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## Standing Committee on Canadian Heritage

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EVIDENCE

**Thursday, June 3, 2010**

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**Chair**

Mr. Gary Schellenberger



## Standing Committee on Canadian Heritage

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• (1105)

[English]

**The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)):** Order, please.

Good morning, everyone. I'd like to welcome you here this morning to meeting number 18 of the Standing Committee on Canadian Heritage.

Just before we do our orders of the day, I'd like to do a quick rundown on where we are heading down the way.

Next Thursday, senior officials from Industry Canada will be available for that meeting. It's going to be my suggestion that Industry Canada officials be here next Thursday.

I suggest, on Tuesday, a meeting on future business in order to discuss the following items: interim report; the continuation of the public hearings next fall; and perhaps Mr. Angus will ask for a report, we don't know, on Lionsgate. So next Tuesday will be committee business, where we are going forward. Including today, I think we have five meetings left, and if we're doing an interim report, we cannot do that on the fifth meeting or we won't get it to the House.

With that, I will carry on.

Pursuant to Standing Order 108(2), the orders of the day are a study on the attempted takeover of Canadian film production and distribution firm, Lionsgate Entertainment Corporation.

This morning our witnesses from Lionsgate Entertainment Corporation are: Jon Feltheimer, chief executive officer; Norman Bacal, member of the board; and Phyllis Yaffe, member of the board. Welcome.

Who is going to lead off with the presentation?

Jon.

**Mr. Jon Feltheimer (Chief Executive Officer, Lionsgate Entertainment Corporation):** I think I'll start.

Thank you very much, Mr. Schellenberger.

*Monsieur le président, mesdames and messieurs, bonjour.* Good morning.

My name is Jon Feltheimer. I'm the co-chairman and chief executive officer of Lionsgate Entertainment, Canada's leading independent filmed entertainment company.

I also want to introduce Phyllis Yaffe and Norman Bacal, who are members of our board of directors. Phyllis and Norm will be well-known to many of you by virtue of their longstanding roles in the Canadian film industry.

Let me begin by thanking members of the committee for extending this invitation for us to appear today and to discuss our concerns with the unsolicited takeover bid by the Icahn Group to purchase up to all of the shares of Lionsgate. As members will well know, the implications of the offer, were it to be allowed to proceed, go far beyond our company and will have significant ramifications for the Canadian film industry as a whole. As a result, Lionsgate believes that the offer, if successful, will not be of net benefit to Canada.

Members will have received some background information on Lionsgate, but I would like to take a moment to highlight what our company is about and our contribution, since our creation a little over a decade ago, to the film and television industry in Canada.

Let me start by stating the obvious. Lionsgate is Canadian. That's why we are here before you today. Lionsgate is a Canadian company incorporated in British Columbia. Two-thirds of our board of directors is made up of Canadians. Equally important, in our investments and our presence we are active and proud contributors to the film industry in Canada.

Senior management does work out of our California offices in order to be close to the epicentre of the film and television industry, but my colleagues and I, in New York, London, Toronto, Sydney, and Hong Kong offices, report to and answer to our board of directors.

Since its creation in 1997, Lionsgate has grown into a nearly \$2 billion diversified global entertainment corporation. We have grown Lionsgate from a little independent studio, distributing primarily art house films, into a leader in motion picture production and distribution, television production and syndication, home entertainment, digital distribution, and new channel platforms.

One of the primary catalysts of this growth has been our ability to produce films and television projects with the participation of Canadian talent and crews, the benefit of federal and provincial funding, and the support of four of Canada's great cities—Vancouver, Montreal, Toronto, and Edmonton.

•(1110)

Our record of our contribution to the Canadian industry is clear, and indeed our growth has been inextricably linked to Canada...from the Lionsgate brand, a name reflecting its Vancouver roots, to the 48 films and television series we have produced here over the past 10 years, to our fast-growing Maple distribution company in Toronto, to our partnership with the Société générale de financement in Quebec, and our long-standing association with the Toronto International Film Festival, with which our shareholder meeting coincides each year and where we acquired our Academy Award-winning film *Crash* just a few years ago. We are also proud sponsors every year of the Banff TV Festival.

We are here today not only to remind you that Canada has been an important component of our success, but to make the point that we have also contributed to the success of the film and television industry in Canada. We have invested more than \$800 million in movie and TV projects that were produced here in Canada, and we have created over 20,000 jobs, according to the standard CFTPA multiplier.

While we are here today due to the uncertainty created by the takeover attempt of Lionsgate currently under way, there is nothing uncertain about the message that we have brought the government officials and parliamentarians in recent weeks, or to you today. That message is that we value Lionsgate's Canadian heritage, we are proud of the role we have played in Canada's economy, we are proud to contribute to the cultural legacy of Canada and Quebec, and we are committed to the continued growth of our film and television businesses. This sustained growth, coupled with our recent expansion into channels, enables us to position ourselves to provide continued growth of our involvement in the Canadian film and television industry in the future.

In preparing for today's meeting, I took careful note of the debate that preceded the unanimous adoption by the committee of the motion that led to these hearings. Wisely, the committee was explicit that this hearing was not about blocking any kind of foreign investment in any circumstance. Canadians can and indeed should be proud of the fact that Canadian companies attract significant foreign investment. Rather, the issue before you and before the government is whether this specific proposal constitutes a net benefit to Canadian artists and Canadian industry. We believe that it simply cannot, based on what, if anything, Mr. Icahn has said in this regard.

Ladies and gentlemen, the Government of Canada is faced with a simple choice, a choice between Lionsgate as it stands today and Lionsgate as it would operate under the control of the Icahn Group. On the one hand, we are a Canadian company with a 10-year track record of very meaningful investment in Canada. We have spent close to a billion dollars in production in Canada, generated hundreds of hours of television and feature film product, and created tens of thousands of jobs in Canada.

On the other hand, our suitor has no track record of investment in the Canadian entertainment industry, no history of producing movies and television shows in Canada, and no legacy of creating jobs in the Canadian media industry; in fact, no relevant experience in the entertainment industry at all, here or anywhere else. In fact, in a recent interview with CNBC, Mr. Icahn himself suggested that

Lionsgate should get out of the business of production altogether. That would mean no more \$800 million spent on film and television productions filmed in Canada and no more creation of 20,000 jobs in Canada.

As Mr. Icahn has chosen not to share his plans with this committee or Canadians, or even accept the invitation to appear before this committee, we cannot see how he intends to exceed this benchmark, if at all, to satisfy the requirements of the law.

