unit price resulted in the increased Option Plan expense during the period. Higher head office payroll costs (\$1.0 million) also contributed to the increased G&A costs. These increases were offset by the one-time settlement loss of \$2.4 million relating to the retirement plan for salaried employees of Famous Players that was recorded in the third quarter of 2009.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")

The following table represents the Fund's EBITDA and adjusted EBITDA for the fourth quarter and full year for 2010 as compared to the prior year periods (expressed in thousands of dollars, except adjusted EBITDA margin):

EBITDA	Fourth Quarter			Full Year		
	2010	2009	Change	2010	2009	Change
EBITDA	\$ 36,604	\$ 35,320	3.6%	\$ 168,830	\$ 158,000	6.9%
Adjusted EBITDA	\$ 37,131	\$ 38,101	-2.5%	\$ 169,277	\$ 159,927	5.8%
Adjusted EBITDA margin	15.4%	15.4%	0.0%	16.7%	16.6%	0.1%

Adjusted EBITDA for the fourth quarter of 2010 decreased \$1.0 million, or 2.5%, as compared to the fourth quarter of 2009. The decrease is primarily due to the lower attendance during the quarter resulting in lower box office and concession revenues, partially offset by media revenue growth as a result of the improved economic climate as well as the growing contribution of CDM. Adjusted EBITDA margin, calculated as adjusted EBITDA divided by total revenues, was 15.4% for both periods.

Adjusted EBITDA for 2010 increased \$9.4 million, or 5.8%, as compared to the prior year. Adjusted EBITDA margin was 16.7%, up from 16.6% in the prior year. The increase is primarily due to the higher revenues, specifically the higher media revenues as a result of increased advertising spending due to the improved economic climate 2010 compared to 2009.

Distributable Cash

For 2010, distributable cash per unit was \$2.217 as compared to \$2.141 in 2009. The declared distributions per unit were \$1.260 in both years. The payout ratios for these periods were 57% and 59%, respectively. For the three months ended December 31, 2010, distributable cash per Fund unit was \$0.458 as compared to \$0.462 for the three months ended December 31, 2009. 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 69% and 68% for each of these periods.

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's reported results to the Partnership's reported results. For 2010, the Fund reported Adjusted EBITDA of \$169.3 million, and the

Partnership reported Adjusted EBITDA of \$173.4 million (Q4 – Fund reported Adjusted EBITDA of \$37.1 million and the Partnership reported Adjusted EBITDA of \$38.1 million).

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, 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 Inc., Cineplex Galaxy Income Fund or Cineplex Entertainment Limited Partnership, their financial or operating results or their securities.

About Cineplex Inc.

Cineplex is the largest motion picture exhibitor in Canada and owns, leases or has a joint-venture interest in 131 theatres with 1,362 screens serving approximately 70 million guests annually. Headquartered in Toronto, Canada, Cineplex operates theatres from British Columbia to Quebec and is the exclusive provider of UltraAVX and 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. Cineplex shares are traded on the Toronto Stock Exchange (“TSX”) under the symbol “CGX”. The Debentures are listed on the TSX under the symbol CGX.DB. For more information, visit www.cineplex.com.

Further information can be found in the disclosure documents filed by the Fund with the securities regulatory authorities, available at 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 10, 2011
10:00 a.m. Eastern Time**

In order to participate in the conference call, **please dial 416-644-3414 or outside of Toronto dial 1-800-814-4859** at least five to ten minutes prior to 10:00 a.m. Eastern Time. Please quote the conference ID 4399110 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 4399110#. The replay will begin at 12:00 p.m. Eastern Time on Thursday, February 10, 2011 and end at 11:59 p.m. Eastern Time on Thursday, February 17, 2011.
- 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,	
	2010	2009	2010	2009
Net income	\$ 10,852	\$ 9,450	\$ 62,956	\$ 53,446
Amortization	19,341	20,067	81,996	80,403
Interest and accretion expense on convertible debentures	1,825	1,851	7,429	7,447
Interest on long-term debt and capital lease obligations	3,906	3,798	15,340	15,929
Interest income	(195)	(69)	(534)	(330)
Provision for income taxes	875	223	1,643	1,105
EBITDA	36,604	35,320	168,830	158,000
Non-controlling interests	25	23	179	420
Extraordinary gain	-	-	-	(1,059)
Loss on disposal of assets	502	2,758	268	2,566
Adjusted EBITDA	\$ 37,131	\$ 38,101	\$ 169,277	\$ 159,927

Cineplex Galaxy Income Fund
Consolidated Supplemental Information
(Unaudited)

