

LIONSGATE®

To Our Shareholders:

Fiscal 2015 was a year in which we continued to generate record financial results, achieved the strongest balance sheet in our Company's history and grew our stature as one of the world's leading suppliers of premium content.

As part of our ongoing commitment to value creation, we also launched strategic initiatives to extend our content creation and marketing prowess into location-based entertainment, video games, subscription video-on-demand services and new technologies such as virtual reality.

Our financial performance in fiscal 2015 underscored the consistency of our strong EBITDA and earnings results and free cash flow generation over the past three years. We reported revenue of \$2.40 billion, record adjusted EBITDA of \$384.9 million, record adjusted net income of \$257.5 million or \$1.85 adjusted basic net income per share and our third straight year of free cash flow generation in excess of \$250 million.¹

We continued to invest in our business, increased our annual dividend and generated strong financial results while paying down the balance on our \$800 million revolving credit facility, lowering our fixed blended interest rate as of May 2015 to 4.71% and reducing our leverage ratio to one of the lowest levels in our Company's history.

As a result, we have greater financial flexibility than ever to grow the value of our business through continued investment in our content portfolio, creation of line extensions and exploration of strategic opportunities throughout the global marketplace.

Against a backdrop of growing demand for content from an expanding array of buyers, we enter fiscal 2016 with our broadest and deepest content pipelines ever. They encompass 40-45 feature films annually from nine film labels, 35 television series on more than 20 different networks, a 16,000-title motion picture and television library and investments in 10 branded channels and three emerging subscription video-on-demand services around the world.

Record Growth for Lionsgate's Television Business

In fiscal 2015, our strategy of creating platform-defining programming for emerging digital, pay and basic cable networks led to our fast-growing television business' best year. Television production revenue increased by 30% to \$580 million, gross contribution margins grew by over 40% and we achieved renewals of all our key shows while replenishing our pipeline with the strongest development and production slate in our history.

Netflix picked up the fourth season of our critically-acclaimed hit series *Orange is the New Black*, the most watched series on their network and an increasingly important driver of our television profitability. Not only did ABC renew *Nashville* for a fourth season, but we have begun to launch the series into syndication with an exclusive subscription video-on-demand sale to Hulu and a non-exclusive sale to cable channel AXS, with additional syndication sales anticipated.

¹ For reconciliations see www.sec.gov/Archives/edgar/data/929351/000092935115000029/ex991q4f2015earningsrelease.htm and www.lionsgate.com/uploads/assets/F15-17%20Adj%20EBITDA%20Guidance_update%20Q4%20F15.pdf.

All of our new series from last year have already been renewed for their second or third seasons (*Manhattan*, *Deadbeat*, *Chasing Life* and *The Royals*) and *The Royals*, with growing ratings throughout its debut season, is shaping up to become a breakout success.

During fiscal 2015, we continued to build our stature as a leading supplier of premium scripted content to a growing spectrum of buyers. We sold brand new shows to longtime partners AMC and Lifetime and added to our growing roster of shows on Hulu with the Jason Reitman drama *Casual* and the first longform series from our collaboration with Freddie Wong and RocketJump.

We also forged relationships with new partners including Oprah Winfrey's OWN and HBO, for whom we produced Jenji Kohan's pilot *The Devil You Know*. In addition, we've begun production of our first series for our EPIX partnership, the political satire *Graves*, teaming Academy Award nominee Nick Nolte and Oscar winner Susan Sarandon.

Our relationships with key talent, ability to finance our series with multiple window deals and strategy of remaining agnostic to distribution platform all combine to position our television business for continued growth in the future. In fact, we have nearly a dozen new series scheduled for launch this year.

In addition, our *Wendy Williams* talk show and *Family Feud*, the game show we syndicate for Fremantle, set new ratings records during fiscal 2015 as they continue to evolve into long-term corporate annuities. With strong ratings and renewal for a second season, we believe that our latest game show, *Celebrity Name Game*, is poised to follow in their footsteps.

International Demand Driving Film, Television Growth

The global marketplace is driving growth throughout the film and television business, and Lionsgate took a number of steps during fiscal 2015 to capitalize on opportunities created by increasing demand for content worldwide.

We relocated our international sales and distribution executives to London to be closer to key markets. We renewed and expanded output agreements with leading independent distributors in Germany, Italy, Spain, Scandinavia, Benelux, Eastern Europe, Australia and Canada, helping to assure a stable and reliable market for our slate of films with minimal overhead. In the process, we strengthened the centerpiece of our risk mitigation strategy through international pre-licensing of films to cover between 50% and 75% of our production costs and dramatically limit production capital at risk, even on our biggest releases.

We also increased our focus on high-growth markets such as China, where we have released 17 films over the past three years. During fiscal 2015, we established a corporate presence in Beijing and formed new content partnerships with Hunan TV & Broadcast Intermediary Co. Ltd. and The Alibaba Group.

We believe that we have just begun to scratch the surface in China, where the fast-growing box office creates tremendous opportunities for our upcoming films and an expanding array of

digital platforms is creating a competitive market for our television shows. We also took a first step in building a bigger business in another large, under-served and growing market, closing our first Indian remake production, *Brothers* (a remake of the critically-acclaimed martial arts drama *Warrior*), with Endemol and Dharma that will premiere in India in August 2015.

Emerging digital platforms have ushered in a new “Golden Age of Television” worldwide. Propelled by demand from online platforms, we distributed more than 1,800 hours of television programming around the world in fiscal 2015, a fourfold increase from three years ago. From Europe to Australia, digital buyers are reshaping the television ecosystem as new and emerging online platforms create price competition for content in markets where little or no competition previously existed.

Company Launches Fresh Strategic Growth Initiatives

During fiscal 2015, Lionsgate continued to increase its operating margins and expand its reach by licensing content to new digital platforms emerging alongside our traditional partners. We licensed *Mockingjay 1* to a record 18 digital platforms, six of which didn’t exist when we launched the first *Hunger Games* film in 2012. Digital and on demand revenues comprise a large and growing percentage of our home entertainment business and are driving library margins steadily higher.

Online platforms have also helped catalyze the recent success of our ancillary-driven managed brands business. In fiscal 2015, our managed brands, which include platform specialty releases and distribution of third-party product from Miramax, A&E and other suppliers, generated nearly \$300 million in revenue and \$64 million in gross contribution. We expect this business to continue to grow its margins and increase its profitability.

During fiscal 2015, we also continued to explore new ways of delivering content directly to consumers. We extended our channel business with the announcement of three online streaming services including Tribeca Shortlist, a subscription-video-on-demand (SVOD) platform for movie lovers launching later this year with Tribeca Enterprises, the Comic-Con SVOD service for Comic-Con fans launching early next year and our Lionsgate Entertainment World content partnership with Alibaba in China.

We recently named accomplished digital entrepreneurs to run the Tribeca Shortlist and Comic-Con International platforms, and we announced the Comic-Con service’s first original series, based on Ashley Eckstein’s “Her Universe” fashion competition. We expect our online platforms to extend the Lionsgate brand to next generation audiences through streaming services distinguished by their exceptional curation and exciting original content, backed by the resources of Lionsgate’s vast library.

Our existing channels also continued to gain momentum during fiscal 2015. Our EPIX multiplatform network expanded its distribution footprint by 60%, extending its carriage agreement with Amazon and launching with new distribution partners Time Warner Cable, Bright House Networks and AT&T. In addition, EPIX has begun to grow its programming line-up by ordering original series from Lionsgate and Paramount with a series from MGM to follow.

The channel contributed \$48.7 million in profit to Lionsgate during the fiscal year, and we joined with our partners at Viacom and MGM in renewing our long-term licensing agreement for Lionsgate titles as EPIX continues to be a leader in TV Everywhere, evolving into the most innovative and successful entry in the pay television space in the past 20 years.

Our Pop channel venture with partner CBS has added 300 hours of original new programming to its roster. It recently renewed one of its biggest original series, the critically-acclaimed scripted comedy *Schitt's Creek*, starring Emmy winners Eugene Levy and Catherine O'Hara, for a second season. Pop is consistently competitive with its peer group of networks in ratings and, on the heels of a successful rebrand, eight straight quarters of year over year ratings growth and an expanding distribution footprint that will reach more than 85 million homes by fiscal 2016, we believe that it is well on its way to fulfilling its promise as a profitable branded entertainment channel.

Lionsgate Establishes Presence in Game Space

One of our most exciting initiatives during fiscal 2015 was our expansion into the fast-growing game space. Our multifaceted strategy is designed to extend our current film and television franchises to new audiences, invest in game companies with unique properties and strong growth potential and source exciting new intellectual property on a global basis.

During fiscal 2015, our investments and partnerships with Telltale Games, Next Games, Kabam, Starbreeze Studios, King, Respawn Entertainment, Mobcrush and Fifth Journey have already enabled us to secure rights to major cross-platform properties that we're developing into television shows and feature films.

For example, *Candy Crush*, from the producer of *Fear Factor* and *Wipeout*, is being developed into a competition game show based on the phenomenally popular video game franchise with nearly a billion installed users around the globe. The one-hour sci-fi action television series *Titanfall* is also being adapted from a blockbuster video game.

During fiscal 2015, we launched a *Hunger Games* video game with Kabam, partnered with Starbreeze Studios on specialized content that extended the *John Wick* audience into the gaming world and announced a partnership with producer Avi Lerner's Millennium Films and Hong Kong-based mobile game developer and publisher Fifth Journey to create an *Expendables* game based on the star-studded action heroes franchise. We're also beginning to incorporate virtual reality technology into our game development, literally adding a new dimension to the worlds of some of our biggest brands.

Franchise Momentum Continues to Grow

Lionsgate's film franchises have grossed nearly \$10 billion at the global box office, and our portfolio of brands continues to drive our growth. During fiscal 2015, we accelerated our creation of potential new franchises and continued to strengthen and extend our core brands.

In April, we announced that director Francis Lawrence will reunite with his *Hunger Games* creative team for an epic multi-picture property based on one of the greatest adventure stories ever told, *The Odyssey*. Production begins early next year on this action fantasy in the vein of *Lord of the Rings*.

With its global appeal enhanced by an international ensemble cast and production on three continents, *Now You See Me 2* is positioned to build on the success of the original which grossed more than \$350 million at the worldwide box office. Planning is already underway on the third installment of one of Lionsgate's newest franchises.

Other potential tentpole properties in the pipeline include the epic adventure *Gods of Egypt* (slated for April 8, 2016 release), the live action *Saban's Power Rangers* films (the first to be released January 13, 2017) and *John Wick 2*, reprising Keanu Reeves in the starring role as the hit man bent on revenge.

Our current franchises also continued to build their global audiences during fiscal 2015. Director Francis Lawrence and *The Hunger Games* cast dazzled a sold out Comic-Con in July, generating the highest social media engagement at the convention for any installment of the franchise. Our *Mockingjay 2* trailer and other promotional videos have taken the Internet by storm with 40 million global views to date. The film will launch worldwide on November 20th as the biggest day-and-date release in the Company's history, a crowning achievement for one of the most successful motion picture franchises of all time.

The global box office of the first two *Divergent* series films is approaching \$600 million, marking the most successful young adult franchise launched since *The Hunger Games*. Bolstered by book sales that have more than doubled since the first film's release, we're excited to expand the world of *Divergent* in intriguing new directions with the next two films in the series.

Rounded out by star-driven event films such as: *Deepwater Horizon*, featuring an all-star cast of Mark Wahlberg, Kurt Russell, John Malkovich, Kate Hudson, Dylan O'Brien and Gina Rodriguez; Oscar-nominated director Damien Chazelle's *La La Land*, an unconventional musical love letter teaming the romantic duo of Ryan Gosling and Emma Stone; the supernatural thriller *The Last Witch Hunter*, featuring action superstar Vin Diesel in his next film after the blockbuster *Fast & Furious 7*; *The Shack*, starring Sam Worthington and Academy Award winner Octavia Spencer, based on the runaway global best-seller; and *Nerve*, a contemporary action thriller starring Emma Roberts and Dave Franco, our upcoming film slate is shaping up to be one of our strongest yet.

During fiscal 2015, we also extended our biggest franchises into new lines of business. We launched *The Hunger Games Exhibition* with the strongest opening week for an entertainment property in the Discovery Times Square venue's history and announced that the next stop on its global tour will be the Palace of Fine Arts in San Francisco early next year. We finalized plans for next summer's debut of *The Hunger Games StageAround* live theatrical experience in England in a specially constructed theatre with a pioneering 360-degree rotating auditorium and are about to announce a world-class creative team leading the production.

We also unveiled plans for *Hunger Games* branded attractions and a *Step Up* live stage show anchoring the Lionsgate zone of the Motiongate theme park opening in Dubai next fall. We're continuing to roll out location-based entertainment that we expect to generate tens of millions of dollars of incremental EBITDA while keeping our biggest franchises vibrant.

We've tapped into the continued excitement surrounding our *Twilight Saga* franchise with *The Twilight Storytellers* digital shorts competition in partnership with author Stephenie Meyer, Facebook and Women in Film. The competition for aspiring female filmmakers has already generated more than 10 million views on Facebook.

Diverse Film Portfolio Underscores Low Risk, High Return Strategy

Although franchise creation is a key part of our strategy, we also achieved box office success throughout fiscal 2015 with profitable, targeted low risk films that generate a high return on investment.

These successes included *John Wick*, the romantic drama *The Age of Adaline* and the first film from Lionsgate's new distribution partnership with CBS Films, the teen comedy *The DUFF*. The Company's Codeblack Films label scored with the thriller *Addicted*, and sister company Roadside Attractions continued to build its stature as a premier independent specialty distributor with box office successes *Love & Mercy*, *A Most Wanted Man* and *Mr. Holmes*.

Capitalizing on our leadership in customized release strategies, we recently launched our newest label, Lionsgate Premiere, which kicks off its slate in August 2015 with Peter Bogdanovich's *She's Funny That Way*, starring Jennifer Aniston.

The blockbuster commercial potential of our tentpole films is complemented by our most prestigious upcoming slate since the days of Oscar winners *Crash*, *Monster's Ball* and *Precious*. The critically-acclaimed crime drama *Sicario*, featuring Benicio del Toro, Josh Brolin and Emily Blunt, was a standout at the recent Cannes Film Festival.

Our line-up also includes the true life drama *Freeheld*, starring Academy Award winner Julianne Moore, Ellen Page and Steve Carell and *A Hologram for the King*, starring multiple Academy Award winner Tom Hanks, which we're releasing with Saban Films and Roadside Attractions.

Lionsgate UK Achieves Record Year, Continues to Grow Film Brand

Lionsgate UK also continued to build its own film brand, complementing mainstream Lionsgate releases with independent hits such as the critically-acclaimed *Railway Man*, starring Colin Firth and Nicole Kidman, and third-party acquisitions including the upcoming thriller *London Has Fallen* and Dexter Fletcher's sports drama *Eddie The Eagle*, starring Hugh Jackman and Taron Egerton.

Coming off its second straight year of record growth, Lionsgate UK announced the expansion of its release slate to include distribution of Summit label films produced beginning July 2015. The move leverages the company's existing infrastructure to deliver incremental margin from our Summit label films.