Furthermore, Mr. Icahn proposes to sell Lionsgate's Canadian film distribution arm as a feature of this offer. He is not doing this in the interest of enhancing the Canadian industry, or indeed Maple, as his representative suggested to you on Tuesday. He is simply doing it to avoid the provisions of the federal government's long-standing film policy, which prohibits foreign acquirers from buying Canadian film distribution companies. This fire sale of Maple will have a negative impact on the Canadian film industry as the divestiture will either mean that Maple will be sold to a competitor—therefore removing a potential outlet for Canadian productions—or, if sold to a company that is not engaged in film distribution, it will be a weaker player in the industry without Lionsgate's support and involvement.

We hope you will agree that the choice is clear. Allowing Lionsgate to fall under foreign control under these circumstances cannot be of net benefit to Canada and will have a significant impact on the industry as a whole.

*Merci beaucoup.* Thank you.

•(1115)

My colleagues and I are now delighted to take your questions.

**The Chair:** Thank you, sir, for that presentation.

The first question is from Mr. Rodriguez.

[*Translation*]

**Mr. Pablo Rodriguez (Honoré-Mercier, Lib.):** Thank you, Mr. Chair.

Good morning, everyone.

Thank you; we will use this.

**Mr. Jon Feltheimer:** If you speak very slowly, it is possible that I may understand.

[*English*]

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** But you only have five minutes.

**Voices:** Oh, oh!

**Mr. Pablo Rodriguez:** Is everybody okay now? I can switch to English? No, I'm kidding.

[*Translation*]

Thank you for being here.

Last week, Mr. Schaitkin spent more time—I told him so—trying to show that Lionsgate was not a Canadian company than he spent explaining why it would be a good thing for Lionsgate and for Canada to proceed with this deal.

Is it a Canadian company? Is Lionsgate a Canadian company? You have operations elsewhere, and that is normal. You have operations and offices in California.

But he brought up something that I would like to clarify. He says that your address in Canada is not really your address, but the address of your lawyers' offices. Do you have an address in Canada, or is it true that you actually use Heenan Blaikie's address?

[English]

**Mr. Jon Feltheimer:** Actually, Toronto has always been the centre for our film distribution activity. Our partnership with Maple right now actually serves as our Canadian office. As I said in my remarks, we have offices all over the world. That is the nature of what, together with Canada, frankly, we have built: we have built a global media company. That's exactly how we operate. I personally have my main office in Los Angeles, because that is actually the centre of film activity.

**Mr. Pablo Rodriguez:** I'm sorry to interrupt, but I only have half a minute. You're saying your main office in Canada would be the one in Toronto with Maple.

[Translation]

**Mr. Norman Bacal (Member of the Board, Lionsgate Entertainment Corporation):** We only used the Vancouver office during registration periods.

**Mr. Pablo Rodriguez:** It all essentially hinges on one question, right?

[English]

It's all about whether there is net benefit for Canada. Mr. Schaitkin didn't want to answer that question. He said he couldn't. I'm not sure.

Do you see any net benefit for Canada?

**Mr. Jon Feltheimer:** I find it hard to believe that there is any net benefit for Canada at all. Again, as I said in my remarks, I haven't heard any plan at all. I actually haven't heard any plan from Mr. Icahn in general about what he would do with our company.

I've heard absolutely no plans related to any growth potential. I actually hear constantly the opposite. He wants us to produce less—less television, less film. Obviously we produce quite a lot of our film and television in Canada; if we were to cut back on our film and television production overall, I can't imagine that we would be increasing our production in Canada.

• (1120)

**Mr. Pablo Rodriguez:** That's my next question. He said that Lionsgate should eventually get out of production, and they can't get into distribution because of the law. He has already said he would get rid of Maple. Why does he want to buy Lionsgate, then?

**Mr. Jon Feltheimer:** That's a very good question. I think he wants to buy Lionsgate in general because he feels that it's undervalued in terms of the stock component. What other plans he has to increase the value to either Lionsgate or Canada all of us have yet to hear. I'm very interested in hearing that, but I think all of us have yet to hear any plans whatsoever.

**Ms. Phyllis Yaffe (Member of the Board, Lionsgate Entertainment Corporation):** May I add to that? I really think you're right in saying that the net benefit test is what the Investment Canada Act

and Heritage Canada have to deal with, and I think that there is an obvious comparison to be made here. Sometimes people talk about things such as supporting film festivals or internships or those kinds of things; they're all very nice to do, but I think it's important to remember that Lionsgate has produced \$800 million worth of film and television in this country.

That's the bar we set. That's the test that has to be met, and I think a net benefit means a contribution larger than \$800 million. I don't see that one as a fudgeable. It's not "we might do this or that". We have a track record, and I think that's what you have to test against.

**Mr. Pablo Rodriguez:** I agree. I'm still trying to figure out what those benefits would be, but I don't see them and we didn't get any explanation, so I guess we'll have to wait.

I'll ask my last question, because I have less than a minute.

They seem to think they know your business better than you do. If I listen to what you say, Lionsgate has been doing quite well, going from tens of millions of dollars to almost \$2 billion, right? So I guess you guys know your business.

**Mr. Jon Feltheimer:** We would certainly like to think so, Mr. Rodriguez. I appreciate your saying that. Again, we're not at all sure what his plan is, but I think, as you've noticed, he goes into a new fight like this maybe once a week, and it's always a different industry and he immediately thinks he has a better plan. So he actually seems to know quite a lot about a lot of businesses, but I'm not actually sure in this particular one what he has to offer.

**Ms. Phyllis Yaffe:** I'd just like to add that as the board of directors, we obviously had to consider the plan that management brought to us, and the board of directors is completely supportive of the plan. So we as a board—and it's primarily Canadians on that board—believe it's a strong plan for the future of Lionsgate.

**The Chair:** Thank you.

Madame Lavallée, go ahead, please.

[Translation]

**Mrs. Carole Lavallée:** Thank you.

The Investment Canada Act is the instrument that regulates foreign investments in Canada. So the Department of Canadian Heritage is responsible for administering the act and its regulations, and for providing its opinion on whether it accepts the deal proposed by Icahn, an unsolicited takeover bid.

Why do you think that the Department of Canadian Heritage should turn down this proposal from a foreign company, since that is what you want? Which regulations should the department use as its basis for doing that?