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

Distributable Cash

	Three months ended December 31,		Year ended December 31,	
	2010	2009	2010	2009
Cash provided by operating activities	\$ 60,411	\$ 88,706	\$ 147,303	\$ 178,863
Less: Total capital expenditures	(18,823)	(10,353)	(57,112)	(44,025)
Standardized distributable cash	41,588	78,353	90,191	134,838
Less:				
Changes in operating assets and liabilities (i)	(29,076)	(53,602)	236	(31,568)
Tenant inducements (ii)	(262)	(2,938)	(2,489)	(9,990)
Principal component of capital lease obligations	(520)	(437)	(2,004)	(1,700)
Add:				
New build capital expenditures and other (iii)	14,745	5,220	41,881	31,496
Non-cash components in operating assets and liabilities (iv)	(235)	(180)	(939)	(699)
Distributable cash	\$ 26,240	\$ 26,416	\$ 126,876	\$ 122,377
Less: Non-controlling interests share of distributable cash	(79)	(115)	(457)	(1,799)
Distributable cash available to Fund unitholders	\$ 26,161	\$ 26,301	\$ 126,419	\$ 120,578
Average number of Fund units outstanding	57,182,396	56,901,057	57,030,442	56,310,507
Distributable cash per Fund unit	\$ 0.458	\$ 0.462	\$ 2.217	\$ 2.141

(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)

	December 31, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 87,111	\$ 95,791
Accounts receivable	59,111	54,892
Inventories	3,778	4,260
Prepaid expenses and other current assets	<u>3,854</u>	<u>4,310</u>
	153,854	159,253
Property, equipment and leaseholds	415,951	428,253
Future income taxes	19,435	20,221
Deferred charges	688	820
Intangible assets	92,705	103,674
Goodwill	609,035	600,564
	<u>\$ 1,291,668</u>	<u>\$ 1,312,785</u>

Cineplex Galaxy Income Fund
Consolidated Balance Sheets ... continued

(expressed in thousands of Canadian dollars)

	December 31, 2010	December 31, 2009
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 101,454	\$ 109,900
Distributions payable	-	6,001
Income taxes payable	50	34
Deferred revenue	95,571	85,501
Capital lease obligations - current portion	2,242	2,004
Fair value of interest rate swap agreements	5,482	6,881
	<hr/> 204,799	210,321
Long-term debt	233,875	233,459
Fair value of interest rate swap agreements	3,298	5,382
Capital lease obligations – long-term portion	28,885	31,127
Accrued pension benefit liability	2,452	2,012
Other liabilities	107,350	114,941
Convertible debentures - liability component	96,953	100,982
	<hr/> 677,612	698,224
Non-controlling interests	1,790	2,669
Unitholders' equity	612,266	611,892
	<hr/> \$ 1,291,668	\$ 1,312,785

Cineplex Galaxy Income Fund
Consolidated Statements of Operations

(expressed in thousands of Canadian dollars)

	Three months ended December 31, 2010	Three months ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2009
Revenues				
Box office	\$ 138,351	\$ 143,570	\$ 601,097	\$ 581,114
Concessions	68,382	72,909	295,961	288,255
Other	34,061	30,691	113,724	94,979
	<u>240,794</u>	<u>247,170</u>	<u>1,010,782</u>	<u>964,348</u>
Expenses				
Film cost	71,388	75,759	318,495	305,095
Cost of concessions	14,121	14,654	62,504	59,267
Occupancy	39,702	40,755	161,488	158,927
Other operating	62,555	62,812	239,938	228,129
General and administrative	15,897	15,089	59,080	53,003
	<u>203,663</u>	<u>209,069</u>	<u>841,505</u>	<u>804,421</u>
Income before undernoted	37,131	38,101	169,277	159,927
Amortization	19,341	20,067	81,996	80,403
Loss on disposal of assets	502	2,758	268	2,566
Interest and accretion expense on convertible debentures	1,825	1,851	7,429	7,447
Interest on long-term debt and capital lease obligations	3,906	3,798	15,340	15,929
Interest income	(195)	(69)	(534)	(330)
	<u>11,752</u>	<u>9,696</u>	<u>64,778</u>	<u>53,912</u>
Income before income taxes, extraordinary gain and non-controlling interests				
	<u>11,752</u>	<u>9,696</u>	<u>64,778</u>	<u>53,912</u>
Provision for income taxes				
Current	27	-	32	7
Future	848	223	1,611	1,098
	<u>875</u>	<u>223</u>	<u>1,643</u>	<u>1,105</u>
Income before extraordinary gain and non-controlling interests	10,877	9,473	63,135	52,807
Extraordinary gain	-	-	-	1,059
	<u>10,877</u>	<u>9,473</u>	<u>63,135</u>	<u>53,866</u>
Income before non-controlling interests	10,877	9,473	63,135	53,866
Non-controlling interests	25	23	179	420
	<u>10,852</u>	<u>9,450</u>	<u>62,956</u>	<u>53,446</u>
Net income	\$ 10,852	\$ 9,450	\$ 62,956	\$ 53,446