Motion Picture Pipeline Replenished With Exciting New High-Profile Properties

We continue to replenish our pipeline with high-profile properties generated by exciting new brands, including: *Monopoly*, the first film from our alliance with Hasbro Pictures, which is produced with Hasbro's Allspark Pictures, based on the most popular board game in history and written by Academy Award nominee Andrew Niccol; *Robin Hood: Origins*, an edgy and contemporary look at the classic anti-hero and iconoclast; and *Dork Diaries*, based on Rachel Renee Russell's best-selling young teen book series that has sold nearly 20 million copies worldwide.

With additional hot development properties such as *Wonder*, the film adaptation of the young adult book sensation that has been a #1 bestseller for nearly three years, and *Endangered*, an action adventure comedy in the vein of *Romancing The Stone* that marks Elizabeth Banks' follow-up to her blockbuster directorial debut, *Pitch Perfect 2*, we expect the momentum of our film slate to continue building for years to come.

Company Well Positioned for Future Growth

During Fiscal 2015, we entered into a stock exchange agreement with affiliates of media investor Dr. John C. Malone. We're pleased to welcome a media investor of Dr. Malone's stature to our Board of Directors and believe that this new relationship creates exciting strategic opportunities for our Company and our shareholders. We also mourn the passing in June 2015 of Morley Koffman, an 18-year veteran of our Board of Directors, who served as the Chairman of our Nominating and Corporate Governance Committee and a member of our Audit & Risk Committee. His contributions to our Company will be deeply missed.

We enter fiscal 2016 with the broadest and deepest content pipelines in our history, our strongest balance sheet ever and robust operating momentum throughout our businesses. In addition, our current environment has become increasingly favorable for content creators and owners. We believe that we bring to this environment several advantages – our status as a pure content company relatively unencumbered by legacy constraints, our cost discipline, our cultural willingness to innovate new business models and our track record of organic growth combined with strategic, accretive acquisitions.

We believe that this portfolio of strengths positions us to flourish in a fast-changing media landscape, and we remain committed to translating those characteristics that set us apart into new growth initiatives that create long-term value for our shareholders.



Jon Feltheimer
Chief Executive Officer



Michael Burns
Vice Chairman

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

(Mark One)

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

For the fiscal year ended March 31, 2015
or

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

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

LIONS GATE ENTERTAINMENT CORP.
(Exact name of registrant as specified in its charter)

British Columbia, Canada
*(State or Other Jurisdiction of
Incorporation or Organization)*

N/A

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

250 Howe Street, 20th Floor
Vancouver, British Columbia V6C 3R8
(877) 848-3866

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

(Address of Principal Executive Offices, Zip Code)

Registrant's telephone number, including area code:

(877) 848-3866

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

Title of Each Class

Name of Each Exchange on Which Registered

Common Shares, without par value

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of September 30, 2014 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$2,729,000,687, based on the closing sale price as reported on the New York Stock Exchange.

As of May 11, 2015, 147,668,566 shares of the registrant's no par value common shares were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A and relating to the registrant's 2015 annual meeting of shareholders are incorporated by reference into Part III.

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FORWARD-LOOKING STATEMENTS

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

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

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

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

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

PART I

ITEM 1. BUSINESS.



Overview

Lions Gate Entertainment Corp. (“Lionsgate,” the “Company,” “we,” “us” or “our”) is a premier next generation global content leader with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, digital distribution, channel platforms and international distribution and sales. We operate primarily through two reporting segments: *Motion Pictures* and *Television Production*.

Motion Pictures

Our *Motion Pictures* segment includes revenues derived from the following:

- *Theatrical*. Theatrical revenues are derived from the domestic theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (directly distributed by us in the United States and through a sub-distributor in Canada).
- *Home Entertainment*. Home entertainment revenues are derived from the sale and rental of our film productions and acquired or licensed films and certain television programs (including theatrical and direct-to-video releases) to retail stores and through digital media platforms. We distribute a library of approximately 16,000 motion picture titles and television episodes and programs. Home entertainment revenue consists of packaged media revenue and digital media revenue.
- *Television*. Television revenues are primarily derived from the licensing of our theatrical productions and acquired films to the domestic cable, satellite and free and pay television markets.
- *International*. International revenues are derived from the licensing of our productions, acquired films, our catalog product and libraries of acquired titles from our international subsidiaries and revenues from our distribution to international distributors, on a territory-by-territory basis. International revenues also include revenues from the direct distribution of our productions, acquired films and our catalog product and libraries of acquired titles in the United Kingdom.
- *Motion Pictures-Other*. Other revenues are derived from, among others, our interactive ventures and games division, our global franchise management and strategic partnerships division, the sales and licensing of music from the theatrical exhibition of our films and the television broadcasts of our productions, and from the licensing of our films and television programs to ancillary markets.

Television Production

Our *Television Production* segment includes revenues derived from the following:

- *Domestic Television*. Domestic television revenues are derived from the licensing and syndication to domestic markets of one-hour and half-hour series, television movies, mini-series and non-fiction programming.
- *International*. International revenues are derived from the licensing and syndication to international markets of one-hour and half-hour series, television movies, mini-series and non-fiction programming.
- *Home Entertainment*. Home entertainment revenues are derived from the sale or rental of television production movies or series to retail stores and through digital media platforms. We distribute a library of approximately 16,000 motion picture titles and television episodes and programs. Home entertainment revenue consists of packaged media revenue and digital media revenue.

- *Television Production-Other*. Other revenues are derived from, among others, product integration in our television episodes and programs, the sales and licensing of music from the television broadcasts of our productions, and from the licensing of our television programs to ancillary markets.

Segment Revenue

For the year ended March 31, 2015, contributions to the Company's consolidated revenues from its reporting segments included *Motion Pictures* 75.9% and *Television Production* 24.1%. Within the *Motion Pictures* segment, revenues were generated from the following: *Theatrical* 19.5%, *Home Entertainment* 36.4%, *Television* 14.8%, *International* 27.2% and *Motion Pictures-Other* 2.1%. Within the *Television Production* segment, revenues were generated from the following: *Domestic Television* 71.7%, *International* 19.4%, *Home Entertainment* 7.7% and *Television Production-Other* 1.2%.

Business Strategy

We continue to grow and diversify our portfolio of film, television and digital content to capitalize on demand from emerging and traditional platforms throughout the world marketplace. We maintain a disciplined approach to acquisition, production and distribution of film and television product, by balancing our financial risks against the probability of commercial success for each project. We pursue the same disciplined approach to investments in, and acquisition of, libraries and other assets complementary to our business. We believe that our strategic focus on content and creation of innovative content distribution strategies will enhance our competitive position in the industry, ensure optimal use of our capital, build a diversified foundation for future growth and generate significant long-term value for our shareholders.

Motion Pictures - Theatrical



Production

Theatrical production consists of “greenlighting” and financing motion pictures, as well as the development of screenplays, filming activities and the post-filming editing/post-production process. We take a disciplined approach to film production with the goal of producing content that we can distribute to theatrical and ancillary markets, which include home entertainment, pay and free television, on-demand services and digital media platforms, both domestically and internationally.

Our production team attempts to produce films with disciplined budgets that have commercial potential. After review of hundreds of scripts and original intellectual property, we actively develop a small number of such scripts and work with agencies and producers to recruit talent that appeals to the film's target audiences. We believe the commercial and/or critical success of our films should enhance our reputation and continue to give us access to top talent, scripts and projects.

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

We typically attempt to mitigate the financial risk associated with film production by negotiating co-production agreements (which provide for joint efforts and cost-sharing between us and one or more third-party production companies) and pre-selling international distribution rights on a selective basis, including through international output agreements (which refers to licensing the rights to distribute a film in one or more media generally for a limited term, in one or more specific territories

prior to completion of the film). We also often attempt to minimize our production exposure by structuring agreements with talent that provide for them to participate in the financial success of the motion picture in exchange for reducing guaranteed amounts to be paid, regardless of the film's success (referred to as “up-front payments”). Additionally, from time to time, we have entered into other co-financing, development and production-type arrangements with third parties. For instance, we recently entered into an agreement with Hunan TV & Broadcast Intermediary Co. Ltd., one of China's leading media and entertainment companies, and its wholly-owned TIK Films subsidiaries to co-finance qualifying Lionsgate feature films for three years.

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

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

Distribution

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

Typical Film Release Windows*

<u>Release Period</u>	<u>Months After Initial Release</u>
Theatrical	—
Premium VOD	3-4 months
Home entertainment (DVD/Blu-ray/EST), VOD, PPV	3-6 months
Pay television, SVOD	7-15 months**
Network television (free and basic), AVOD.....	27-30 months
Licensing and merchandising	Concurrent
International releasing	Concurrent

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

** First pay television window.

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

In most territories, international theatrical distribution (outside of the U.S. and Canada) generally follows the same cycle as domestic theatrical distribution. Historically, the international distribution cycle begins a few months after the start of the domestic distribution cycle. However, due, in part, to international box office growth, as well as film piracy in international markets, a much higher percentage of films are being released simultaneously with the U.S. and international markets, or even earlier in certain international markets.

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

Producing, marketing and distributing a motion picture can involve significant risks and costs, and can cause our financial results to vary depending on the timing of a motion picture's release. For example, marketing costs are generally incurred before and throughout the theatrical release of a film and, to a lesser extent, other distribution windows, and are expensed as incurred. Therefore, we typically incur losses with respect to a particular film prior to and during the film's theatrical exhibition, and profitability for the film may not be realized until after its theatrical release window.

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

Theatrical Releases



In fiscal 2015 (i.e., the twelve-month period ending March 31, 2015), we released 13 motion pictures theatrically in the U.S., which included both Lionsgate and Summit Entertainment label films developed and produced in-house, films co-developed and co-produced and films acquired from third parties. Such titles also included: (i) films acquired or produced by CBS Films (with which we have a multi-year partnership that includes distribution initiatives by us across all media, including theatrical and home entertainment platforms (except U.S. pay television), as well as sales in international markets (with the exception of *The DUFF*)); and (ii) films released through our wholly-owned subsidiary, CodeBlack Films, a vertically integrated film production and distribution company (that also maintains output agreements for films it produces or co-produces for certain international markets including the Middle East, North Africa and South Africa).

Fiscal 2015 Theatrical Releases		
Title	Release Date	Label
<i>Draft Day</i>	April 4, 2014	Summit
<i>Frankie & Alice</i>	April 4, 2014	CodeBlack Films
<i>The Quiet Ones</i>	April 25, 2014	Lionsgate
<i>America</i>	June 27, 2014	Lionsgate
<i>Step Up: All In</i>	August 8, 2014	Summit
<i>The Expendables 3</i>	August 15, 2014	Lionsgate
<i>Addicted</i>	October 10, 2014	CodeBlack Films
<i>John Wick</i>	October 24, 2014	Summit
<i>Saw 10th Anniversary</i>	October 31, 2014	Lionsgate
<i>The Hunger Games: Mockingjay - Part 1</i>	November 21, 2014	Lionsgate
<i>Mortdecai</i>	January 23, 2015	Lionsgate
<i>The DUFF</i>	January 23, 2015	CBS Films
<i>The Divergent Series: Insurgent</i>	March 20, 2015	Summit

We also release several titles for Pantelion Films, our joint venture with Televisa, and acquire several platform titles per year that are released theatrically through Roadside Attractions. Roadside Attractions' pictures typically have a commercially viable cast in select genres that also translate well across all home entertainment platforms, and frequently utilize an early or day-and-date release with theatrical windowing strategy to maximize revenue.

In fiscal 2015, we released the following 10 motion pictures theatrically through these arrangements:

Fiscal 2015 Theatrical Releases		
Title	Release Date	Partnership/ Label
<i>Words and Pictures</i>	May 23, 2014	Roadside Attractions
<i>A Most Wanted Man</i>	July 25, 2014	Roadside Attractions
<i>Cantinflas</i>	August 29, 2014	Pantelion Films
<i>The Skeleton Twins</i>	September 12, 2014	Roadside Attractions
<i>Mas Negro Que La Noche</i>	September 26, 2014	Pantelion Films
<i>Dear White People</i>	October 17, 2014	Roadside Attractions
<i>The Homesman</i>	November 14, 2014	Roadside Attractions
<i>Spare Parts</i>	January 16, 2015	Pantelion Films
<i>'71</i>	February 27, 2015	Roadside Attractions
<i>A La Mala</i>	February 27, 2015	Pantelion Films

Commencing in fiscal 2016, we will release certain films from both the Lionsgate and Summit Entertainment labels through our new specialty film distribution label, Lionsgate Premiere. Lionsgate Premiere will encompass a diverse slate of up to 15 films annually, many of which will be released in theatres, as well as across a broad spectrum of digital platforms. It will also focus on customizing innovative multiplatform and other release strategies for its slate of films in order to capitalize on the fast-changing motion picture environment, reach affinity audiences with branded content and targeted marketing and enhance the profitability of individual films.

Over the last 15 years, Lionsgate, Summit Entertainment and affiliated companies have distributed films that have earned 77 Academy Award® nominations, won 20 Academy Awards® and have been nominated and won numerous Golden Globe® Awards, Screen Actors Guild Awards®, BAFTA Awards and Spirit Awards.

Motion Pictures - Home Entertainment

Home entertainment distribution involves the marketing, promotion and sale and/or lease of DVDs and Blu-ray discs to wholesalers and retailers who then sell or rent the DVDs and Blu-ray discs to consumers for private viewing, and through a broad range of digital media platforms. Our U.S. home entertainment distribution operation aims to exploit our film and television content library of approximately 16,000 motion picture titles and television episodes and programs, consisting of titles from, among others, Lionsgate, our subsidiaries, affiliates and joint ventures such as Summit Entertainment, Artisan Entertainment, CodeBlack Films, Grindstone Entertainment Group, Modern Entertainment, Trimark, Pantelion Films and Roadside Attractions, as well as titles from third parties such as A&E, Disney-ABC Domestic Television, LeapFrog Entertainment, Marvel, MGA Entertainment, Miramax, Saban Entertainment, StudioCanal, Tyler Perry Studios and Zoetrope Corporation. Home entertainment revenue consists of packaged media revenue and digital media revenue.

Packaged Media



We distribute or sell our titles directly to retailers such as Wal-Mart, Best Buy, Target, Costco and others who buy large volumes of our DVDs and Blu-ray discs to sell directly to consumers. Sales to Wal-Mart accounted for approximately 45% of net home entertainment packaged media revenue in fiscal 2015. No other customer accounted for more than 10% of our

revenues in fiscal 2015. We also directly distribute our titles to the rental market through Netflix, Redbox, Rentrak and others. The DVDs and Blu-ray discs for new titles in the U.S. include an UltraViolet digital copy, a home entertainment industry standard that allows consumers who have purchased film and television content to access their content at any time by downloading or streaming it from the cloud to various devices supported by participating UltraViolet retailers.

We also release several direct-to-video titles through our subsidiary, Grindstone Entertainment Group, a fully integrated company with marketing and technology expertise that excels in turnkey acquisitions while utilizing the Lionsgate brand to maximize results on all platforms. Grindstone Entertainment Group acquires and/or produces approximately 30 motion pictures per year, both as finished pictures and as “pre-buys” based on script, cast and genres, and creates targeted key art, marketing materials and release plans, which we then distribute on DVD, VOD and other media.

Moreover, we acquire and distribute approximately 50 titles annually that have commercial potential in home entertainment and ancillary markets, and numerous digital only titles.