[English]

**Mr. Jon Feltheimer:** Clearly, we're here today because we want this committee to understand the implications of this offer and this potential takeover, not only for Lionsgate but for the industry in general, because it goes far beyond, we believe, Lionsgate in setting a policy here. We obviously understand the heritage act and understand that if he goes over 33%, it is the obligation of the committee to determine whether there is a net benefit to Canada. We don't believe that there would be, and we hope that this committee understands the implications of what we've presented today. We would hope this committee would support our position.

[Translation]

**Mrs. Carole Lavallée:** You are saying that the department should assess whether there is a net benefit for Canada. Why do you think that there is no net benefit?

• (1125)

**Mr. Norman Bacal:** We take that position because of what Mr. Icahn or the Icahn Group have publicly stated up to now. To our knowledge, Mr. Icahn has no plan for what he is going to do with the company to create a net benefit for Canada.

Over the last 10 years, we have produced a body of work valued at \$800 million. If he takes control of the business, a distribution company will have to be sold. That company is our partner and one of the great Canadian distributors. To create that net benefit, we feel that his productions will have to be worth more than \$80 million each year. Selling Maple, in our opinion, would not be in the interests of the country or of distribution.

**Mrs. Carole Lavallée:** Why is it not a good idea to sell Maple?

**Mr. Norman Bacal:** First, the share of the market under Canadian control is, I believe, less than 7% of what appears on the screens. Canadian companies have to...

[English]

to provide funds.

[Translation]

**Mrs. Carole Lavallée:** They have to find funding.

**Mr. Norman Bacal:** Yes. They have to find funding for Canadian productions. This is an important source of funding for producers. Each time a distributor disappears, there is less competition among distribution companies. It is likely that one of the buyers would be one of our current competitors; it is our opinion that reducing competition cannot be to the advantage of Canadian producers.

**Mrs. Carole Lavallée:** Okay.

Let me play the devil's advocate, so to speak.

Why don't you just let them?

**A voice:** Why don't we let them...

**Mrs. Carole Lavallée:** Why do you not let the Icahn Group buy your company and do what it wants? You collect up all your marbles, you go elsewhere and you do something else.

**Mr. Norman Bacal:** It is not as simple as that.

**Mrs. Carole Lavallée:** Tell me why.

**Mr. Norman Bacal:** As a board of directors, we have to act in the best interests of the shareholders and the company. At some stage, for some price, it is possible that we might have to consider an offer.

But, at the moment, and from the public statements we have heard from Icahn, nothing has convinced our board of directors that it is in the interests of the shareholders to accept its offer. It is as simple as that.

[English]

**The Chair:** Thank you.

Mr. Masse, please.

**Mr. Brian Masse (Windsor West, NDP):** Thank you, Mr. Chair.

Thank you for appearing here today.

I'm the New Democratic Party's industry critic. Charlie Angus gives his regrets; he cannot be here today. But I have been dealing with the Investment Canada Act for nearly eight years, everything from China Minmetals, Xstrata, Falconbridge—a whole series of takeovers. This one is a little bit different. This is an interesting one, because usually we deal with a number of the takeovers related to the argument that there needs to be more investment, and there can be unlimited investment in a company, but it's the controlling shares. But this is a different one. It's a complete buyout.

I do want to confirm a couple of things. Right now is anyone in your organization meeting with Icahn or representatives about a potential takeover? Are active negotiations taking place?

**Mr. Jon Feltheimer:** We currently have no discussions going on with the Icahn Group.

**Mr. Brian Masse:** Say, for example, they came in with a sweeter offer and upped the ante. Your position would not change with regard to the Investment Canada Act and the net benefit to Canada?

**Mr. Jon Feltheimer:** You are asking two questions. The first question is obviously that our board of directors has the obligation and fiduciary responsibility to examine any offer that Mr. Icahn makes. If, as part of that, he were to say some things or make some offers that would be of obvious benefit to Canada that one could actually quantify, that one could actually believe would really happen, then obviously that perhaps would change our position.

What is kind of interesting about your question is this, and really I think the issue here in front of the committee is that we're asking the committee to review what we've actually done here in Canada. What Mr. Icahn, the Icahn Group, is asking for is for you to believe actually what he said. If you actually even review his recent history in terms of what he said in Canada, what he said at the British Columbia Securities Commission, basically was, "I will not extend my offer", and he has extended it three times. He said, "I will not raise my price", and he raised his price. He said he would not reduce his minimum condition, but he has just recently reduced his minimum condition. The effect of that is very significant because what he has created—and I know that is not the purpose of this committee—by reducing the minimum condition is essentially a creeping takeover.

Again, I would ask you, sir, to think about exactly what we have done in Canada, not what we're telling you we're going to do, and frankly, not what Mr. Icahn is telling you he will do.

•(1130)

**Mr. Brian Masse:** I just want to make sure it's clear on the record, though. This isn't about the value of the stock itself as a lone issue in the decision about Lionsgate's position. That's what I want to make sure is clear at this point in time. What you are telling me right now is that the only negotiation that is really taking place is Mr. Icahn's public statements versus that of meetings going on behind closed doors with someone, with either authorized agents from Lionsgate or his organization. I just want to make sure that's clear.

**Mr. Jon Feltheimer:** That is a fair question. There are absolutely no discussions going on right now with Mr. Icahn.

**Mr. Brian Masse:** Thank you.

With regard to Lionsgate, what is the percentage of production in Canada versus that in the United States? We have a shared industry in many respects. What is your production level in Canada versus the United States?

**Mr. Jon Feltheimer:** I've never run the math on that. Again, it has been very significant here. Our television business has been significantly involved here in Canada. We just recently finished shooting our first network prime time scripted show, *Running Wilde*, which we shot in Vancouver. I believe that was a \$3.5 million, \$4 million production. We are currently shooting in Montreal, beginning pre-production on the second season of *Blue Mountain State*, which is something we have done with SGF, Société générale de financement, with which we have a \$400 million production facility to do feature films and television production in Quebec. So it's been a very, very significant portion. I would have to actually go back, and I would be happy to supply you with those details.

**Mr. Brian Masse:** That's fair. Maybe a follow-up would give us an idea of that, because there have been the allegations.

How many Canadian employees do you actually have, permanent employees who are actually in Canada? You mentioned that you're running out of Maple your office operations here. Maybe you could describe more of the physical presence that you have in Canada for part of your production and also your distribution.

**Mr. Jon Feltheimer:** Sure.

Actually, in contrast to what I believe would happen with the consolidation of Maple with another buyer, we've actually expanded our Maple business. I can't tell you the exact amount of employees we have in our Toronto office. My guess is it's around 40, but we've actually expanded their business.