Cineplex Galaxy Income Fund
Consolidated Statements of Unitholders' Equity and Comprehensive Income

(expressed in thousands of Canadian dollars)

For the year ended December 31, 2010

	Accumulated income	Accumulated distributions	Accumulated distributions in excess of accumulated income	Accumulated other comprehensive loss	Unitholders' capital	Total unitholders' equity	Comprehensive income
Balance - December 31, 2009	\$ 155,981	\$ (262,094)	\$ (106,113)	\$ (4,852)	\$ 722,857	\$ 611,892	\$ -
Issuance of Fund units under Exchange Agreement	-	-	-	-	833	833	-
LTIP compensation obligation	-	-	-	-	935	935	-
Issuance of Fund units on conversion of debentures	-	-	-	-	5,253	5,253	-
LTIP Fund units	-	-	-	-	(1,063)	(1,063)	-
Distributions declared	-	(71,878)	(71,878)	-	-	(71,878)	-
Net income	62,956	-	62,956	-	-	62,956	62,956
Other comprehensive income - interest rate swap agreements, including \$944 of future income tax recovery	-	-	-	3,338	-	3,338	3,338
Comprehensive income for the year	-	-	-	-	-	-	\$ 66,294
Balance - December 31, 2010	\$ 218,937	\$ (333,972)	\$ (115,035)	\$ (1,514)	\$ 728,815	\$ 612,266	

The sum of the accumulated distributions in excess of accumulated income and accumulated other comprehensive loss as at December 31, 2010 is \$116,549.

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
Balance - December 31, 2008	\$ 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 future income tax provision	-	-	-	8,831	-	8,831	8,831
Comprehensive income for the year	-	-	-	-	-	-	\$ 62,277
Balance - December 31, 2009	\$ 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.

Cineplex Galaxy Income Fund

Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

	Three months ended December 31, 2010	Three months ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2009
Cash provided by (used in)				
Operating activities				
Net income	\$ 10,852	\$ 9,450	\$ 62,956	\$ 53,446
Adjustments to reconcile net income to net cash provided by operating activities				
Amortization of property, equipment and leaseholds, deferred charges and intangible assets	19,341	20,067	81,996	80,403
Amortization of tenant inducements, rent averaging liabilities and fair value lease contract liabilities	(836)	(535)	(3,075)	(1,166)
Amortization of debt issuance costs	151	150	598	598
Loss on disposal of assets	502	2,758	268	2,566
Future income taxes	848	223	1,611	1,098
Cash flow hedges - non-cash interest	(139)	(277)	(707)	(148)
Extraordinary gain	-	-	-	(1,059)
Non-controlling interests	25	23	179	420
Accretion of convertible debentures	329	307	1,224	1,147
Tenant inducements	262	2,938	2,489	9,990
Changes in operating assets and liabilities	29,076	53,602	(236)	31,568
	60,411	88,706	147,303	178,863
Investing activities				
Proceeds from sale of assets	34	39	2,247	535
Purchases of property, equipment and leaseholds	(18,823)	(10,353)	(57,112)	(44,025)
Cash acquired in exchanges of LP units	-	-	-	639
Acquisition of businesses, net of cash acquired	(6,494)	-	(11,358)	(1,933)
	(25,283)	(10,314)	(66,223)	(44,784)
Financing activities				
Distributions paid	(24,016)	(17,923)	(77,853)	(69,795)
Distributions paid by the Partnership to non-controlling interests	(72)	(79)	(283)	(2,215)
Borrowings under credit facility	30,000	5,000	67,000	35,000
Repayment of credit facility	(30,000)	(5,000)	(67,000)	(35,000)
Payments under capital leases	(520)	(437)	(2,004)	(1,700)
Acquisition of long-term incentive plan Fund units	-	-	(9,620)	(9,163)
	(24,608)	(18,439)	(89,760)	(82,873)
(Decrease) increase in cash and cash equivalents during the period	10,520	59,953	(8,680)	51,206
Cash and cash equivalents - Beginning of period	76,591	35,838	95,791	44,585
Cash and cash equivalents - End of period	\$ 87,111	\$ 95,791	\$ 87,111	\$ 95,791
Supplemental Information				
Cash paid for interest	\$ 6,959	\$ 6,951	\$ 21,669	\$ 19,454
Cash paid for income taxes - net	\$ 89	\$ 10	\$ 119	\$ 21
Cash received for interest	\$ 184	\$ 59	\$ 511	\$ 296