Additionally, we distribute television product including series such as *Mad Men*, *Nurse Jackie*, *Orange Is The New Black*, *The Royals*, *Weeds*, *Duck Dynasty*, *Hannibal*, library titles such as *Saved by the Bell*, *Will and Grace*, *Little House on the Prairie*, certain Disney-ABC Domestic Television series, as well as premiere children's brands including Saban Entertainment's *Power Rangers* and *Julius, Jr.*, LeapFrog Entertainment's *LeapFrog*, MGA Entertainment's *LalaLoopsy* and *Bratz*, American Greetings' *Care Bears*, and our catalog of *Teenage Mutant Ninja Turtles*, *Marvel Animated Features*, and *Speed Racer: The Next Generation*.

In fiscal 2015, three of our theatrical releases debuted at number one on DVD - *Divergent*, *The Hunger Games: Mockingjay - Part 1* (which both held the number one spot for two weeks) and *Draft Day*. Additionally, in fiscal 2015, five of our titles debuted at number one on the Rentrak On-Demand VOD charts - *Legends of Hercules, I*, *Frankenstein*, *Divergent*, *John Wick* and *The Hunger Games: Mockingjay - Part 1* (which held the number one spot for two weeks). Moreover, in calendar 2014, *The Hunger Games: Catching Fire* was the number two selling DVD (and number two for all home entertainment platforms) and *Divergent* was the number ten selling DVD (and in the top 12 for all home entertainment platforms).

We shipped approximately 70 million DVD and Blu-ray finished units during fiscal 2015. In calendar 2014, we had an approximate 10% market share for packaged media, making us the number five studio in marketshare overall. We also maintained a box office-to-home entertainment conversion rate of approximately 15% above that of the industry average in calendar 2014. Box office-to-home entertainment conversion rate is calculated as the ratio of the total of both first cycle DVD release revenues and total digital platform revenues for a theatrical release compared to the total North American box-office revenues from such theatrical release.

Digital Media

Digital distribution involves delivering content by electronic means directly to consumer devices including in-home devices (such as set-top boxes from cable, satellite and teleco companies, connected or “smart” in-home devices like televisions and Blu-ray players, game consoles and HDMI dongles) and mobile devices (such as smart phones, tablets and personal computers). The key distribution methods today, of which Lionsgate is an active participant, include transactional (both rental and purchase), subscription and ad-supported.

Lionsgate delivers content through a broad spectrum of media platforms, including first run theatrical films, television series, our extensive movie catalog, certain titles not available on DVD and third party product. Distribution partners include Comcast, DirecTV, Time Warner Cable, Cox Cable, Charter, AT&T UVerse, Verizon FiOS and Dish, and via digital platforms such as iTunes, Amazon, Wal-Mart's Vudu, Microsoft's Xbox, Sony's PlayStation Network, Google Play, Netflix, Best Buy/ CinemaNow, Hulu, Barnes & Noble/Nook, M-Go and others. We also distribute digital content through our branded “Lionsgate” channels like *BeFit*, our dedicated fitness network.

Additionally, we currently have over 3,500 films and television episodes in active distribution in the SVOD market and license our library titles and television shows to established providers such as Amazon, Streampix (Comcast), DISH Network, EPIX, Hulu and Netflix.

With respect to digital ventures, we have recently announced partnerships with both Tribeca Enterprises and Comic-Con International: San Diego to launch separate SVOD services. Tribeca Short List, our service with Tribeca Enterprises, a diversified global media company which owns and operates the Tribeca Film Festival, is expected to launch in the second half of 2015 and encompass a prestigious selection of Lionsgate and Tribeca titles as well as critically-acclaimed films drawn from

around the world, curated by Tribeca and leading voices in contemporary culture and be refreshed on a weekly basis. Our service with Comic-Con is also expected to launch in the second half of 2015, and contain a broad portfolio of content including original short-form content created exclusively for the channel's subscribers, films and television series from Lionsgate and other studios designed to appeal to Comic-Con's fan base as well as exclusive archived footage from Comic-Con's 45-year history.



We also formed a strategic collaboration with Alibaba Group to offer Lionsgate Entertainment World, a subscription streaming service for mainland China that is available exclusively through Alibaba's latest generation set-top box. In addition to providing Alibaba's consumers with a broad and deep Lionsgate portfolio of curated hit film and television content, the service enables Alibaba subscribers to enjoy exclusive behind-the-scenes footage, features and other premium content not available anywhere else in China along with access to VIP membership benefits such as screening invitations and special merchandise.



Motion Pictures - Television

We currently have more than 2,500 films and television episodes in active distribution in the pay television, domestic cable, free television and AVOD markets. Pay television rights include rights granted to cable, direct broadcast satellite and other services paid for by subscribers. AVOD rights include rights granted to digital services supported by advertisements. We license our library titles and new product to major cable channels, such as pay networks including EPIX, HBO, Starz and Showtime, as well as basic cable channels including USA Networks, FX, Turner Networks, BET, Pop (our joint venture with CBS), SyFy, Lifetime, MTV, Comedy Central, Spike, AMC Networks, ABC Family, Reelz, Telemundo, UniMás and Mundo Fox. We license library content to major AVOD services including Hulu, Crackle and Amazon.

We also directly distribute, including, in some cases, our home entertainment rights, VOD, PPV and EST content to multichannel video programming distributors ("MVPDs") such as Comcast, Time Warner, Cox Communications, DirecTV, DISH Network, Charter Communications, AT&T U-verse, Verizon FiOS and Cablevision.

During fiscal 2015, we completed significant basic cable licensing agreements with, among others, Turner, BET, Spike, USA, Pop, AMC, OWN, Oxygen, Lifetime and Mundo Fox, and continue to distribute our new Lionsgate theatrical titles through EPIX, our joint venture with Viacom, Paramount Pictures and MGM, as well as our Summit Entertainment theatrical titles through HBO and Showtime.

Motion Pictures - International

The primary components of our international business are, on a territory by territory basis through third parties or directly through our international divisions: (i) the licensing of rights in all media of our in-house feature film product on an output basis; (ii) the licensing of rights in all media of our in-house product on a pre-sales basis; (iii) the licensing and sale of third party feature films on an agency basis; and (iv) direct distribution.

We sell or license rights in all media on a territory by territory basis (other than the territories where Lionsgate self-distributes) of (i) our in-house Lionsgate and Summit Entertainment feature film product, and (ii) films produced by third parties such as Alcon Entertainment, Black Label Media, CBS Films, River Road Entertainment, Thunder Road Pictures and other independent producers. Films licensed by us in fiscal 2015 included such in-house productions as *Now You See Me 2*, *Sicario*, *Deepwater Horizon*, *La La Land* and *Nerve*. Third party films for which we were engaged as exclusive sales agent in fiscal 2015 included *The Last Face*, *A Monster Calls* and *Love the Coopers*.

Through our pre-sales and output arrangements, we generally cover the majority of the production budget or acquisition cost of new theatrical releases we distribute internationally. Our output agreements for Lionsgate feature films currently cover eleven territories including Australia/New Zealand, Benelux (Belgium/Netherlands/Luxembourg), Canada, CIS (Commonwealth of Independent States), Eastern Europe, France, Germany/Austria, Italy, Poland, Scandinavia and Spain. Our output arrangements

for Summit Entertainment feature films currently cover the same territories as for Lionsgate feature films plus the United Kingdom. We also distribute theatrical titles in Latin America through our partnership with IDC, certain theatrical titles in China through our financing relationship with Hunan TV & Broadcast Intermediary Co. Ltd., and certain television and library titles in Asia through our Celestial Tiger Entertainment joint venture.

In August 2014, in a move reflecting the increasing globalization of our business, we relocated our international sales operations to London, England.

Lionsgate UK

LIONSGATE UK

We self-distribute motion pictures (including Summit Entertainment releases commencing production after July 1, 2015) in the United Kingdom and Ireland through Lionsgate UK. The company was acquired by us in October 2005 and has since established a reputation in the United Kingdom as a leading producer and distributor and acquirer of commercially successful and critically acclaimed product. Recently released theatrical titles include *Testament of Youth*, *What We Did On Our Holiday*, *Chef*, *Locke* and *The Hunger Games: Mockingjay - Part 1*. Upcoming fiscal 2016 releases include *A Little Chaos*, *Brooklyn*, *Criminal*, *London Has Fallen*, *Sicario* and *The Hunger Games: Mockingjay - Part 2*.

Motion Pictures - Other

Interactive Ventures and Games

Our Interactive Ventures and Games division develops our digital investment strategy as well as our operational initiatives for both our own and third party intellectual property for traditional and digital media adaptation through, among other things, the production and global distribution of multi-platform games, the licensing of content for games and mobile devices, and development of branded online services and experiences including virtual and augmented reality. Recent initiatives include: the Company's acquisition of an interest in Telltale Games, a leading and award-winning independent developer and publisher of games and pioneer of the episodic delivery of digital gaming content; the Company's collaboration with Starbreeze Studios and 505 Games, two independent creators, publishers and distributors of computer and video games, on exclusive downloadable *John Wick* content for the PAYDAY 2 game worldwide; and the Company's strategic partnership and investment in the Finnish games developer Next Games.

Global Franchise Management and Strategic Partnerships

The Company's Global Franchise Management and Strategic Partnership division broadly covers all theatrical promotions and branded partnerships, licensed consumer products and location-based entertainment initiatives. Our goal is to drive incremental revenue and deepen fan engagement across our film and television properties via meaningful brand extensions, a direct model consumer products business and location-based entertainment venues around the world. Recent initiatives include: a strategic alliance with Samsung to conduct consumer promotional activities to support the releases of *The Hunger Games: Mockingjay - Part 1* and *The Divergent Series: Insurgent*; a *Hunger Games* traveling exhibition scheduled to open in New York in summer 2015; *The Hunger Games* in StageAround scheduled to open in London in summer 2016; and a Lionsgate theme park attraction scheduled to open in Dubai in fall 2016.

Music

Our film and television music departments creatively oversee music for our theatrical and television slates, respectively. Our music strategy is to service the Company's creative divisions' music needs, while providing music for use in marketing our films and television shows. For our theatrical slate, the work of the music department includes overseeing songs, scores and soundtracks for all of our productions, co-productions and acquisitions, and for our television slate, the work of the music department includes overseeing music staffing, scores and soundtracks for all of our television productions. Music revenues are derived from the sales and licensing of music from our films and television programs, and the theatrical exhibition of our films and the television broadcasts of our productions.

Ancillary Revenues

Ancillary revenues are derived from the licensing of non-theatrical uses of our films and television programs to distributors who, in turn, make a motion picture or television program available to airlines, hotels, schools, oil rigs, public libraries, prisons, community groups, the armed forces, ships at sea and others.

Television Production- Domestic Television

Our television business consists of the development, production, syndication and distribution of television programs. We generate revenue principally from the licensing and distribution of such programming to broadcast television networks, pay and basic cable networks, digital platforms and syndicators of first-run programming, which license programs on a station-by-station basis. Each of these platforms acquire a mix of original and library programming.

First-run syndication is programming exhibited on television stations without prior exhibition on a network or cable service. We distribute programming after its initial exhibition on a network, basic cable network or premium subscription service for domestic exhibition on television stations, cable networks or VOD services (known as “off-network syndicated programming”). Off-network syndicated programming and first run domestic syndicated programming, as well as programming distributed internationally, can be sold in successive cycles of sales which may occur on an exclusive or non-exclusive basis. In addition, television programming is sold on home video (packaged media and via digital delivery) and across all other applicable ancillary revenue streams including music publishing, touring and integration. As with film production, we use tax credits, subsidies, and other incentive programs for television production in order to maximize our returns and ensure fiscally responsible production models. For further information regarding television distribution, see *Motion Pictures - Television* above.

We currently produce, syndicate and distribute over 30 television shows on more than 20 networks. Scripted and reality programming produced or co-produced by us includes, among others, the following:

Television Programming	
Title	Platform
<i>Chasing Life</i>	ABC Family
<i>Deadbeat</i>	Hulu
<i>Mad Men</i>	AMC
<i>Manhattan</i>	WGN
<i>Nashville</i>	ABC
<i>Nurse Jackie</i>	Showtime
<i>Orange Is The New Black</i>	Netflix
<i>The Royals</i>	E!
<i>Deal With It</i>	TBS
<i>Way Out West</i>	TruTV

We also produce and/or distribute first-run syndicated series such as *The Wendy Williams Show*, *Family Feud*, *Hell's Kitchen*, *South Park*, *Tyler Perry's House of Payne* and *Celebrity Name Game* through our subsidiary, Debmar-Mercury.



Over the past 10 years, our television programming has earned 161 Emmy® Award nominations, has won 25 Emmy® Awards, and has been nominated and won numerous Golden Globe® Awards and Screen Actors Guild® Awards.

Television Production- International

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

Television Production-Home Entertainment

For information regarding television production home entertainment revenue, see *Motion Pictures - Home Entertainment* above.

Television Production- Other

Other revenues are derived from, among others, product integration in our television episodes and programs, the sales and licensing of music from the television broadcasts of our productions, and from the licensing of our television programs to ancillary markets. For additional information, see *Motion Pictures - Other* above.

Joint Ventures, Partnerships and Ownership Interests

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



Atom Tickets. In August 2014, we acquired an interest in Atom Tickets, a theatrical movie discovery service. Atom Tickets is an Android and iOS app designed to make going to the movies easy again - it's movie-going for the twenty-first century. We own an approximately 18.1% interest in Atom Tickets.



Celestial Tiger Entertainment. In January 2012, we formed Celestial Tiger Entertainment, a joint venture with Saban Capital Group, Inc. and Celestial Pictures, a company wholly-owned by Astro Malaysia Holdings Sdn. Bhd. Celestial Tiger Entertainment is a diversified media company that focuses on the operation of branded pay television channels, content creation and content distribution targeted at Asian consumers. It operates a powerful bouquet of distinct pay television channels including: CELESTIAL MOVIES, a premier 24-hour first-run Chinese movie service in Asia and beyond; CELESTIAL CLASSIC MOVIES, a gateway to an array of Chinese movie masterpieces; cHK, a one-stop channel for cool, chic, and contemporary celebrity-powered Hong Kong entertainment; KIX, an ultimate destination for action entertainment; and THRILL, Asia's only regional horror and suspense movie channel. As one of Asia's largest vertically integrated independent entertainment companies, Celestial Tiger Entertainment produces original content which complements its channels business. Celestial Tiger Entertainment is also the exclusive sales agent for us in Greater China and Southeast Asia, and represents our television content and vast feature film library in Japan and Korea. We own a 16% interest in Celestial Tiger Entertainment.



DEFY Media. In June 2007, we acquired an interest in Break Media, a multi-platform digital media company and a leader in male-targeted content creation and distribution. In October 2013, Break Media merged with Alloy Digital to create DEFY Media. DEFY Media is a top digital producer and programmer for 13 to 34 year olds, and a large owner of YouTube channels and leading media brands across the comedy, lifestyle and gaming verticals. Each month, DEFY-produced content generates 500 million video views and reaches 125 million viewers across its 50 million YouTube subscribers, 80 million unique web visitors and consumers of its apps, which have been downloaded over 22 million times. DEFY Media brands include *Smosh*, recently named by Variety as a top brand for 13-17 year olds, *Break*, known for its program *Prank It Forward*, and *Screen Junkies*, home to the influential digital series *Honest Trailers*. Many of the world's top brands partner with DEFY to build immersive advertising solutions that deliver access to this influential audience. With uniquely integrated capabilities in content development, studio production, distribution and promotion, DEFY Media is built for content delivery in the digital age. We own an approximately 16.0% economic interest in DEFY Media.