As you may or may not know, our business in Toronto, our distribution, is actually a number of different activities. It's not only distributing the Lionsgate films, but actually we've expanded this year, and a full third of our business, from a revenue perspective, was actually films that were not Lionsgate. You may or may not know that we also distribute all of the French language films from Equinox. We are the English Canada distributor of those films. Together with Lionsgate, Maple goes out into the international market and acquires third-party films. Frankly, it's very much because of the other rights that Lionsgate is able to buy that Maple is able to finance those films.

So our whole idea with Maple over the last two or three years is to give our Canadian employees an ownership interest, and to

incentivize them to grow well beyond just the Lionsgate product and to build their overall business as a Canadian company.

**The Chair:** Thank you.

Mr. Del Mastro, please.

**Mr. Dean Del Mastro (Peterborough, CPC):** Thank you, Mr. Chairman.

I thank the witnesses for appearing here today.

Obviously these are delicate discussions because this is something that's currently under consideration. But I do want to ask you a couple of questions, and don't be offended by what I'm saying. I'm just trying to draw out the discussion a little bit.

You're a publicly traded company.

•(1135)

**Mr. Jon Feltheimer:** Correct.

**Mr. Dean Del Mastro:** When you put shares on the market, especially if you're going to extend ownership of the company to such a degree that somebody could in fact come over and take over the company, that is a risk you take on the market.

We heard testimony the other day—no offence to the board members present—that the board doesn't know what they're doing, the company is making bad investments, and you're the reason why the stock, of which Mr. Icahn owns 20% of the shares, roughly, is undervalued. He's not happy about it, so he's going to fix it, and he's a value investor.

I think you've indicated he's in a whole bunch of different companies. He thinks he knows better how to run them. He seems to have made a bit of money. Maybe he knows a thing or two about business. I follow the market quite a bit. I think he probably does.

My concern when I'm reviewing this, and Mr. Rodriguez has adequately put this into perspective, is that we're at a point now where we're just looking at net benefit to Canada. Ultimately my concern is that sometimes companies like yourself could be perceived as Canadian by convenience. Four percent of your shares are actually Canadian. You're producing things in Canada, but lots of companies are producing films in Canada, because we have great incentives. I think we have a pretty good industry that we've worked on building. So it's not exclusive. It's not like you're the only company that's producing films in Canada.

It's delicate, because if we operate the rules like it's a kangaroo court and we say we're going to protect these guys just because we think we should, foreign investment is looking at it and saying, wait a minute, there are rules, you've set up the rules, and you argue that this is how it should work, but then you make special exemptions to it because you're not prepared to accept a commitment from somebody who's prepared to say... And I'll agree with you 100%, they have not indicated what their commitments to Canada are. They must be making those commitments to the department and to the ministry. We're not entitled to know what they are.

But if outsiders are looking at this, frankly, there's some danger to a country that fashions itself as being a free market economy that wants to build itself by both making investments into foreign jurisdictions and receiving foreign direct investment into its country. I'm just concerned.

My first question is, are you Canadian by convenience? Is this your corporate head office? They said it's a mailbox in Vancouver.

**Mr. Jon Feltheimer:** If you'll pardon this answer, there has been nothing convenient about being a Canadian company, and we did just run into what we thought was a very bad decision at the British Columbia Securities Commission. We felt we had a very bad decision from the Court of Appeal, with very little input from us, but we have been a Canadian company from the beginning. I read pretty much every day some article from around the world about Lionsgate that starts with "Lionsgate, the Canadian entertainment or media company".

In every one of our actions, I report to—and every employee at our company reports to—a Canadian-controlled board. There is nothing we do...every one of our committees, I believe, is controlled by Canadians. There is no strategic deal that we do, there is no budget that gets acted upon without the approval of a Canadian board. We have a very vibrant distribution company in Toronto. We have grown that company, and I believe we have honoured the commitment that Canada has made to our company by returning that commitment and that investment in terms of significant production that, frankly, we can produce anywhere else in the world.

I think we have been a very loyal partner to Canada, and Canada has been a very loyal partner to us, and together Canada and Lionsgate have built a major media giant. By the way, it was the same management team. In 2000, when I came to the company, our stock was, at one point, \$1.50. The stock is now \$7. We were doing less than \$100 million of revenue. We're doing close to \$2 billion. This management company has grown that company and continues the commitment to the production and distribution of English and French language films in Canada. There was nothing particularly convenient about that.

• (1140)

**Mr. Dean Del Mastro:** We know the Icahn Group is obviously in communication with the department. They're prepared to make commitments to suggest what the net benefit of their takeover would be to Canada. Have you made any specific commitments that would counter that? Have you had discussions with them and indicated what Lionsgate is prepared to do for Canada's industry over the next number of years and how you intend to operate? Have you made those types of offers?

**Mr. Jon Feltheimer:** We have certainly tried to meet with the minister, and we certainly respect the fact that he wishes to remain neutral and therefore hasn't wanted to meet with us again.

I revert to what I said before, which is that we have an ongoing relationship in Quebec with SGF. We have ongoing conversations with the mayor of Edmonton, who has written a letter on our behalf saying he believes an Icahn Group takeover of Lionsgate would not be good for the city of Edmonton.

We have ongoing production all through Canada right now, and I think it's pretty clear what our commitment is to Canada. No one has

asked us for a further commitment. Of course, we would be happy to have that discussion, but again, we are committed to Canada. We are committed to growing Maple. We are committed to the distribution and financing of French Canadian and English Canadian pictures. We are talking to Paul Haggis, a great Canadian writer and filmmaker, whose next film we're about to release in the next three days, starring Russell Crowe. We're talking to Paul Haggis as well about developing television shows with Canadian writers and directors. We are working on our investment in film and television production in Canada every day.

**The Chair:** Thank you.

Next question, Mr. Simms, please.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.):** Thank you very much, Mr. Chair, and thank you to our guest.

From what I understand, Mr. Icahn has been critical of planned acquisition of MGM Incorporated as a studio, Walt Disney Company's Miramax Films division. He argued against buying these companies as he believes their film libraries are declining in value. Obviously, that's the starting point of my question, which is that he thinks you're getting into something that is...he didn't even say it was not really Canadian or not providing a net benefit to the average Canadian, but it was just simply not a good investment.

Why is it not a good investment, according to Mr. Icahn, or how would you refute that? On the surface it seems maybe it's not such a...the purchase for net benefit to Canadians doesn't really relate.

