



HIT entertainment

LIONSGATE®

LIONSGATE® SELECTED TO DISTRIBUTE HIT ENTERTAINMENT'S PREMIERE FAMILY ENTERTAINMENT LIBRARY IN NORTH AMERICA

Agreement Catapults Lionsgate Into Top Three In North American Non-Theatrical Family Home Entertainment Marketplace With Distribution Rights To *Thomas & Friends™*, *Bob the Builder™*, *Barney™*, *Angelina Ballerina™* And More

SANTA MONICA, CA, VANCOUVER, BC, and LONDON, UK– March 24, 2008 –Reflecting the continued growth of its home entertainment business, Lionsgate (NYSE: LGF), the premier independent filmed entertainment studio, has acquired the home entertainment distribution rights to worldwide family entertainment leader HIT Entertainment's extensive portfolio of award-winning children's programming in the US and Canada. The announcement was made today by Lionsgate President and Co-Chief Operating Officer Steve Beeks and HIT Entertainment Chief Financial Officer Jim Weight.

Under the terms of the agreement, Lionsgate obtains the exclusive marketing, sales and distribution rights to HIT's iconic franchises including *Thomas & Friends™*, *Bob the Builder™*, *Barney™*, *Angelina Ballerina™* and *Fireman Sam™* newly acquired brands such as *Fifi & the Flowertots™* and *Roary the Racing Car™* from Chapman Entertainment, Aardman Animations' award-winning *Wallace & Gromit™* which includes four TV half hour episodes, and *Shaun the Sheep™*, as well as The Jim Henson Company's *Fraggle Rock™* and additional family titles from the Henson library.

Lionsgate is scheduled to begin distributing HIT's full slate of home entertainment releases in May 2008. *Thomas and the Great Discovery*, the brand's first feature length direct to DVD movie since 2005, featuring Pierce Brosnan as the narrator, will be one of the first titles released in September 2008.

"The HIT library will be one of the most treasured jewels in our family entertainment crown," said Lionsgate President and Co-Chief Operating Officer Steve Beeks. "With the opportunity to combine such evergreen worldwide brands as *Barney*, *Thomas & Friends* and *Bob the Builder* with our existing properties, including *Marvel™*, *Doodlebops*, *Bratz* and *Clifford*, this agreement propels us into the top three family entertainment distributors in North America for non-theatrical product. It also underscores our longstanding commitment to highly recognizable, branded properties in the family entertainment space, encompassing a diverse portfolio of legendary franchises and cutting edge new properties. This deal exemplifies Lionsgate's strategy of patient, disciplined growth."

"We are thrilled to work with Lionsgate, whose existing family home entertainment operations have already generated more than 9% North American market share, to bring HIT's high-quality, trusted properties to families through home entertainment," said Weight. "We look forward to a partnership that builds on the massive popularity of franchises such as *Thomas*, *Bob the Builder* and *Barney*, while introducing a rich and diverse portfolio of new properties to the next generation of family audiences."

Lionsgate and HIT noted that, anticipating the emerging digital marketplace, the agreement encompasses electronic sell-through to the HIT owned titles as well as DVD distribution rights. Lionsgate currently has non-

theatrical family home entertainment market share of approximately 9% and, with the new partnership with HIT, this non-theatrical family home entertainment market share is expected to grow to approximately 15%.

The addition of the HIT Entertainment portfolio continues Lionsgate's tremendous growth momentum as a distributor of many of the most prominent family brands in the marketplace. Prior to this deal, Lionsgate was the fourth largest distributor of children's non-theatrical titles and the second largest for children's non-theatrical features. In the children's television market, Lionsgate is one of the industry leaders, as it releases to DVD a virtual who's-who in family entertainment brands including Scholastic's *Clifford the Big Red Dog*, American Greetings' *The Care Bears*, Cookie Jar Entertainment's *The Doodlebops*, MGA's *Bratz*, Nelvana's *Miss Spider's Sunny Patch Friends* as well as *Speed Racer* and the *Marvel Animated Features™* series.

ABOUT LIONSGATE®

Lionsgate is the leading independent filmed entertainment studio and is a premier producer and distributor of motion picture, television programming, home entertainment, family entertainment, video-on-demand and digitally-delivered content. Its prestigious and prolific library of 12,000 motion picture titles and television episodes is a stable source of recurring revenue and serves as the foundation for the growth of the Company's core businesses. The Lionsgate brand is synonymous with original, daring, quality entertainment in markets around the globe.

ABOUT HIT ENTERTAINMENT

HIT Entertainment, owned by private equity investment group Apax Partners, is one of the world's leading independent children's entertainment producers and rights-owners. HIT's portfolio includes properties, such as *Barney™*, *Bob the Builder™*, *Thomas & Friends™*, *Pingu™*, *Fireman Sam™*, *Angelina Ballerina™* and *Rainbow Magic™*. HIT represents *Fifi and the Flowertots™* in North America and Japan and acts as a worldwide representative for The Jim Henson Company's library of classic family brands and as representative for *The Wiggles®* in the UK. Launched in 1989, HIT's lines of business span television and video production (including studios in the US and the UK), publishing, consumer products licensing and live events. With a catalogue of more than 1,500 hours of young children's programming, HIT sells its shows to more than 240 countries worldwide, in more than 45 different languages and has operations in the UK, US, Canada, Hong Kong and Japan. In 2005, the Company joined Comcast Corporation, PBS and Sesame Workshop to launch PBS KIDS SproutSM, a 24-hour digital cable channel and VOD service for preschoolers. In 2007, HIT and ChelloMedia, the European content division of Liberty Global, Inc and its subsidiary ChelloZone, announced a joint venture to launch and distribute JimJam, an international preschool TV channel (excludes the US, UK and China). For more information, visit www.hitentertainment.com.

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