EPIX. In April 2008, we formed EPIX, a joint venture with Viacom, its Paramount Pictures unit and MGM. EPIX is a premium movie and original programming entertainment service delivering the latest movie releases, classic film franchises, original documentaries, comedy and music events on television, on demand, online and on devices. EPIX has pioneered the development and proliferation of "TV Everywhere." It was the first premium network to provide multi-platform access to its content online at EPIX.com and was the first premium network to launch on Xbox 360, PlayStation® 3 and 4, Android phones and tablets, Windows 8.1 and Roku® players. EPIX is available to authenticated subscribers on hundreds of devices including Xbox One, Chromecast and Apple® iPads® and iPhones® and is the only premium service providing all its programming on all platforms, delivering more movies than any other premium network, with thousands of titles available for streaming. Through relationships with cable, satellite and telco partners, EPIX is available to over 50 million homes nationwide. We own a 31.2% interest in EPIX.



Pantelion Films. In September 2010, we launched Pantelion Films, a joint venture with Videocine, an affiliate of Televisa, which produces, acquires and distributes a slate of English and Spanish language feature films that target Hispanic moviegoers in the U.S. Pantelion Films, the first major Latino Hollywood studio and the new face of Hispanic entertainment, provides Hispanic moviegoers with a steady source of exciting and original films, including world-class Latino actors, directors and writers. From comedies and dramas to family movies and romantic comedies, Pantelion Films produces and acquires movies that speak directly to acculturated and Spanish-dominant Hispanics alike. Pantelion Films' fiscal 2015 theatrical slate included the following films: *Cantinflas*, 2014's second-highest-grossing foreign-language film in the U.S., *Mas Negro Que La Noche*, *Spare Parts* and *A La Mala*. We own a 49% interest in Pantelion Films.



Roadside Attractions. In July 2007, we acquired an interest in Roadside Attractions, an independent theatrical distribution company. In just over a decade, Roadside Attractions' films have grossed over \$200 million and garnered thirteen Academy Award® nominations. Roadside has released such films as *A Most Wanted Man*, *Dear White People*, *The Skeleton Twins*, *All Is Lost*, *Mud*, *Winter's Bone*, *The Cove*, *Arbitrage*, *Margin Call* and *Super Size Me*. Its upcoming slate includes *Love & Mercy*, *Mr. Holmes* and *Z for Zachariah*. We own a 43% interest in Roadside Attractions.



Pop. Entered into in March 2013, Pop (formerly TV Guide Network), our joint venture with CBS, is an entertainment television destination seen in approximately 80 million homes with programming that celebrates fandom and what's popping in culture. The partnership combines CBS's programming, production and marketing assets with our resources in motion pictures, television and digitally delivered content. Pop's ownership structure is comprised of the company with the number one broadcast network and many of the top first-run syndication series (*Entertainment Tonight*, *The Insider*) and the studio that produces and distributes the blockbuster *Hunger Games*, *Twilight* and *Divergent* franchises and produces such award-winning TV series as *Mad Men* and *Orange is the New Black*. We own a 50% interest in Pop.



Telltale Games. In February 2015, we acquired an interest in Telltale Games, a leading and award-winning independent developer and publisher of games for every major interactive platform from home consoles and PC to mobile and tablet devices, and pioneer of the episodic delivery of digital gaming content. Founded in 2004 by games industry veterans, Telltale Games has quickly become an industry leader with numerous honors and awards from the Academy of Interactive Arts and Sciences, BAFTA, the IMGA, and more, as well as being named Studio of the Year in 2012, after establishing a model for successful episodic game creation and digital publishing. Telltale Games' reputation for quality has been established across more than two dozen different product releases over the years with recognition and acclaim from publications like IGN, The New York Times, and Variety, including over 100 "Game of the Year" awards from publications like USA Today, Yahoo! Games, Wired, Spike TV VGAs, E!, Official Xbox Magazine, The Telegraph, Metacritic, and more. Telltale Games is a fully licensed third party publisher on consoles from Microsoft, Sony, and Nintendo, and also publishes games on the PC, Mac, and Apple iOS platforms. We own an approximately 14% economic interest in Telltale Games.



Next Games. In July 2014, we entered into a strategic partnership and acquired an interest in games developer Next Games. Next Games, founded in 2013 by design veterans from Rovio, Supercell and Disney, is a mobile games development company headquartered in Helsinki, Finland, with a focus on crafting visually impressive, highly engaging games. We invested \$2.0 million in Next Games for a small minority ownership interest.



Starz. Starz is a leading integrated global media and entertainment company with operating units that provide premium subscription video programming on domestic U.S. pay television channels (Starz Networks), global content distribution (Starz Distribution) and animated television and movie production (Starz Animation). We currently own approximately 4.6% of Starz common stock outstanding and 14.7% of the total voting power of Starz common stock.

Intellectual Property

We are currently using a number of trademarks including "ARTISAN HOME ENTERTAINMENT," "THE BLAIR WITCH PROJECT," "DIRTY DANCING," "FAMILY HOME ENTERTAINMENT," "LIONS GATE HOME ENTERTAINMENT," "MAD MEN," "ORANGE IS THE NEW BLACK," "DIVERGENT," "INSURGENT" and "RESERVOIR DOGS" in connection with our domestic home entertainment distribution, "ARTISAN ENTERTAINMENT," "GHOST HOUSE PICTURES," "GRINDSTONE ENTERTAINMENT GROUP," "SUMMIT ENTERTAINMENT," "LIONS GATE FILMS," "LGF FILMS," "MANDATE PICTURES" and "TRIMARK PICTURES" in connection with films distributed domestically and licensed internationally, and "DEBMAR/MERCURY," "LIONS GATE TELEVISION" and "TRIMARK TELEVISION" in connection with licenses to free, pay and cable television and digital platforms. Additionally, through Summit Entertainment, we are using the trademarks "BREAKING DAWN," "NEW MOON," "ECLIPSE," "SUMMIT ENTERTAINMENT," "THE

TWILIGHT SAGA” “and TWILIGHT” as well as various other trademarks derived from and associated with the Twilight franchise.

The trademarks “ARTISAN ENTERTAINMENT,” “BREAKING DAWN,” “DIRTY DANCING,” “ECLIPSE,” “LIONS GATE ENTERTAINMENT,” “LIONS GATE FILMS,” “LIONS GATE HOME ENTERTAINMENT,” “LIONS GATE PICTURES,” “LIONSGATE,” “MAD MEN,” “NEW MOON,” “RESERVOIR DOGS,” “SAW,” “SUMMIT ENTERTAINMENT,” “THE BLAIR WITCH PROJECT,” “THE TWILIGHT SAGA,” “TRIMARK PICTURES,” “TV GUIDE,” “TV GUIDE NETWORK,” “TWILIGHT,” “ORANGE IS THE NEW BLACK” and “DIVERGENT,” among others, are registered with the U.S. Patent and Trademark Office and various international trademark authorities or are pending registration. We also have the exclusive right to use “HUNGER GAMES,” “CATCHING FIRE” and “MOCKINGJAY” and own other trademarks relating to The Hunger Games books and motion pictures. We regard our trademarks as valuable assets and believe that our trademarks are an important factor in marketing our products.

Motion picture piracy is extensive in many parts of the world, including South America, Asia and certain Eastern European countries, and is made easier by technological advances and the conversion of motion pictures into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of motion pictures in theatrical release on DVDs, Blu-ray discs, from pay-per-view through set-top boxes and other devices and through unlicensed broadcasts on free television and the internet. The proliferation of unauthorized copies of these products has had and will likely continue to have an adverse effect on our business, because these products reduce the revenue we receive from our products.

Competition

Television and motion picture production and distribution are highly competitive businesses. We face competition from companies within the entertainment business and from alternative forms of leisure entertainment, such as travel, sporting events, outdoor recreation, video games, the internet and other cultural and computer-related activities. We compete with the major studios, numerous independent motion picture and television production companies, television networks, pay television systems and digital media platforms for the acquisition of literary and film properties, the services of performing artists, directors, producers and other creative and technical personnel and production financing, all of which are essential to the success of our entertainment businesses. In addition, our motion pictures compete for audience acceptance and exhibition outlets with motion pictures produced and distributed by other companies. Likewise, our television product faces significant competition from independent distributors as well as major studios. As a result, the success of any of our motion pictures and television product is dependent not only on the quality and acceptance of a particular film or program, but also on the quality and acceptance of other competing motion pictures or television programs released into the marketplace at or near the same time.

Given such competition, we operate with a different business model than many others. We typically emphasize a lower cost structure, risk mitigation, reliance on financial partnerships and innovative financial strategies. Our cost structures are designed to utilize our flexibility and agility as well as the entrepreneurial spirit of our employees, partners and affiliates, in order to provide creative entertainment content to serve diverse audiences worldwide.

Social Responsibility

LIONSHARES

We are committed to acting responsibly and making a positive difference in the local and global community through *Lionshares*, the umbrella for our companywide commitment to our communities. *Lionshares* is a volunteer program that seeks to provide opportunities for employees within the Lionsgate family to partner with a diverse range of charitable organizations. The program not only enriches the Lionsgate work experience through cultural and educational outreach, but also positively interacts and invests in the local and global community. Specifically, *Lionshares* strives to:

- Provide diverse activities intended to appeal to a broad range of interests.
- Partner with leading organizations with expertise in these areas.
- Create an effectual and influential impact through human contact.
- Share time and experience, not just among Lionsgate employees, but with the greater community as well.

Since its founding in August 2012, *Lionshares* has formed corporate partnerships and worked closely with organizations such as the Special Olympics, International Medical Corp., Children’s Hospital of Los Angeles, My Friend’s Place, The United

Friends of the Children and Westside Food Bank. For further information about our social responsibility initiatives, see www.lionsgate.com/corporate/volunteer.

Employees

As of May 11, 2015, we had 719 full-time employees in our worldwide operations. We also utilize many consultants in the ordinary course of our business and hire additional employees on a project-by-project basis in connection with the production of our motion pictures and television programming. We believe that our employee and labor relations are good.

Corporate History

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

Financial Information About Segments and Foreign and Domestic Operations

Financial and other information by reporting segment and geographic area as of March 31, 2015 and 2014 and for each of the three years in the period ended March 31, 2015 is set forth in *Note 14* to our consolidated financial statements.

Available Information

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

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

This Annual Report on Form 10-K contains references to our trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Annual Report on Form 10-K, including logos, artwork and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other company.

ITEM 1A. RISK FACTORS.

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

We face substantial capital requirements and financial risks.

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

The costs of producing and marketing feature films is high and may increase in the future, which may make it more difficult for a film to generate a profit or compete against other films. The costs of producing and marketing feature films generally increase from year to year, which may make it more difficult for our films to generate a profit or compete against other films. A continuation of this trend would leave us more dependent on other media, such as home entertainment, television, international markets and digital, which revenues may not be sufficient to offset an increase in the cost of motion picture production and marketing. If we cannot successfully exploit these other media, it could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Budget overruns may adversely affect our business. While our business model requires that we be efficient in the production of our motion pictures and television programs, actual motion picture and television production costs may exceed their budgets. The production, completion and distribution of motion pictures and television productions can be subject to a number of uncertainties, including delays and increased expenditures due to disruptions or events beyond our control. As a result, if a motion picture or television production incurs substantial budget overruns, we may have to seek additional financing from outside sources to complete production or fund the overrun ourselves. We cannot make assurances regarding the availability of such financing or on terms acceptable to us, nor can we assure you that we will recoup these costs. Increased costs incurred with respect to a particular film may result in any such film not being ready for release at the intended time and the postponement to a potentially less favorable date, all of which could cause a decline in box office performance, and, thus, the overall financial success of such film. Budget overruns could also prevent a picture from being completed or released. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including our credit facilities and the indenture governing our senior secured notes. In the absence of such cash flows or capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our credit facilities and the indenture governing our senior secured notes restrict our ability to dispose of assets and use the proceeds from such dispositions. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

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

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

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

As of March 31, 2015, our corporate debt was \$718.0 million (carrying value - \$714.1 million). In addition, our production loan obligations were \$600.9 million.

On July 19, 2013, we redeemed \$432.0 million of our 10.25% Senior Secured Second-Priority Notes (the "10.25% Senior Notes"), issued \$225.0 million of our 5.25% Senior Secured Second-Priority Notes (the "5.25% Senior Notes") and borrowed \$225.0 million under our Second Lien Credit and Guarantee Agreement dated July 19, 2013 (the "Term Loan Due 2020"). On March 17, 2015, we redeemed the Term Loan Due 2020 and borrowed \$375 million under our Second Lien Credit and Guarantee Agreement dated March 17, 2015 (the "Term Loan Due 2022"). On March 17, 2015, the April 2009 3.625% Notes were called for redemption and in April 2015, the holders of the notes converted substantially all of the outstanding principal amounts into common shares. On May 4, 2015, we amended the Term Loan Due 2022 to increase the aggregate principal amount to \$400 million.

A substantial degree of leverage could have important consequences, including the following:

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

Despite our current indebtedness levels, we and our subsidiaries may be able to incur additional debt in the future.

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

In addition, we may incur additional indebtedness through our senior secured credit facility. We may borrow up to \$800 million under the senior secured credit facility. At March 31, 2015, we have no borrowings under our senior secured credit facility, and no letters of credit outstanding. We could borrow some or all of the remaining permitted amount in the future. The amount we have available to borrow under this facility depends upon our borrowing base, which in turn depends on the value of our existing library of films and television programs, as well as accounts receivable and cash held in collateral accounts. If new debt is added to our and our subsidiaries' existing debt levels, this has the potential to magnify the risks discussed above relating to our ability to service our indebtedness and the potential adverse impact our high level of indebtedness could have on us.

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

The agreements governing certain of our long-term indebtedness contain change in control provisions that are triggered when any of our shareholders, directly or indirectly, acquires ownership or control in excess of a certain percentage of our common shares. As of May 11, 2015, three of our shareholders, Mark H. Rachesky, M.D., Capital World Investors, and Capital Research Global Investors, and their respective affiliates, beneficially owned approximately 27.3%, 5.7% and 5.4%, respectively, of our outstanding common shares.

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

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

Restrictive covenants may adversely affect our operations.

Our credit facilities and the indenture governing our senior secured notes contain various covenants that, subject to certain exceptions, limit our ability to, among other things:

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

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

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

Certain of our borrowings, primarily borrowings under our senior credit facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same. The applicable margin with respect to loans under our senior secured credit facility is a percentage per annum equal to 2.50% plus an adjusted rate based on LIBOR.

Assuming that our senior secured credit facility is fully drawn, based on the applicable LIBOR in effect as of March 31, 2015, each quarter point change in interest rates would result in a \$2.0 million change in annual interest expense. In the future, we may enter into interest rate swaps, involving the exchange of floating for fixed rate interest payments, to reduce interest rate volatility.