**Mr. Jon Feltheimer:** I tried very hard not to listen to a lot of the criticism. On MGM, for example, I think it's on the record that he offered us a bridge loan to buy MGM. I think there is a certain playbook that Mr. Icahn and his group follow on pretty much every acquisition. He takes a stake in a company. He comes in and says he wants to have talks with management. He finds some things he thinks he can be critical of to drive a wedge. That typically is what he looks for.

As I say, on MGM, which is the largest library we could possibly look at, he at one point offered us a bridge. I don't think he's even refuted that bridge loan.

**Mr. Scott Simms:** To buy the—

**Mr. Jon Feltheimer:** To buy MGM.

**Mr. Scott Simms:** Which is what he doesn't want.

**Mr. Jon Feltheimer:** Well, again—

**Ms. Phyllis Yaffe:** Hard to tell.

**Mr. Scott Simms:** Okay, understood.



**Mr. Jon Feltheimer:** I think it's really quite hard to tell. I think the key thing is that our strategic committee and our board of directors look at every acquisition in terms of the net benefit to our shareholders first, and then the net benefit that results from all our activities, and if the company is stronger financially because of a potential acquisition...we've built the company on acquisitions. The first thing we did when we refinanced Lionsgate many years ago was to buy Trimark and Artisan. That made us a stronger company. That provided the cashflow that creates the financial foundation on which we can produce film and television. That's exactly what those acquisitions did.

**Mr. Scott Simms:** Meaning a net benefit to Canada, like Miramax, you mentioned.

**Mr. Jon Feltheimer:** The strength this company derived from having merged with libraries that create an ongoing, evergreen cashflow created the financial strength for us to expand all our television and film businesses. We would not be able, if you look at the trajectory—

• (1145)

**Mr. Scott Simms:** And you would say this is a net benefit for Canada.

**Mr. Jon Feltheimer:** Of course I would.

**Ms. Phyllis Yaffe:** I think if Canada were the country of ownership that was controlling the rights at Miramax, that was controlling the rights at MGM, whatever company they were, that would be an enormous benefit to Canada, because clearly those are very powerful rights in the international marketplace, and if a Canadian company goes out with those products to sell as well as its own, the packaging of those two assets together makes the Canadian company much stronger. Of course it's a direct benefit to Canada.

The hard thing is, Canadian companies have a great deal of difficulty finding the resources to play at that level in the international marketplace, so when we go, as Canadian independent companies, wherever I've worked before, to try to sell one show or another, if you don't have that powerful library behind you, it's a much harder sell. So I would completely agree with Jon that this Canadian company owning libraries of that size and that prestige and that value is a very important benefit to Canada.

**Mr. Scott Simms:** Obviously you've become a world player. Coming from a country this size, over 30 million people, that's a pretty good accomplishment. How does that happen? In a country of this size, Lionsgate becomes an international player to the point where someone like Mr. Icahn wants to take it over. He is considered to be—I won't use the terminology levelled against him—rather stealthy in his business dealings, we'll say. So he wants you and he considers you that valuable.

How does Lionsgate, from a small country, go to being such a prized entity?

**Mr. Jon Feltheimer:** It's nice to be wanted, but it depends whom you're wanted by.

We got there, I would say, because we created a business plan from the beginning that we followed very strictly, with a lot of discipline. We've grown, but we haven't grown with tremendous spurts. We've grown steadily. We've got a very invested group of employees. The first thing we did when we went over to Lionsgate

was we made every employee a shareholder of the company, and to this day, every employee of our company is a shareholder, and they act like that. We empower people to act, to make decisions.

I think we've had a good business plan. I think, frankly, we've executed it well, and obviously we've been a little lucky as well.

**Mr. Scott Simms:** We have a deep history and a rich history of doing film production in this country. Was that the genesis of a company like yours having a good international reputation from such a small nation?

**Mr. Jon Feltheimer:** I think that's a very good point. I think Lionsgate had from the very beginning a good reputation. It distributed quality films. As I said, it wasn't really in a position originally to do much production at all; it wasn't in the television business and didn't really have much of a film production business. But I think there's no question that from the very beginning, Lionsgate received awards. We've been nominated for close to 50 Academy Awards and have won of a number of them. So I think that's definitely part of it. We had a good reputation. It was always the pre-eminent, I believe, Canadian film production and distribution business—maybe with one or two competitors.

**The Chair:** Thank you.

Mr. Ouellet, please.

[*Translation*]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Thank you, Mr. Chair.

Mr. Feltheimer, if I asked you to show your business card to the committee, the one you have in your pocket right now, what address would we see on it?

[*English*]

**Mr. Jon Feltheimer:** I didn't bring a business card, I apologize. But if I did, it would have a Santa Monica, California, address.

[*Translation*]

**Mr. Christian Ouellet:** From the outset, you have talked about the profits that your company makes for Canada and Quebec. We have not heard you talk much about cultural profits. It seems to me that a film company makes artistic, heritage and cultural profits. Could you tell us what your company has contributed and what the other company, Icahn, could not contribute culturally?

• (1150)

[*English*]

**Mr. Jon Feltheimer:** Well, to start with, the chief executive officer is a guitar player. I come out of the creative end of the business. Nothing means more to me than supporting artists. I appreciate the recent law that was just passed that supports artists' rights. Again, I think I've expressed through my comments that we are not only distributors but also significant producers.

I can tell you that if you had gone to the set of *Running Wilde* in Vancouver recently, when we shot the pilot, you would have seen people there who actually started off as runners and grips on production. One of them now is the cinematographer of that production.

We have supported production in Quebec through our financing and distribution of numerous, numerous French films, including *Elvis Gratton*, *Les 3 p'tits cochons*, and numerous other projects.

We have developed numerous projects with Canadians. I mentioned Paul Haggis and developing a fund together with him.

There is nothing more important to me. Still to this day, I read every script that we are going to produce. I'm involved with writers and directors and producers every day in my job. There is nothing more important to me than the cultural aspect of our industry.

[Translation]

**Mr. Christian Ouellet:** At the beginning, when you answered questions from my fellow committee members, you gave me the impression that you were not selling the company because you did not think that the offer was good enough. If it became good enough, would you sell? If not now, maybe in six months or a year.

[English]

**Mr. Jon Feltheimer:** That's a fair question.

I think the fiduciary responsibility that our board has at this point is the interests of the shareholders. We are not here to debate that issue right now; we are here to talk about the specific issue of net benefit to Canada.