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

Even though we have reported operating income for fiscal years 2010 through 2015, we had an operating loss for fiscal year 2009. We have also reported net losses for the fiscal years 2009 through 2012. Our retained earnings were \$13.7 million at March 31, 2015. We cannot assure you that we will operate profitably in future periods and, if we do not, we may not be able to meet our debt service requirements, working capital requirements, capital expenditure plans, production slate, acquisition and releasing plans or other cash needs. Our inability to meet those needs could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We may incur significant write-offs if our feature films and other projects do not perform well enough to recoup production, marketing and distribution costs.

We are required to amortize capitalized production costs over the expected revenue streams as we recognize revenue from the associated films or other projects. The amount of production costs that will be amortized each quarter depends on, among other things, how much future revenue we expect to receive from each project. Unamortized production costs are evaluated for impairment each reporting period on a project-by-project basis. If estimated remaining revenue is not sufficient to recover the unamortized production costs, the unamortized production costs will be written down to fair value. In any given quarter, if we lower our previous forecast with respect to total anticipated revenue from any individual feature film or other project, we may be required to accelerate amortization or record impairment charges with respect to the unamortized costs, even if we have previously recorded impairment charges for such film or other project. Such impairment charges could adversely impact our business, operating results and financial condition.

Our revenues and results of operations may fluctuate significantly.

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

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

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

Our operating results also fluctuate due to our accounting practices (which are standard for the industry) which may cause us to recognize the production and marketing expenses in different periods than the recognition of related revenues, which may occur

in later periods. For example, in accordance with generally accepted accounting principles and industry practice, we are required to expense film advertising costs as incurred, but are also required to recognize the revenue from any motion picture or television program over the entire revenue stream expected to be generated by the individual picture or television program. In addition, we amortize film and television programming costs using the "individual-film-forecast" method. Under this accounting method, we amortize film and television programming costs for each film or television program based on the following ratio:

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

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

In addition, the comparability of our results may be affected by changes in accounting guidance or changes in our ownership of certain assets and businesses. For example, in fiscal 2011, we retrospectively deconsolidated our interest in Pop (formerly TV Guide Network) due to new accounting guidance and now account for our holding in that business under the equity method of accounting. Accordingly, our results of operations from year to year may not be directly comparable to prior reporting periods.

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

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

We do not have long-term arrangements with many of our production or co-financing partners. We typically do not enter into long term production contracts with the creative producers of the films we produce, acquire or distribute. Moreover, we generally have certain derivative rights that provide us with distribution rights to, for example, prequels, sequels and remakes of certain films we produce, acquire or distribute. However, there is no guarantee that we will produce, acquire or distribute future films by any creative producer or co-financing partner, and a failure to do so could adversely affect our business, financial condition, operating results, liquidity and prospects.

We rely on a few major retailers and distributors and the loss of any of those retailers or distributors could reduce our revenues and operating results. Wal-Mart represented approximately 8% of our revenues in fiscal 2015. In addition, a small number of other retailers and distributors account for a material percentage of our revenues. We do not have long-term agreements with retailers. We cannot assure you that we will continue to maintain favorable relationships with our retailers and distributors or that they will not be adversely affected by economic conditions. If any of these retailers or distributors reduces or cancels a significant order or becomes bankrupt, it could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

Failure to manage future growth may adversely affect our business.

We are subject to risks associated with possible acquisitions, business combinations, or joint ventures. From time to time, we engage in discussions and activities with respect to possible acquisitions, sale of assets, business combinations, or joint ventures intended to complement or expand our business, some of which may be significant transactions for us. We may not realize the anticipated benefit from any of the transactions we pursue. Regardless of whether we consummate any such transaction, the

negotiation of a potential transaction (including associated litigation and proxy contests), as well as the integration of the acquired business, could require us to incur significant costs and cause diversion of management's time and resources. Any such transaction could also result in impairment of goodwill and other intangibles, development write-offs and other related expenses. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

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

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

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

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

We hold our interests in certain businesses as a joint venture or in partnership with non-affiliated third parties. As a result of such arrangements, we may be unable to control the operations, strategies and financial decisions of such joint venture or partnership entities which could, in turn, result in limitations on our ability to implement strategies that we may favor and may limit our ability to transfer our interests. Consequently, any losses experienced by these entities could adversely impact our results of operations and the value of our investment.

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

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

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

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

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

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

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

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

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

We face substantial competition in all aspects of our business.

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

The motion picture industry is highly competitive and at times may create an oversupply of motion pictures in the market. The number of motion pictures released by our competitors, particularly the major studios, may create an oversupply of product in the market, reduce our share of box office receipts and make it more difficult for our films to succeed commercially. The limited supply of motion picture screens compounds this product oversupply problem. Oversupply may become most pronounced during peak release times, such as school holidays and national holidays, when theater attendance is expected to be highest. As a result

of changes in the theatrical exhibition industry, including reorganizations and consolidations, and major studio releases occupying more screens, the number of screens available to us when we want to release a picture may decrease. If the number of motion picture screens decreases, box office receipts, and the correlating future revenue streams, such as from home entertainment and pay and free television, of our motion pictures may also decrease. Moreover, we cannot guarantee that we can release all of our films when they are otherwise scheduled due to production or other delays, or a change in the schedule of a major studio. Any such change could adversely impact a film's financial performance. In addition, if we cannot change our schedule after such a change by a major studio because we are too close to the release date, the major studio's release and its typically larger promotion budget may adversely impact the financial performance of our film.

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

The entertainment industry in general continues to undergo significant developments as advances in technologies and new methods of product delivery and storage, or certain changes in consumer behavior driven by these developments emerge. Consumers are spending an increasing amount of time on the internet and on mobile devices, and are increasingly viewing content on a time-delayed or on-demand basis from the internet, on their televisions and on handheld or portable devices. We and our distributors must adapt our businesses to changing consumer behavior and preferences and exploit new distribution channels. If we cannot successfully exploit these and other emerging technologies, it could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We face risks from doing business internationally.

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

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

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

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

Our ability to compete depends, in part, upon successful protection of our intellectual property. We attempt to protect proprietary and intellectual property rights to our productions through available copyright and trademark laws and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries where we distribute our products. As a result, it may be possible for unauthorized third parties to copy and distribute our productions or certain portions or applications of our intended productions, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

Our more successful and popular film or television products or franchises may experience higher levels of infringing activity, particularly around key release dates. Alleged infringers have claimed and may claim that their products are permitted under fair use or similar doctrines, that they are entitled to compensatory or punitive damages because our efforts to protect our intellectual property rights are illegal or improper, and that our key trademarks or other significant intellectual property are invalid. Such claims, even if meritless, may result in adverse publicity or costly litigation. We vigorously defend our copyrights and trademarks from infringing products and activity, which can result in litigation. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurance that a favorable final outcome will be obtained in all cases. Regardless of the validity or the success of the assertion of any such claims, we could incur significant costs and diversion of resources in enforcing our intellectual property rights or in defending against such claims, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Others may assert intellectual property infringement claims against us.

One of the risks of the film and television production business is the possibility that others may claim that our productions and production techniques misappropriate or infringe the intellectual property rights of third parties with respect to their previously developed films and television series, stories, characters, other entertainment or intellectual property. Irrespective of the validity or the successful assertion of such claims, we could incur significant costs and diversion of resources in defending against them, which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

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

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

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

Piracy of motion pictures may reduce the gross receipts from the exploitation of our films.

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

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

We face cybersecurity and similar risks, which could result in the disclosure of confidential information, disruption of our businesses, damage to our brands and reputation, legal exposure and financial losses.

Our online, mobile and app offerings, as well as our internal systems, involve the storage and transmission of our proprietary and personal information, and we and our partners rely on various technology systems in connection with the production and distribution

of programming. Although we monitor our security measures regularly, they may be breached due to employee error, computer malware, viruses, hacking and phishing attacks, or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive or confidential information in order to gain access to our data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in a loss of our proprietary information, a disruption of our distribution business or a reduction of the revenues we are able to generate from such distribution, damage to our brands and reputation, and significant legal and financial exposure, including from regulatory or consumer actions related to consumer data collection and other data privacy concerns, each of which could potentially have an adverse effect on our business.

Our success depends on certain key employees.

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

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

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

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

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

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

We are subject to income taxes in the U.S. and foreign tax jurisdictions. We also conduct business and financing activities between our entities in various jurisdictions and we are subject to complex transfer pricing regulations in the countries in which we operate. Although uniform transfer pricing standards are emerging in many of the countries in which we operate, there is still a relatively high degree of uncertainty and inherent subjectivity in complying with these rules. Our future effective tax rates could be affected by changes in tax laws or the interpretation of tax laws, by changes in the amount of revenue or earnings that we derive from international sources in countries with high or low statutory tax rates, or by changes in the valuation of our deferred tax assets and liabilities. Unanticipated changes in our tax rates could affect our future results of operations.

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

As of March 31, 2014, we concluded that it was more likely than not that our deferred tax assets were realizable and that a significant portion of the related valuation allowance previously established was no longer needed. This conclusion was based upon our expectation of sufficient future taxable income to fully utilize these assets. Based on our current assessment, we continue to believe that substantially all of our deferred tax assets will be realized. There is no assurance that we will attain our future expected levels of taxable income or that a valuation allowance against new or existing deferred tax assets will not be necessary in the future.

We incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies.

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

Certain shareholders own a majority of our outstanding common shares.

As of May 11, 2015, five of our shareholders beneficially owned an aggregate of 70,362,773 of our common shares, or approximately 47.6% of the outstanding shares. In addition, one of these shareholders, Mark H. Rachesky, M.D., the beneficial owner of approximately 27.3% of our outstanding common shares, currently serves as the Chairman of our Board of Directors. Accordingly, these five shareholders, collectively, have the power to exercise substantial influence over us and on matters requiring approval by our shareholders, including the election of directors, the approval of mergers and other significant corporate transactions. This concentration of ownership may make it more difficult for other shareholders to effect substantial changes in our company and may also have the effect of delaying, preventing or expediting, as the case may be, a change in control of our company.

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

As of May 11, 2015, approximately 38.5% of our common shares were held beneficially by certain individuals and institutional investors who each had ownership of equal to or greater than 5% of our common shares. We also filed a resale registration statement to enable certain shareholders who received our common shares in connection with our acquisition of Summit Entertainment in January 2012 and certain holders of debt convertible into our common shares, to resell our common shares. Sales by such individuals and institutional investors of a substantial number of shares of our common shares into the public market, or the perception that such sales might occur, could have an adverse effect on the price of our common shares, which could materially impair our ability to raise capital through the sale of common shares or debt that is convertible into our common shares.

Our online activities are subject to a variety of laws and regulations relating to privacy and child protection, which, if violated, could subject us to an increased risk of litigation and regulatory actions.

In addition to our company websites and applications, we use third-party applications, websites, and social media platforms to promote our projects and engage consumers, as well as monitor and collect certain information about users of our online forums. A variety of laws and regulations have been adopted in recent years aimed at protecting children using the internet such as the Children's Online Privacy and Protection Act of 1998 (“COPPA”). COPPA sets forth, among other things, a number of restrictions on what website operators can present to children under the age of 13 and what information can be collected from them. There are also a variety of laws and regulations governing individual privacy and the protection and use of information collected from such individuals, particularly in relation to an individual's personally identifiable information (e.g., credit card numbers). Many foreign countries have adopted similar laws governing individual privacy, including safeguards which relate to the interaction with children. If our online activities were to violate any applicable current or future laws and regulations, we could be subject to litigation and regulatory actions, including fines and other penalties.

Any decisions to reduce or discontinue paying cash dividends to our shareholders or repurchase our common shares pursuant to our previously announced share repurchase program could cause the market price for our common shares to decline.

Our payment of quarterly cash dividends and repurchases of our common shares pursuant to our share purchase program will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements, and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends or repurchases of our common shares pursuant to our share repurchase program could cause the market price of our common shares to decline. Moreover, in the event our payment of quarterly cash dividends or repurchases of our common shares are reduced or discontinued, our failure or inability to resume paying cash dividends or repurchasing our common shares at historical levels could result in a lower market valuation of our common shares.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Our corporate office is located at 250 Howe Street, 20th Floor, Vancouver, BC V6C 3R8. Our principal executive offices are located at 2700 Colorado Avenue, Suite 200, Santa Monica, California, 90404. At the Santa Monica address, we occupy approximately 159,058 square feet. Our lease expires in August 2023. In Santa Monica, California, we also lease a 4,389 square foot space, a 30,107 square foot space, and a 9,123 square foot space (which leases expire in March 2016, and June 2016, and March 2017 respectively). In New York, we currently occupy approximately 7,803 square feet as per a lease that expires in August 2022.

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

ITEM 3. LEGAL PROCEEDINGS.

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

For a discussion of certain claims and legal proceedings, see *Note 15 - Commitments and Contingencies* to our consolidated financial statements, which discussion is incorporated by reference into this Part I, Item 3, Legal Proceedings.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

PART II

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

Market Information

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

As of May 11, 2015, the closing price of our common shares on the NYSE was \$30.56.

The following table presents the high and low sale prices of our common shares on the NYSE for each period, based on inter-dealer prices that do not include retail mark-ups, mark-downs or commissions, and cash dividends declared for each period:

Common shares (per share)

2016 fiscal year	Market prices		Dividends Declared
	High	Low	
First quarter (through May 11, 2015)	\$ 34.38	\$ 30.35	\$ —

2015 fiscal year	High	Low	Dividends Declared
Fourth quarter	\$ 34.87	\$ 27.55	\$ 0.07
Third quarter	35.75	29.00	0.07
Second quarter	34.15	27.46	0.07
First quarter	29.82	24.80	0.05

2014 fiscal year	High	Low	Dividends Declared
Fourth quarter	\$ 33.99	\$ 24.54	\$ 0.05
Third quarter	37.75	27.93	0.05
Second quarter	37.81	27.66	—
First quarter	30.57	22.25	—

Holders

As of May 11, 2015, there were approximately 612 shareholders of record.

Dividends

The Company declared a quarterly dividend of \$0.05, \$0.07, \$0.07 and \$0.07 per share of common shares for the four quarters of the year ended March 31, 2015, respectively. The most recent dividend is payable May 22, 2015 to shareholders of record as of March 31, 2015. We expect to pay quarterly dividends each quarter; however, the amount of dividends, if any, that we pay to our shareholders is determined by our Board of Directors, at its discretion, and is dependent on a number of factors, including our financial position, results of operations, cash flows, capital requirements and restrictions under our credit agreements, and shall be in compliance with applicable law. We cannot guarantee the amount of dividends paid in the future, if any.

Lions Gate is also limited in its ability to pay dividends on its common shares by restrictions under the Business Corporations Act (British Columbia) relating to the solvency of Lions Gate before and after the payment of a dividend and by the terms of its credit facility and indentures governing certain of its notes.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated by reference to our Proxy Statement for our 2015 Annual General Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2015.