If there is a significantly changed offer, obviously, our board has to review it, but that's really not the point of our meeting here today.

[Translation]

**Mr. Christian Ouellet:** Why are you so certain that what you have done constitutes a guarantee for the future and why are you so sure that the other company, Icahn, could not do the same thing as you?

[English]

**Mr. Jon Feltheimer:** Again, I can't guarantee what they will do. I can only point to what we have done as opposed to what we have said. Our production here is as late as tomorrow and as late as yesterday, and it's ongoing. I don't think one could point to any bit of evidence that we don't do what we say and that we haven't done everything we could to support the film industry and overall industry in Canada.

All I can really point to is what we've done, not what we've said.

[Translation]

**Mr. Christian Ouellet:** You were asked a question earlier about whether you could start a new company elsewhere in Canada if you sold this one to Icahn, and could give Canadians the benefit of your experience in the same way? Maybe there is a five-year exclusivity clause in the purchase offer.

[English]

**Mr. Jon Feltheimer:** That's a very complicated question. I can only say I enjoyed the time I spent in Vancouver and Toronto and would have no problem living in any of the great Canadian cities and no problem being in business here if invited to do so, but at this point my intention is to continue to grow Lionsgate. It's to continue to benefit Canada and any of the constituencies that we are involved with, and I have no other plans.

**Mr. Norman Bacal:** Let's not minimize what it's taken.

I've been involved in the company now for 10 years. For five years I was counsel and for the last five years I've been on the board of directors. I don't think we should be minimizing the effort and contribution that management has made to building up what is truly a Canadian success story, in part because of what they've done for Quebec.

For anyone to pretty much start from scratch and build the whole thing over again is a monumental undertaking. Where we are today and what Lionsgate has meant to Canada for the last 10 years is an enormous achievement. To be starting it all over from scratch...

Someone who has publicly said he's not quite sure about the value of film libraries is looking at a company that has one of the largest Quebec film libraries. He would probably not recognize any of the titles, but Mr. Feltheimer made reference to a number of them. They include, for example, the television series concerning the life of René Lévesque, as well as *Mon oncle Antoine*—which is a Quebec treasure—and numerous other titles. What happens to those in the future?

We can't predict, first of all, what he's offering. We don't know what his discussions have been with Canadian Heritage or what the future may bring for Lionsgate, but I think it would be understating the achievements of management over the last 10 years to suggest it could be easily repeated by anyone.

• (1155)

**The Chair:** Thank you.

We'll move on now to Mr. Bruinooge, please.

**Mr. Rod Bruinooge (Winnipeg South, CPC):** Thank you, Mr. Chair.

I very much appreciate all of you coming today. I especially appreciate having the CEO come before us. Clearly you take this very seriously.

I am in a quandary, as every independent filmmaker is both an entrepreneur and of course an artist. I come at it from both perspectives. I don't think it's a good idea for Canadian politicians to impede the economic opportunities of investors, so I stated that at the last meeting, that we had a significant investor come to our country. I think it's a good thing to at least let them perceive there's a market here and Canada is open for business, open for investment.

At the same time, I obviously appreciate all the things Lionsgate has done over the years. How did we get here as a committee? I think we're definitely way ahead of where things should be. The cart is before the horse in this situation, and for the record, I want to say again that I think this hearing is not a good precedent for what should be negotiated at the very least behind doors and with the Government of Canada as needed. So putting that on the table, I think that's my perspective coming at this as a business person and as somebody who's also in the film industry, because I don't think it benefits our industry a lot having these types of predetermining discussions among a group of politicians who really don't have the information.

Having said that, I want to move on to some of the positions that were put forward by the Icahn Group, appreciating that you don't want them to buy the company. I know you suggest that the net benefit to Canada is really the key argument, and I think you're right. I think it's pretty clear that the Icahn Group wouldn't be able to sustain the idea that they would provide net benefit to Canada above and beyond what your board is already doing. But it seems to me, based on the testimony we heard from them, that's not their tack. They are strongly suggesting that the status of your position as a Canadian company is where they want to go with their argument.

How do you pursue that through the means you have, referring also to Mr. Blais, the ADM, whom we also had at committee? When some questions were put to him as to your company being Canadian, he was unable to provide a clear answer to that. What does your company have to do to establish that with the department, to quash that line of attack the Icahn Group is putting at you?

**Mr. Jon Feltheimer:** We have never heard otherwise. Again, we are a Canadian company. We are a Canadian taxpayer under the Income Tax Act. We are controlled by a Canadian board. No one has ever questioned that. We are referred to every day as a Canadian company. We are a Canadian company, so unless somebody has some strong argument against it, I don't think that's a discussion that we even intend to have.

• (1200)

**Mr. Norman Bacal:** We believe the department accepts that we are a Canadian company. Telefilm recognizes the company as being Canadian. We scratch our heads and wonder what the problem is, other than perhaps within the Icahn Group.

**Mr. Rod Bruinooge:** So the ADM's answer that he was unable to provide an analysis as to your status...you would say he's being overly cautious?

**Mr. Jon Feltheimer:** Sounds right.

**Mr. Norman Bacal:** Sounds like it, yes.

**Mr. Rod Bruinooge:** Okay.

I'll move on to some of the approaches that you think Lionsgate will take in the future in terms of building your Canadian business in ways that will make it even stronger. Of course, I know you have significant investments in the film industry on the west coast. Are there other regions you have or are pursuing an interest in?

**Mr. Jon Feltheimer:** You said on the west coast.

Well, we have a \$400 million film and television fund with SGF. We used that fund to produce the first season of *Blue Mountain State*. We will hopefully use it again for the second season, but in any case we are going to produce the second season in Quebec.

We are awaiting a pickup from Epix, a pay television channel, of a miniseries we've been developing called *Atlas Shrugged*. That would be about a \$25 million or \$30 million production.

Again, we don't make and have not made separate plans to convince anybody that we will continue to produce and distribute in Canada, because I think it's a given: it's our business, it's part of our business plan, it's ongoing. But I would say something—again, I think this is very important—going back to the Maple conversation,

which is that part of our growth in Canada is the support and expansion of Maple.

Having Maple become stronger, having Maple pick up many more films that are non-Lionsgate films—third-party films and English Canada rights for French language films from Quebec—is actually a tremendous benefit to filmmakers, French and English, all through Canada. The strength of Maple is a tremendous benefit to them, so selling it or consolidating it is clearly the opposite.