Taxation

The following is a general summary of certain Canadian federal income tax consequences to U.S. Holders (who, at all relevant times, deal at arm's length with the Company) of the purchase, ownership and disposition of common shares. For the purposes of this Canadian income tax discussion, a "U.S. Holder" means a holder of common shares who (1) for the purposes of the Income Tax Act (Canada) (the "ITA") is not, has not, and will not be, or deemed to be, resident in Canada at any time while he, she or it holds common shares, (2) at all relevant times is a resident of the United States under the Canada-United States Tax Convention (1980) (the "Convention") and is eligible for benefits under the Convention, (3) is not a "foreign affiliate" as defined in the ITA of a person resident in Canada, and (4) does not and will not use or be deemed to use the common shares in carrying on a business in Canada. This summary does not apply to a U.S. Holder that is an insurer or an "authorized foreign bank" within the meaning of the ITA. Such U.S. Holders should seek tax advice from their advisors.

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

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

The following summary applies only to U.S. Holders who hold their common shares as capital property. In general, common shares will be considered capital property of a holder where the holder is neither a trader nor dealer in securities, does not hold the common shares in the course of carrying on a business and is not engaged in an adventure in the nature of trade in respect thereof. This summary does not apply to a U.S. Holder that is a "financial institution" within the meaning of the mark-to-market rules contained in the ITA or to holders who have entered into a "derivative forward agreement" or a "synthetic disposition arrangement" as these terms are defined in the ITA.

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

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

Issuer Purchases of Equity Securities

On May 31, 2007, our Board of Directors authorized the repurchase of up to \$50 million of our common shares. On each of May 29, 2008 and November 6, 2008, our Board of Directors authorized additional repurchases up to an additional \$50 million of our common shares. Thereafter, on December 17, 2013, our Board of Directors authorized the Company to further increase its stock repurchase plan to \$300 million. To date, approximately \$210.1 million of the Company's common shares have been purchased, leaving approximately \$89.9 million of authorized potential purchases. The remaining \$89.9 million of the Company's common shares may be purchased from time to time at the Company's discretion, including quantity, timing and price thereof, and will be subject to market conditions. Such purchases will be structured as permitted by securities laws and other legal requirements.

During the period from the authorization date through March 31, 2015, 5,342,218 common shares have been repurchased at a cost of approximately \$144.8 million, including commission costs. The share repurchase program has no expiration date.

The following table sets forth information with respect to our common shares purchased by us during the three months ended March 31, 2015:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2015 - January 31, 2015	431,918	\$ 29.81	431,918	\$ 89,931,883
February 1, 2015 - February 28, 2015	—	—	—	—
March 1, 2015 - March 31, 2015	—	—	—	—
Total	431,918	\$ 29.81	431,918	\$ 89,931,883

Additionally, during the three months ended March 31, 2015, 110,343 common shares were withheld upon the vesting of restricted share units and share issuances to satisfy minimum statutory federal, state and local tax withholding obligations.

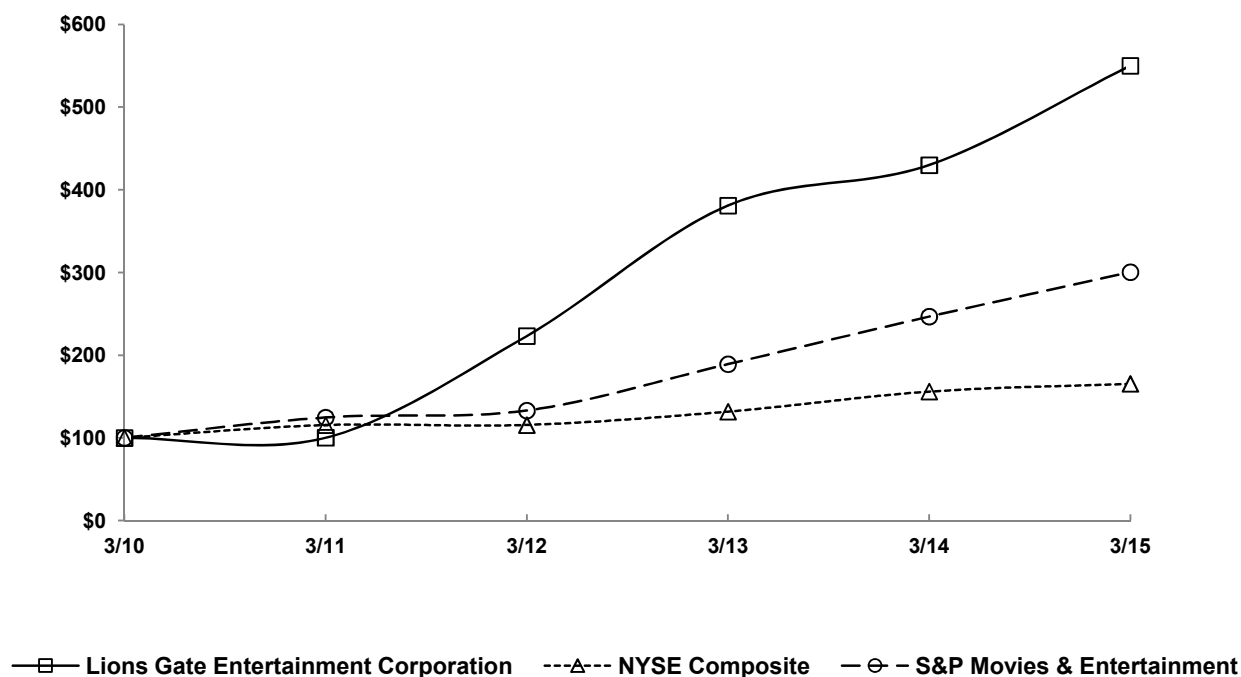
Stock Performance Graph

The following graph compares our cumulative total shareholder return with those of the NYSE Composite Index and the S&P Movies & Entertainment Index for the period commencing March 31, 2010 and ending March 31, 2015. All values assume that \$100 was invested on March 31, 2010 in our common shares and each applicable index and all dividends were reinvested.

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

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Lions Gate Entertainment Corporation, the NYSE Composite Index
and the S&P Movies & Entertainment Index



*\$100 invested on 3/31/10 in stock or index, including reinvestment of dividends.
Fiscal year ending March 31.

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	3/10	3/11	3/12	3/13	3/14	3/15
Lions Gate Entertainment Corporation	100.00	100.16	223.08	380.93	429.88	550.04
NYSE Composite	100.00	115.43	115.55	131.73	156.07	165.47
S&P Movies & Entertainment	100.00	124.54	132.96	189.08	246.68	300.40

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

ITEM 6. SELECTED FINANCIAL DATA.

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

The Selected Consolidated Financial Data below includes the results of Summit Entertainment from its acquisition date of January 13, 2012 onwards. The Selected Consolidated Financial Data below also includes the results of Maple Pictures from the date of consolidation of July 18, 2007, through the date of sale of August 10, 2011. Due to the acquisition of Summit Entertainment and the consolidation and subsequent sale of our interest in Maple Pictures, the Company's results of operations for the years ended March 31, 2015, 2014, 2013, 2012, and 2011 and financial positions as at March 31, 2015, 2014, 2013, 2012, and 2011 are not directly comparable to prior reporting periods.

Year Ended March 31,

	2015	2014	2013	2012	2011
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(Amounts in thousands, except per share amounts)

Statement of Operations Data:

Revenues	\$ 2,399,640	\$ 2,630,254	\$ 2,708,141	\$ 1,587,579	\$ 1,582,720
Expenses:					
Direct operating	1,315,775	1,369,381	1,390,569	908,402	795,746
Distribution and marketing	591,491	739,461	817,862	483,513	547,226
General and administration	263,507	254,925	218,341	168,864	171,407
Gain on sale of asset disposal group	—	—	—	(10,967)	—
Depreciation and amortization	6,586	6,539	8,290	4,276	5,811
Total expenses	2,177,359	2,370,306	2,435,062	1,554,088	1,520,190
Operating income	222,281	259,948	273,079	33,491	62,530
Other expenses (income):					
Interest expense					
Cash interest	39,657	48,960	75,322	62,430	38,879
Amortization of debt discount and deferred financing costs	12,819	17,210	18,258	15,681	16,301
Total interest expense	52,476	66,170	93,580	78,111	55,180
Interest and other income	(2,790)	(6,030)	(4,036)	(2,752)	(1,742)
Loss on extinguishment of debt	11,664	39,572	24,089	967	14,505
Total other expenses, net	61,350	99,712	113,633	76,326	67,943
Income (loss) before equity interests and income taxes	160,931	160,236	159,446	(42,835)	(5,413)
Equity interests income (loss)	52,477	24,724	(3,075)	8,412	(20,712)
Income (loss) before income taxes	213,408	184,960	156,371	(34,423)	(26,125)
Income tax provision (benefit)	31,627	32,923	(75,756)	4,695	4,256
Net income (loss)	\$ 181,781	\$ 152,037	\$ 232,127	\$ (39,118)	\$ (30,381)
Basic net income (loss) per common share	\$ 1.31	\$ 1.11	\$ 1.73	\$ (0.30)	\$ (0.23)
Diluted net income (loss) per common share	\$ 1.23	\$ 1.04	\$ 1.61	\$ (0.30)	\$ (0.23)

Weighted average number of common shares outstanding:

Basic	139,048	137,468	134,514	132,226	131,176
Diluted	151,778	154,415	149,370	132,226	131,176

Dividends declared per common share

	\$ 0.26	\$ 0.10	\$ —	\$ —	\$ —
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Balance Sheet Data (at end of period):

Cash and cash equivalents	102,697	25,692	62,363	64,298	86,419
Investment in films and television programs	1,381,829	1,274,573	1,244,075	1,329,053	607,757
Total assets	3,292,089	2,851,632	2,760,869	2,787,995	1,569,153
Corporate debt:					
Senior revolving credit facility	—	97,619	338,474	99,750	69,750
Other senior debt	600,000	447,753	432,277	909,024	226,331
Convertible senior subordinated notes and other financing obligations	114,126	131,788	87,167	108,276	110,973
Total liabilities	2,449,802	2,267,094	2,404,343	2,698,210	1,430,298
Total shareholders' equity	842,287	584,538	356,526	89,785	138,855

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

Overview

Lions Gate Entertainment Corp. ("Lionsgate," the "Company," "we," "us" or "our") is a premier next generation global content leader with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, digital distribution, channel platforms and international distribution and sales. We operate primarily through two reporting segments: *Motion Pictures* and *Television Production*.

Revenues

Our revenues are derived from the Motion Pictures and Television Production segments, as described below. Our revenues are derived from the U.S., Canada, the U.K., and other foreign countries. None of the non-U.S. countries individually comprised greater than 10% of total revenues for the years ended March 31, 2015, 2014 and 2013.

Motion Pictures. Our *Motion Pictures* segment includes revenues derived from the following:

- *Theatrical.* Theatrical revenues are derived from the domestic theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (directly distributed by us in the U.S. and through a sub-distributor in Canada). The revenues from Canada are reported net of distribution fees and release expenses of the Canadian sub-distributor. The financial terms that we negotiate with our theatrical exhibitors in the U.S. generally provide that we receive a percentage of the box office results and are negotiated on a picture-by-picture basis.
- *Home Entertainment.* Home Entertainment revenues are derived from the sale or rental of our film productions and acquired or licensed films (including theatrical and direct-to-video releases) and certain television programs, to retail stores and through digital media platforms. In addition, we have revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, we share in the rental or sales revenues generated by the platform on a title-by-title basis. We distribute a library of approximately 16,000 motion picture titles and television episodes and programs. We categorize our Home Entertainment revenue as follows:
 - *Packaged media revenue:* Packaged media revenue consists of the sale or rental of DVDs and Blu-ray discs.
 - *Digital media revenue:* Digital media revenue consists of revenues generated from pay-per-view and video-on-demand platforms, electronic sell-through ("EST"), and digital rental.
- *Television.* Television revenues are primarily derived from the licensing of our theatrical productions and acquired films to the domestic cable, satellite, and free and pay television markets.
- *International.* International revenues are derived from the licensing of our productions, acquired films, our catalog product and libraries of acquired titles from our international subsidiaries, and revenues from our distribution to international sub-distributors, on a territory-by-territory basis. International revenues also includes revenues from the direct distribution of our productions, acquired films, and our catalog product and libraries of acquired titles in the United Kingdom.
- *Motion Pictures - Other.* Other revenues are derived from, among others, our interactive ventures and games division, our global franchise management and strategic partnerships division, the sales and licensing of music from the theatrical exhibition of our films and the television broadcast of our productions, and from the licensing of our films and television programs to ancillary markets.

Television Production. Our *Television Production* segment includes revenues derived from the following:

- *Domestic Television.* Domestic television revenues are derived from the licensing and syndication to domestic markets of one-hour and half-hour series, television movies, mini-series and non-fiction programming.
- *International.* International television revenues are derived from the licensing and syndication to international markets of one-hour and half-hour series, television movies, mini-series and non-fiction programming.

- *Home Entertainment.* Home entertainment revenues are derived from the sale or rental of television production movies or series to retail stores and through digital media platforms. We distribute a library of approximately 16,000 motion picture titles and television episodes and programs. Home entertainment revenue consists of packaged media revenue and digital media revenue.
- *Television Production - Other.* Other revenues are derived from, among others, product integration in our television episodes and programs, the sales and licensing of music from the television broadcasts of our productions, and from the licensing of our television programs to ancillary markets. For additional information, see *Motion Pictures - Other above*.

Expenses

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

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

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

General and administration expenses include salaries and other overhead.

CRITICAL ACCOUNTING POLICIES

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

Accounting for Films and Television Programs. We capitalize costs of production and acquisition, including financing costs and production overhead, to investment in films and television programs. These costs for an individual film or television program are amortized and participation and residual costs are accrued to direct operating expenses in the proportion that current year’s revenues bear to management’s estimates of the ultimate revenue at the beginning of the current year expected to be recognized from the exploitation, exhibition or sale of such film or television program. Ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release of the motion picture. For an episodic television series, the period over which ultimate revenues are estimated cannot exceed ten years following the date of delivery of the first episode, or, if still in production, five years from the date of delivery of the most recent episode, if later. For previously released film or television programs acquired as part of a library, ultimate revenue includes estimates over a period not to exceed twenty years from the date of acquisition.

Due to the inherent uncertainties involved in making such estimates of ultimate revenues and expenses, these estimates have differed in the past from actual results and are likely to differ to some extent in the future from actual results. In addition, in the normal course of our business, some films and titles are more successful than anticipated and some are less successful than anticipated. Our management regularly reviews and revises when necessary its ultimate revenue and cost estimates, which may result in a change in the rate of amortization of film costs and participations and residuals and/or write-down of all or a

portion of the unamortized costs of the film or television program to its estimated fair value. Our management estimates the ultimate revenue based on experience with similar titles or title genre, the general public appeal of the cast, actual performance (when available) at the box office or in markets currently being exploited, and other factors such as the quality and acceptance of motion pictures or programs that our competitors release into the marketplace at or near the same time, critical reviews, general economic conditions and other tangible and intangible factors, many of which we do not control and which may change.