**Mr. Rod Bruinooge:** It sounds as though I'm out of time. I appreciate that answer. Thank you.

**The Chair:** Ms. Dhalla, please, and this will be the last round.

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** I want to thank all of you for taking the time to come out today. Your presentation has been really insightful, and it's great to see that you're focusing on the positive rather than the negative.

I have a couple of questions.

Number one is in regard to the presentation that was done by the Icahn Group. They outlined a significant number of concerns they had, and hence the reason for their desire to have a takeover.

I believe that whenever you go through any type of process as an organization and as a business in which you're experiencing challenges and difficulties, there's always a lesson to be learned. From everything you've heard about and seen so far as the boss, what would you think is the greatest lesson that you have learned as an organization?

**Mr. Jon Feltheimer:** Well, every time we have a movie that doesn't work, I feel that I've learned a lesson. But the lesson isn't not to do those movies.

What we have done is balance our slate; we have a portfolio approach to our business. Mr. Icahn recently talked about one of our films that was more expensive, but he didn't notice that, as we put out in our shareholder presentation, our average exposure on production risk after international sales, for our entire slate of pictures, is around \$13 million. It's probably a third of that of the major studios.

I feel as though I learn something every single day in all of our businesses. But it's a little outrageous to hear that our overhead is high, when our overhead on a percentage basis is the lowest in the business.

We certainly see that in order to weather certain economic downturns we have to be smart: smart about spending, smart about overhead. As I say, any time a film or television project doesn't work, I feel that I've learned something, and I try to apply it with our entire staff and board the next time.

But I think the key thing I've learned is that we need to keep growing our business, and when you start cutting back and trying just to show financial metrics, as opposed to growing your core business—and our business is a cultural business, the film and television business, supporting great writers and great directors: I've learned that at the end of the day that leads to making money. But the most important thing is to actually be true to what your business is, and in our case, it's an artistic and cultural business.

• (1205)

**Ms. Ruby Dhalla:** Could you also clarify this for the committee? Icahn came in with a pretty thick presentation, which they handed out to all of us. Within the presentation there was a component of it that outlined and stated that only 4% of Lionsgate shareholders are actually Canadian, and you are specifying today that two-thirds of your board is actually Canadian.

Is it correct that only 4% of Lionsgate shareholders are Canadian.

**Mr. Jon Feltheimer:** From day to day, I wouldn't know. It's very possible, but I really wouldn't know.

**Ms. Ruby Dhalla:** You haven't done an analysis, in terms of...?

**Mr. Jon Feltheimer:** The stock trades every single day around a million shares, so I wouldn't know on a day-to-day basis. That sounds as though it could be accurate.

**Ms. Ruby Dhalla:** But two-thirds of your board is Canadian?

**Mr. Jon Feltheimer:** Yes, and it has always been.

**Ms. Ruby Dhalla:** The third thing is that in the light of emerging economies, there are going to be many collaborations and partnerships taking place, not only in your industry but I think in others going forward. In your current situation there is a desire by an American investor for a takeover rather than a cooperation or a collaborative approach.

What steps do you think the minister or the government of the day should be taking—should they be taking any steps—to help protect Canadian entities and Canadian companies and ultimately Canadian jobs and Canadian workers?

**Mr. Jon Feltheimer:** All we can ask for from this committee is to be heard and understood; that the committee understand the risk of what we think could potentially happen and hopefully support our position. Clearly, we understand that there is nothing that Heritage can do unless Mr. Icahn goes over 33%. I think the main point for us today is to make everybody aware of what we have done and what we believe the risk to the Canadian cultural industry we're involved in is.

Obviously you are all far better equipped than I am to figure out what could and should be done.

**Ms. Phyllis Yaffe:** Just to add to that, the reason we're having this conversation with this committee is that it is a cultural industry. I think it's absolutely crucial that everybody understand that the rules that are set here today and applied by the minister are rules that are part of an enormously complicated fabric of structures that support Canadian cultural industries, and when you pick apart one little part and say "foreign ownership is not such a bad thing for cultural industries and let's just not pay attention to it", you unwind that fabric.

Your colleague suggests that this is a very powerful company that has come out of a small country. It takes an enormous amount of effort on behalf of the government of the day to continue to ensure that we have these kinds of companies in Canada. I urge everybody not to lose sight of... It may seem that it's just a business deal; that it means nothing, it's just some jobs, maybe not a lot, who knows? But at the end of the day we're supporting Canadian culture; that's what it's about. That's why net benefit applies in this case and maybe not in some other businesses that are being taken over.

That's why we ask the question: is this serving the people of Canada? I would just say that culturally we cannot afford to ignore the fact that this is one of the primary cultural industries in this country.

**The Chair:** Thank you.

We now go to Mr. Uppal, and then we'll finish off with Mr. Masse.

**Mr. Tim Uppal (Edmonton—Sherwood Park, CPC):** I'll share my time with Mr. Del Mastro, if there is any time at the end.

At the end of the day, this is still a business deal, and we have the side of the net benefit to Canada, but you have already said that it seems to be the case that your stock value is low, and this is probably the reason why this group is interested.

What if the offer was just a really good offer? What if it's an offer that your board of directors would look at—or anybody would look at, not just your board of directors—as a business deal and say, "That's a very good offer, and that's a lot of money", and if the average person would look at it?

What then? Are we still on the "net benefit to Canada"?

• (1210)

**Mr. Jon Feltheimer:** We would expect that Heritage would still do their job.

Again, we're bringing two totally separate issues together. Our job as a board is to look at any offer that could provide value to our shareholders; that's all we're interested in.

The board operates very independently. I can assure you, I virtually knew nobody on this board. When they have come on, we've always tried to get independent people who are very strong. Ms. Yaffe is one of our most recent board members and is one of the most important people in the Canadian entertainment industry historically.

So that's up to the board, and it's frankly sometimes up to the shareholders. Just so that everyone is clear, if we were to buy MGM, there would be a shareholder vote. We would not be able to decide on buying MGM.

So the value to our shareholders is a separate issue. We're here today, again, to suggest that you apply the standards that you have set—the net benefit to Canada—on any transaction, and we would expect you to do that.

**Mr. Tim Uppal:** Just to be clear, you said your job or the board's job is to ensure that the shareholder is getting value for money, or to protect the shareholder. Are you saying that if there's an offer that is really that good, you still say we should apply net benefit to Canada?