An increase in the estimate of ultimate revenue will generally result in a lower amortization rate and, therefore, less film and television program amortization expense, while a decrease in the estimate of ultimate revenue will generally result in a higher amortization rate and, therefore, higher film and television program amortization expense, and also periodically results in an impairment requiring a write-down of the film cost to the title's fair value. These write-downs are included in amortization expense within direct operating expenses in our consolidated statements of operations. Investment in films and television programs is stated at the lower of amortized cost or estimated fair value. The valuation of investment in films and television programs is reviewed on a title-by-title basis, when an event or change in circumstances indicates that the fair value of a film or television program is less than its unamortized cost. In determining the fair value of our films and television programs, we employ a discounted cash flows ("DCF") methodology with assumptions for cash flows. Key inputs employed in the DCF methodology include estimates of a film's ultimate revenue and costs as well as a discount rate. The discount rate utilized in the DCF analysis is based on our weighted average cost of capital plus a risk premium representing the risk associated with producing a particular film or television program. The fair value of any film costs associated with a film or television program that we plan to abandon is zero. As the primary determination of fair value is determined using a DCF model, the resulting fair value is considered a Level 3 measurement (as defined in *Note 10* to our consolidated financial statements). Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film or television program. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in our future revenue estimates.

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

Sales Returns Allowance. Revenues are recorded net of estimated returns and other allowances. We estimate reserves for DVD/Blu-ray returns based on previous returns experience, point-of-sale data available from certain retailers, current economic trends, and projected future sales of the title to the consumer based on the actual performance of similar titles on a title-by-title basis in each of the DVD/Blu-ray businesses. Factors affecting actual returns include, among other factors, limited retail shelf space at various times of the year, success of advertising or other sales promotions, and the near term release of competing titles. We believe that our estimates have been materially accurate in the past; however, due to the judgment involved in establishing reserves, we may have adjustments to our historical estimates in the future. Our estimate of future returns affects reported revenue and operating income. If we underestimate the impact of future returns in a particular period, then we may record less revenue in later periods when returns exceed the estimated amounts. If we overestimate the impact of future returns in a particular period, then we may record additional revenue in later periods when returns are less than estimated. An incremental change of 1% in our estimated sales returns rate (i.e., provisions for returns divided by gross sales of related product) for home entertainment products would have had an impact of approximately \$6.6 million, \$8.6 million and \$9.8 million on our total revenue in the fiscal years ended March 31, 2015, 2014, and 2013, respectively.

Provisions for Accounts Receivable. We estimate provisions for accounts receivable based on historical experience and relevant facts and information regarding the collectability of the accounts receivable. In performing this evaluation, significant

judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for our larger customers and an analysis of the length of time receivables have been past due. The financial condition of a given customer and its ability to pay may change over time or could be better or worse than anticipated and could result in an increase or decrease to our allowance for doubtful accounts, which is recorded in other direct operating expenses.

Income Taxes. We are subject to federal and state income taxes in the U.S. and in several foreign jurisdictions. We record deferred tax assets related to net operating loss carryforwards and certain temporary differences, net of applicable reserves. We recognize a future tax benefit to the extent that realization of such benefit is more likely than not, otherwise a valuation allowance is applied. In order to realize the benefit of our deferred tax assets, we will need to generate sufficient taxable income in the future. In previous years, we had historically provided a full valuation allowance against our net deferred tax assets because of our historical operating losses. Due to the profitability achieved in our fiscal year ended March 31, 2013, which resulted in a cumulative positive three year pre-tax income, and our current projections of profitability in the next few years, we determined that it was more likely than not that we will realize the benefit of certain of our deferred tax assets, including our net operating loss carryforwards, and, accordingly, the valuation allowance related to those assets was reversed as of March 31, 2013. In addition, due to certain financing transactions in the year ended March 31, 2014, we determined that it was more likely than not that we will realize the benefit of certain of our deferred tax assets in our Canadian tax jurisdiction, and accordingly, the valuation allowance related to those assets was reversed during the year ended March 31, 2014. However, the assessment as to whether there will be sufficient taxable income to realize our net deferred tax assets is an estimate which could change in the future depending primarily upon the actual performance of our Company. We will be required to continually evaluate the more likely than not assessment that our net deferred tax assets will be realized, and if operating results deteriorate, we may need to reestablish all or a portion of the valuation allowance through a charge to our income tax provision. Our net unreserved deferred tax assets at March 31, 2015 amounted to \$50.1 million.

Our effective tax rates are affected by many factors, including the overall level of pre-tax income, the mix of pre-tax income generated across the various jurisdictions in which we operate, changes in tax laws and regulations in those jurisdictions, changes in valuation allowances on our deferred tax assets, tax planning strategies available to us and other discrete items. A 1% change in our effective income tax rate, excluding discrete items, would result in an increase or decrease in our income tax expense of approximately \$2.1 million for the year ended March 31, 2015.

Goodwill. Goodwill is reviewed for impairment each fiscal year or between the annual tests if an event occurs or circumstances change that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying value. We perform our annual impairment test as of January 1 in each fiscal year. We performed our last annual impairment test on our goodwill as of January 1, 2015 by first assessing qualitative factors to determine whether it was necessary to perform the two-step annual goodwill impairment test. Based on our qualitative assessments, including but not limited to, the results of our most recent quantitative impairment test, consideration of macroeconomic conditions, industry and market conditions, cash flows, and changes in our share price, we concluded that it was more likely than not that the fair value of our reporting units was greater than their carrying value.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update relating to the recognition of revenue from contracts with customers, which will supersede most current U.S. GAAP revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance, as currently issued, will be effective for our fiscal year beginning April 1, 2017, and can be applied either retrospectively or under a cumulative-effect transition method. We are currently evaluating the impact that the adoption of this new guidance will have on our consolidated financial statements.

In April 2015, the FASB issued an accounting standards update relating to the presentation of debt issuance costs. The accounting update requires companies to present debt issuance costs related to a recognized debt liability presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as an asset. The guidance is effective for our fiscal year beginning April 1, 2016, with early adoption permitted. We are planning to adopt the new guidance effective April 1, 2016. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

RESULTS OF OPERATIONS

Fiscal 2015 Compared to Fiscal 2014

The following table sets forth segment information by business unit, and as a percentage of segment revenues, for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,				Increase (Decrease)	
	2015		2014		Amount	Percent
	Amount	% of Segment Revenues	Amount	% of Segment Revenues		
	(Amounts in millions)					
Segment revenues ⁽¹⁾						
Motion Pictures	\$ 1,820.1		\$ 2,182.9		\$ (362.8)	(16.6)%
Television Production	579.5		447.4		132.1	29.5 %
	<u>\$ 2,399.6</u>		<u>\$ 2,630.3</u>		<u>\$ (230.7)</u>	<u>(8.8)%</u>
Direct operating expenses						
Motion Pictures	\$ 827.5	45.5%	\$ 981.1	44.9%	\$ (153.6)	(15.7)%
Television Production	488.2	84.2	388.3	86.8	99.9	25.7 %
	<u>\$ 1,315.7</u>	<u>54.8%</u>	<u>\$ 1,369.4</u>	<u>52.1%</u>	<u>\$ (53.7)</u>	<u>(3.9)%</u>
Distribution and marketing						
Motion Pictures	\$ 555.4	30.5%	\$ 710.0	32.5%	\$ (154.6)	(21.8)%
Television Production	36.1	6.2	29.5	6.6	6.6	22.4 %
	<u>\$ 591.5</u>	<u>24.6%</u>	<u>\$ 739.5</u>	<u>28.1%</u>	<u>\$ (148.0)</u>	<u>(20.0)%</u>
Gross segment contribution						
Motion Pictures	\$ 437.3	24.0%	\$ 491.8	22.5%	\$ (54.5)	(11.1)%
Television Production	55.1	9.5	29.6	6.6	25.5	86.1 %
	<u>\$ 492.4</u>	<u>20.5%</u>	<u>\$ 521.4</u>	<u>19.8%</u>	<u>\$ (29.0)</u>	<u>(5.6)%</u>

- (1) Our largest component of revenue comes from home entertainment. The following table sets forth total home entertainment revenue for both the Motion Pictures and Television Production reporting segments for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Home Entertainment Revenue				
Motion Pictures	\$ 662.7	\$ 829.6	\$ (166.9)	(20.1)%
Television Production	44.8	34.3	10.5	30.6 %
	<u>\$ 707.5</u>	<u>\$ 863.9</u>	<u>\$ (156.4)</u>	<u>(18.1)%</u>

Motion Pictures Revenue

The table below sets forth the components of revenue and the changes in these components for the Motion Pictures reporting segment for the fiscal years ended March 31, 2015 and 2014.

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Motion Pictures				
Theatrical	\$ 354.0	\$ 524.7	\$ (170.7)	(32.5)%
Home Entertainment	662.7	829.6	(166.9)	(20.1)%
Television	270.2	225.3	44.9	19.9 %
International ⁽¹⁾	495.0	543.4	(48.4)	(8.9)%
Other	38.2	59.9	(21.7)	(36.2)%
	<u>\$ 1,820.1</u>	<u>\$ 2,182.9</u>	<u>\$ (362.8)</u>	<u>(16.6)%</u>

- (1) The year ended March 31, 2014 includes a reclassification of Lionsgate UK (previously presented separately) amounting to \$146.3 million to the International line item, in order to be consistent with the current fiscal year classification.

Motion Pictures — Theatrical Revenue

The following table sets forth the titles released from our Fiscal 2015 and Fiscal 2014 Theatrical Slates and titles released in other product categories that represented a significant portion of revenue for the fiscal years ended March 31, 2015 and 2014, respectively:

Year Ended March 31,

2015		2014	
	Theatrical Release Date		Theatrical Release Date
Fiscal 2015 Theatrical Slate:		Fiscal 2014 Theatrical Slate:	
<i>The Divergent Series: Insurgent</i>	March 2015	<i>Divergent</i>	March 2014
<i>The Duff</i>	February 2015	<i>The Single Moms Club</i>	March 2014
<i>Mortdecai</i>	January 2015	<i>I, Frankenstein</i>	January 2014
<i>The Hunger Games: Mockingjay - Part 1</i>	November 2014	<i>The Legend of Hercules</i>	January 2014
<i>John Wick</i>	October 2014	<i>Tyler Perry's A Madea Christmas</i>	December 2013
<i>Addicted*</i>	October 2014*	<i>The Hunger Games: Catching Fire</i>	November 2013
<i>The Expendables 3</i>	August 2014	<i>Ender's Game</i>	November 2013
<i>Step Up All In</i>	August 2014	<i>Escape Plan</i>	October 2013
<i>The Quiet Ones</i>	April 2014	<i>You're Next</i>	August 2013
<i>Draft Day</i>	April 2014	<i>Red 2</i>	July 2013
		<i>Now You See Me</i>	May 2013
		<i>Peeples</i>	May 2013
		<i>The Big Wedding</i>	April 2013
Fiscal 2014 Theatrical Slate:		Fiscal 2013 Theatrical Slate:	
<i>Divergent</i>	March 2014	<i>Temptation: Confessions of a Marriage Counselor</i>	March 2013
<i>The Hunger Games: Catching Fire</i>	November 2013		
Managed Brands⁽¹⁾:		Managed Brands⁽¹⁾:	
<i>A Most Wanted Man</i>	August 2014	<i>Kevin Hart: Let Me Explain</i>	July 2013
		<i>Mud</i>	May 2013
		Other Feature Film⁽²⁾:	
		<i>Instructions Not Included</i>	August 2013

* Limited release.

(1) Managed Brands represents Direct-to-DVD motion pictures, acquired and licensed brands, third-party library product and ancillary-driven platform theatrical releases.

(2) Other Feature Film includes certain specialty theatrical releases and other titles.

Theatrical revenue of \$354.0 million decreased \$170.7 million, or 32.5%, in fiscal 2015, as compared to fiscal 2014. Approximately \$131.9 million of this decrease was driven by fewer films (as listed above) released from our Fiscal 2015 Theatrical Slate compared to our Fiscal 2014 Theatrical Slate and the relative performance of those films released. In particular, the box office performance of *The Hunger Games: Mockingjay - Part 1* in fiscal 2015 was lower than the box office performance of *The Hunger Games: Catching Fire* and fiscal 2014 included the strong box office performance of *Now You See Me*. In addition, theatrical revenue from Managed Brands and Other Feature Film declined \$38.8 million due to the theatrical revenues generated by the titles in the above table, and in particular, *Instructions Not Included* in fiscal 2014.

Motion Pictures — Home Entertainment Revenue

The following table sets forth the titles released on home entertainment from our theatrical slates in the fiscal years ended March 31, 2015 and 2014, in addition to titles from our theatrical slates and other product categories which contributed a significant amount of revenue in fiscal 2015 and fiscal 2014, respectively:

Year Ended March 31,			
2015		2014	
	Packaged Media Release Date		Packaged Media Release Date
Fiscal 2015 Theatrical Slate:		Fiscal 2014 Theatrical Slate:	
<i>The Hunger Games: Mockingjay - Part 1</i>	March 2015	<i>The Hunger Games: Catching Fire</i>	March 2014
<i>John Wick</i>	February 2015	<i>Escape Plan</i>	February 2014
<i>Addicted</i>	February 2015	<i>Ender's Game</i>	February 2014
<i>The Expendables 3</i>	November 2014	<i>You're Next</i>	January 2014
<i>Step Up All In</i>	November 2014	<i>Red 2</i>	November 2013
<i>Draft Day</i>	September 2014	<i>Now You See Me</i>	September 2013
<i>The Quiet Ones</i>	August 2014	<i>Peeples</i>	September 2013
		<i>The Big Wedding</i>	August 2013
Fiscal 2014 Theatrical Slate:		Fiscal 2013 Theatrical Slate:	
<i>Tyler Perry's A Madea Christmas</i>	November 2014	<i>Temptation: Confessions of A Marriage Counselor</i>	July 2013
<i>Divergent</i>	August 2014	<i>Snitch</i>	June 2013
<i>The Single Moms Club</i>	July 2014	<i>Warm Bodies</i>	June 2013
<i>I, Frankenstein</i>	May 2014	<i>The Last Stand</i>	May 2013
<i>The Legend of Hercules</i>	April 2014	<i>Texas Chainsaw 3D</i>	May 2013
<i>The Hunger Games: Catching Fire</i>	March 2014	<i>The Impossible</i>	April 2013
		<i>The Twilight Saga: Breaking Dawn - Part 2</i>	March 2013
		Prior Theatrical Slates⁽¹⁾:	
		<i>The Hunger Games</i>	August 2012
		Managed Brands:	
		<i>Mud</i>	August 2013
		<i>Duck Dynasty (multiple seasons)</i>	Various

(1) Prior Theatrical Slates includes our fiscal 2012 and prior theatrical slates and Summit titles theatrically released prior to the acquisition of Summit.

The following table sets forth the components of home entertainment revenue by product category for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,						Total Increase (Decrease)
	2015			2014			
	Packaged Media	Digital Media ⁽¹⁾	Total	Packaged Media	Digital Media ⁽¹⁾	Total	
	(Amounts in millions)						
Home entertainment revenues ⁽²⁾							
Fiscal 2015 Theatrical Slate	\$ 128.4	\$ 35.8	\$ 164.2	\$ —	\$ —	\$ —	\$ 164.2
Fiscal 2014 Theatrical Slate	106.6	88.0	194.6	209.7	49.5	259.2	(64.6)
Fiscal 2013 Theatrical Slate	14.0	6.2	20.2	101.2	83.9	185.1	(164.9)
Prior Theatrical Slates	28.0	18.2	46.2	64.4	20.0	84.4	(38.2)
Total Theatrical Slates	277.0	148.2	425.2	375.3	153.4	528.7	(103.5)
Managed Brands	147.5	74.9	222.4	199.5	80.6	280.1	(57.7)
Other Feature Film	8.1	7.0	15.1	15.6	5.2	20.8	(5.7)
	<u>\$ 432.6</u>	<u>\$ 230.1</u>	<u>\$ 662.7</u>	<u>\$ 590.4</u>	<u>\$ 239.2</u>	<u>\$ 829.6</u>	<u>\$ (166.9)</u>

- (1) Digital media revenue consists of revenues generated from pay-per-view and video-on-demand platforms, EST, and digital rental.
- (2) Certain amounts in fiscal 2014 have been reclassified between product types in order to be consistent with the current fiscal year classification.