**Mr. Jon Feltheimer:** It's not my job, but I have been told, and in everything that I've read—

**Mr. Tim Uppal:** You'd still make the same request?

**Mr. Jon Feltheimer:** —that is the job of Heritage, if a shareholder is going to go over 33%: to measure and apply that rule.

**Mr. Norman Bacal:** In fact, it's not our request; it's a requirement of the law, and it's a determination that the minister has to make.

**Mr. Dean Del Mastro:** Just to pick up where Mr. Uppal is, I think there's an obvious point to it, though. If the offer was something that the board liked, you wouldn't have been on the Hill speaking to members—I assume primarily members of the opposition, because I never saw anyone from the company, but I know there was a lobbying effort on the Hill to try to block the takeover.

I assume that if the price were where you wanted it, you wouldn't be on the Hill trying to block it using “net benefit for Canada”. I think that's a fair question.

**Mr. Jon Feltheimer:** I think that's probably right.

**Mr. Dean Del Mastro:** That's fair, and it's an honest answer.

**Mr. Jon Feltheimer:** I think that's a fair point.

**Mr. Dean Del Mastro:** Ultimately, some would say the Icahn Group was arguing the other day that if they don't take this thing over, it's going to be run right into the ground and there's not going to be anything left. You obviously don't feel that way.

Where is Lionsgate going?

**Mr. Jon Feltheimer:** I haven't run it into the ground in ten years.

**Mr. Dean Del Mastro:** If you stay on track right now, how bright is the future for Lionsgate, in your opinion?

**Mr. Jon Feltheimer:** I think the future's incredibly bright. We just put out a fantastic earnings announcement. We had guided to \$75 million of adjusted EBITDA; we actually reported almost \$130 million. We had a very strong revenue year, we are forecasting growth of around 13% to 15% revenue this year, and we're seeing growth in every one of our businesses.

Our channel platforms are working very well. In our television business, we picked one network series to do. This is *Running Wilde*, the pilot for which, as I said, was shot in Vancouver. We picked one and it got picked up. Our shows *Mad Men*, *Weeds*, *Nurse Jackie* are hits.

So actually our business is vibrant; it's vital. As I said, our employees are incredibly motivated because of their participation, their ability to make decisions. I think the company is in fantastic shape. Our balance sheet is in great shape.

I understand that somebody who wants to run a proxy has to criticize management, but at the end of the day, we believe we're in very good shape.

**Ms. Phyllis Yaffe:** I want to say that the board believes that as well. It's certainly not just a management perspective. We've spent hours and hours going over the plan. We understand the choices that have been made and we're very supportive of them.

**Mr. Dean Del Mastro:** That's great.

I'd just close off by saying that my wife and I watch *Nurse Jackie* every week.

**The Chair:** Thank you for that.

The last question goes to Mr. Masse, please.

**Mr. Brian Masse:** Thank you, Mr. Chair.

When you look at Mr. Icahn's history, it reads like a movie. In fact, there has been a movie on it.

Aside from potentially stopping the production and distribution of another *Saw* movie, there would be really no net benefit, in my opinion.

There's a threshold, though, in terms of the takeover. What is the estimated value of Lionsgate right now?

• (1215)

**Mr. Jon Feltheimer:** The enterprise value is probably about \$1.25 billion.

**Mr. Brian Masse:** There are changes happening to the legislation right now. The threshold is being increased, and there are two clauses. The current threshold is around \$300 million, and it's going to go up to \$600 million eventually. I think it's important to talk about those numbers, because Canadians need to realize that this is really what's at stake here.

The other clauses regarding security—that would be the review—are automatically triggered by the Minister of Industry, not by Heritage.

Once again, there have to be elements that show the net benefit to Canada. So your coming to the Hill and doing this actually is helpful, because Canadians don't need to be confused about the fact that there's going to be a corporate raider or a hostile takeover or whatever, and that there's no role at all for this democracy to be involved in this discussion. The rules need to be clear there.

You haven't really detailed your future in terms of Canada. I think it would help. You've talked about an extensive library platform that you have.

Is there any guarantee or commitment to look at expanding the production in Canada through Telefilm or some other type of distribution or production element? I think that would help: the assurance that Lionsgate has a business plan for Canada that includes Canadians. I think that's what you're missing here today: our understanding where your company is steering towards and what role it will play. That's why I asked about production values in Canada versus the United States and so forth.

If you don't have that here today, I guess my advice is that you say, and what I'm hoping to hear is, something about what the next step is for Lionsgate and Maple in Canada, to be able to understand it.

**Mr. Jon Feltheimer:** Without spending too much of the committee's time, we certainly would have no problem following up with a compendium of all the Canadian talent that we are in business with. You would find it very extensive.

I've tried to put this in buckets for you, in a sense. I've talked about what we are currently producing in Quebec and our partnership with SGF. I talked about a recent production in Vancouver. You mentioned—I forgot, but thank you for reminding me—that *Saw VII*, which we're shooting in 3D, is actually shooting right now in Toronto. On a production scale of television and film, we just keep doing it. I haven't picked a number, partly because in television you mostly have to have shows ordered by networks in order to commit to a production, so there is a variable that one really can't put a finger on.

In terms of our ongoing commitment, I would also say that in connection with the expansion of Maple Pictures as opposed to the contraction of Maple Pictures, I perhaps inelegantly have not explained the connection between the financing of movies in Quebec and English Canada with their distribution. We are involved very often not with just finished films but with providing a piece of financing through our distribution apparatus at Maple Pictures to support the actual production of those films. Without a strong distribution partner, those films would not get made. It is a very extensive list. I can certainly supply that list for this committee. I'd be happy to do it.

I mentioned as well being involved with Paul Haggis from the theatrical point of view and also in developing television with him. If you're looking for a number, it would be very difficult to give to you, other than to say that \$800 million is something you might want to focus on.

**Mr. Brian Masse:** You've outlined a series of things here in your submission. It's a little bit clustered, but the interesting thing to conclude with, and what I think is really stark in this, is that Mr. Icahn has been able to change the discussion. At this committee hearing, a lot of what's been taking place was Lionsgate having to defend its Canadian footprint versus his having to explain the net benefit to Canada. That is an interesting pattern of behaviour out there, and today we've again spent a lot of time discussing what somebody else's agenda really is.

**Mr. Jon Feltheimer:** Yes. Thank you for noticing that.

**The Chair:** Thank you for that.

I thank our witnesses very much for your presentation and for your candid answers today. Thanks for the good questions from my committee.

The meeting is adjourned.

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