Home entertainment revenue of \$662.7 million decreased \$166.9 million, or 20.1%, in fiscal 2015, as compared to fiscal 2014. Of the \$166.9 million decrease, approximately \$103.5 million was from our theatrical slates, and \$57.7 million was from Managed Brands. The decrease in home entertainment revenues from our theatrical slates was largely driven by the performance of the titles released in the current fiscal year from our Fiscal 2015 Theatrical Slate, as compared to the titles released in the prior fiscal year from our Fiscal 2014 Theatrical Slate, which included significant revenues from the release of *The Hunger Games: Catching Fire*, *Now You See Me* and *Red 2* in fiscal 2014. The decrease was also, to a lesser extent, driven by fewer titles released on packaged media from our theatrical slates in fiscal 2015 as compared to fiscal 2014. These decreases in revenue were partially offset by contributions from our Fiscal 2014 Theatrical Slate in fiscal 2015, driven by the performance of *Divergent* and *The Hunger Games: Catching Fire* in the current fiscal year. The decrease in Managed Brands revenue was primarily due to the number and performance of titles released in fiscal 2015, as compared to the titles released in fiscal 2014, and in particular, a significant contribution from *Mud* in fiscal 2014.

Motion Pictures — Television Revenue

The following table sets forth the titles contributing significant motion pictures television revenue for the fiscal years ended March 31, 2015 and 2014:

Year Ended March 31,	
2015	2014
Fiscal 2014 Theatrical Slate:	Fiscal 2014 Theatrical Slate:
<i>Divergent</i>	<i>Now You See Me</i>
<i>Ender's Game</i>	Fiscal 2013 Theatrical Slate:
<i>Red 2</i>	<i>Snitch</i>
<i>The Hunger Games: Catching Fire</i>	<i>Temptation: Confessions of a Marriage Counselor</i>
	<i>The Twilight Saga: Breaking Dawn - Part 2</i>
	<i>The Possession</i>
	<i>Warm Bodies</i>
Prior Theatrical Slates:	
<i>The Hunger Games</i>	
<i>The Twilight Saga: Breaking Dawn - Part 1</i>	

The following table sets forth the components of television revenue by product category for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Television revenues ⁽¹⁾				
Fiscal 2015 Theatrical Slate	\$ 16.3	\$ —	\$ 16.3	n/m
Fiscal 2014 Theatrical Slate	98.3	24.4	73.9	n/m
Fiscal 2013 Theatrical Slate	17.6	94.4	(76.8)	(81.4)%
Prior Theatrical Slates	90.8	74.3	16.5	22.2 %
Total Theatrical Slates	223.0	193.1	29.9	15.5 %
Managed Brands	41.9	29.2	12.7	43.5 %
Other Feature Film	5.3	3.0	2.3	76.7 %
	\$ 270.2	\$ 225.3	\$ 44.9	19.9 %

n/m - Percentage not meaningful.

(1) Certain amounts in fiscal 2014 have been reclassified between product types in order to be consistent with the current fiscal year classification.

Television revenue increased in fiscal 2015 as compared to fiscal 2014 due primarily to an increase in the contribution of revenue from our theatrical slates as listed above, and in particular, contributions from our Prior Theatrical Slates category reflecting television window openings for *The Twilight Saga: Breaking Dawn - Part 1* and *The Hunger Games* and also, to a lesser extent, an increase in the contribution of revenue from our Managed Brands category reflecting the timing of television windows opening in the current fiscal year.

Motion Pictures — International Revenue

The following table sets forth the titles contributing significant motion pictures international revenue for the fiscal years ended March 31, 2015 and 2014:

Year Ended March 31,	
2015	2014
Fiscal 2015 Theatrical Slate:	Fiscal 2014 Theatrical Slate:
<i>Step Up All In</i>	<i>Escape Plan</i>
<i>The Divergent Series: Insurgent</i>	<i>Now You See Me</i>
<i>The Hunger Games: Mockingjay - Part 1</i>	<i>Red 2</i>
	<i>The Hunger Games: Catching Fire</i>
Fiscal 2014 Theatrical Slate:	Fiscal 2013 Theatrical Slate:
<i>Divergent</i>	<i>The Twilight Saga: Breaking Dawn - Part 2</i>
<i>The Hunger Games: Catching Fire</i>	

The following table sets forth the components of international revenue by product category for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
(Amounts in millions)				
International revenues ⁽¹⁾				
Fiscal 2015 Theatrical Slate	\$ 209.7	\$ —	\$ 209.7	n/m
Fiscal 2014 Theatrical Slate	99.4	273.9	(174.5)	(63.7)%
Fiscal 2013 Theatrical Slate	29.0	109.9	(80.9)	(73.6)%
Prior Theatrical Slates	47.2	64.3	(17.1)	(26.6)%
Total Theatrical Slates	385.3	448.1	(62.8)	(14.0)%
UK Third Party Product ⁽²⁾	66.8	61.8	5.0	8.1 %
Managed Brands	22.3	21.8	0.5	2.3 %
Other Feature Film	20.6	11.7	8.9	76.1 %
	<u>\$ 495.0</u>	<u>\$ 543.4</u>	<u>\$ (48.4)</u>	<u>(8.9)%</u>

- (1) Certain amounts in fiscal 2014 have been reclassified between product types in order to be consistent with the current fiscal year classification. Specifically, Lionsgate UK revenues in fiscal 2014 of \$146.3 million, which were previously separately presented, have been combined within our international revenue product categories.
- (2) UK Third Party Product represents titles acquired separately for self-distribution in the U.K. territory.

International motion pictures revenue decreased in fiscal 2015 as compared to fiscal 2014, due primarily to a decrease in revenues from our theatrical slates, offset in part by increases in our Other Feature Film and UK Third Party Product categories. The decrease in our theatrical slates was primarily driven by a decrease in revenue from our Fiscal 2015 Theatrical Slate in the current fiscal year as compared to the revenue from our Fiscal 2014 Theatrical Slate in the prior fiscal year, due primarily to significant revenues from *Now You See Me*, *Red 2* and *Escape Plan* in fiscal 2014, which were partially offset by higher international revenues from *The Hunger Games: Mockingjay - Part 1* in fiscal 2015 as compared to *The Hunger Games: Catching Fire* in fiscal 2014.

Motion Pictures — Other Revenue

Other revenue included in motion pictures revenue decreased in fiscal 2015 as compared to fiscal 2014. Other revenue in fiscal 2014 primarily included revenue from the sale of a portion of our music catalog.

Television Production Revenue

The following table sets forth the components and the changes in the components of revenue that make up television production revenue for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
(Amounts in millions)				
Television Production				
Domestic television	\$ 415.2	\$ 326.1	\$ 89.1	27.3 %
International	112.4	82.3	30.1	36.6 %
Home entertainment revenue				
Digital	34.3	22.8	11.5	50.4 %
Packaged Media	10.5	11.5	(1.0)	(8.7)%
Total home entertainment revenue	44.8	34.3	10.5	30.6 %
Other	7.1	4.7	2.4	51.1 %
	<u>\$ 579.5</u>	<u>\$ 447.4</u>	<u>\$ 132.1</u>	<u>29.5 %</u>

Television Production - Domestic Television

Domestic television revenue increased in fiscal 2015, as compared to fiscal 2014, primarily due to an increase in television episodes delivered in fiscal 2015, as compared to fiscal 2014. Television episodes delivered for original exhibition during fiscal 2015 and 2014 included the episode deliveries as shown in the table below:

		Year Ended		Year Ended			
		March 31, 2015		March 31, 2014			
		Episodes	Hours	Episodes	Hours		
<i>Anger Management</i>	1/2hr	35	17.5	<i>Anger Management</i>	1/2hr	38	19.0
<i>Ascension</i>	1hr	6	6.0	<i>Mad Men - Season 6</i>	1hr	11	11.0
<i>Houdini</i>	1hr	4	4.0	<i>Mad Men - Season 7</i>	1hr	3	3.0
<i>Mad Men - Season 7</i>	1hr	11	11.0	<i>Nashville - Season 1</i>	1hr	6	6.0
<i>Manhattan - Season 1</i>	1hr	13	13.0	<i>Nashville - Season 2</i>	1hr	19	19.0
<i>Nashville - Season 2</i>	1hr	3	3.0	<i>Nurse Jackie - Season 6</i>	1/2hr	12	6.0
<i>Nashville - Season 3</i>	1hr	17	17.0	<i>Orange Is The New Black - Season 1</i>	1hr	5	5.0
<i>Nurse Jackie - Season 7</i>	1/2hr	12	6.0	<i>Orange Is The New Black - Season 2</i>	1hr	13	13.0
<i>Orange Is The New Black - Season 3</i>	1hr	12	12.0	<i>Other⁽¹⁾</i>	1/2hr & 1hr	69	40.0
<i>Rosemary's Baby</i>	1hr	4	4.0				
<i>The Royals - Season 1</i>	1hr	9	9.0				
<i>Other⁽¹⁾</i>	1/2hr & 1hr	112	65.5				
		<u>238</u>	<u>168.0</u>			<u>176</u>	<u>122.0</u>

(1) Other in fiscal 2015 includes episodes delivered for *Alaska: Battle on the Bay*, *Christina Milian Turned Up (Season 1)*, *Deadbeat (Season 2)*, *Deal With It (Season 2)*, *Deion's Family Playbook*, *Flea Market Flip (Seasons 4 & 5)*, *Partners*, and *Way Out West*. Other in fiscal 2014 includes episodes delivered for *Saint George*, *Deadbeat*, *Deion's Family Playbook*, *Deal With It (Seasons 1 & 2)* and *Flea Market Flip (Season 3)*.

In addition to the titles mentioned in the table above, significant domestic television revenue was contributed in fiscal 2015 from *Are We There Yet*, *Family Feud (Seasons 7 & 8)*, and *The Wendy Williams Show (Season 5)*, and in fiscal 2014, from *Family Feud (Season 6)* and *The Wendy Williams Show (Season 4)*.

Television Production - International Revenue

International revenue in fiscal 2015 increased as compared to fiscal 2014. International revenue in fiscal 2015 primarily included revenue from *Anger Management*, *Mad Men (Season 6)*, *Nashville (Seasons 2 & 3)*, and *Orange Is The New Black (Seasons 1, 2 & 3)*. International revenue in fiscal 2014 primarily included revenue from *Anger Management*, *Mad Men (Seasons 5 & 6)*, *Nashville (Seasons 1 & 2)*, and *Orange Is The New Black (Season 1)*.

Television Production - Home Entertainment Revenue

The increase in home entertainment revenue in fiscal 2015 as compared to fiscal 2014 is due to an increase in digital media revenue, largely driven by revenues from *Mad Men (Season 7)* and *Manhattan (Season 1)*, offset in part by a slight decrease in packaged media revenue.

Direct Operating Expenses

The following table sets forth direct operating expenses by segment for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31, 2015			Year Ended March 31, 2014		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Direct operating expenses						
Amortization of films and television programs	\$ 545.7	\$ 354.3	\$ 900.0	\$ 624.0	\$ 297.3	\$ 921.3
Participation and residual expense	270.8	131.4	402.2	359.4	89.9	449.3
Other expenses	11.0	2.6	13.6	(2.3)	1.1	(1.2)
	<u>\$ 827.5</u>	<u>\$ 488.3</u>	<u>\$ 1,315.8</u>	<u>\$ 981.1</u>	<u>\$ 388.3</u>	<u>\$ 1,369.4</u>
Direct operating expenses as a percentage of segment revenues	45.5%	84.3%	54.8%	44.9%	86.8%	52.1%

Direct operating expenses of the Motion Pictures segment of \$827.5 million for fiscal 2015 were 45.5% of motion pictures revenue, compared to \$981.1 million, or 44.9% of motion pictures revenue for fiscal 2014. The decrease in direct operating expenses of \$153.6 million is primarily due to a decrease in motion pictures revenue in the fiscal year ended March 31, 2015, as compared to the fiscal year ended March 31, 2014. Included in amortization expense are investment in film write-downs of approximately \$17.3 million in the fiscal year ended March 31, 2015, compared to \$17.3 million in the fiscal year ended March 31, 2014. Other direct operating expenses in the fiscal year ended March 31, 2015 consisted primarily of foreign exchange losses and the provision for doubtful accounts, as compared to primarily foreign exchange gains, offset in part by the provision for doubtful accounts in fiscal 2014.

Direct operating expenses of the Television Production segment of \$488.3 million for fiscal 2015 were 84.3% of television production revenue, compared to \$388.3 million, or 86.8%, of television production revenue for fiscal 2014. The increase in direct operating expenses of \$100.0 million is primarily due to an increase in television production revenue in fiscal 2015, as compared to fiscal 2014. The slight decrease in direct operating expenses as a percentage of television production revenue is primarily due to the revenue contributions on shows such as *Orange Is The New Black*, *Mad Men* and *The Wendy Williams Show*, relative to total television production revenue in fiscal 2015 as compared to fiscal 2014.

Distribution and Marketing Expenses

The following table sets forth distribution and marketing expenses by segment for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31, 2015			Year Ended March 31, 2014		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Distribution and marketing expenses						
Theatrical	\$ 302.1	\$ —	\$ 302.1	\$ 431.5	\$ 0.3	\$ 431.8
Home Entertainment	166.4	6.7	173.1	200.5	6.5	207.0
International ⁽¹⁾	80.8	12.8	93.6	69.4	9.7	79.1
Television and Other	6.1	16.6	22.7	8.6	13.0	21.6
	<u>\$ 555.4</u>	<u>\$ 36.1</u>	<u>\$ 591.5</u>	<u>\$ 710.0</u>	<u>\$ 29.5</u>	<u>\$ 739.5</u>

(1) The year ended March 31, 2014 includes certain reclassifications to be consistent with the current fiscal year classification, primarily related to Lionsgate UK.

The majority of distribution and marketing expenses relate to the Motion Pictures segment. Theatrical P&A in the Motion Pictures segment in fiscal 2015 of \$302.1 million decreased \$129.4 million, compared to \$431.5 million in fiscal 2014. The

decrease was primarily driven by lower P&A spending in the fiscal year ended March 31, 2015 on our theatrical slates as a result of only ten wide releases from our Fiscal 2015 Theatrical Slate, compared to 13 wide releases from our Fiscal 2014 Theatrical Slate. In addition, the decrease was to a lesser extent due to lower P&A incurred on ancillary driven platform theatrical releases in fiscal 2015 as compared to fiscal 2014, which included the releases of *All Is Lost*, *Mud* and *Kevin Hart: Let Me Explain*, and a decrease in P&A incurred in advance for films to be released in fiscal 2016. In fiscal 2015, approximately \$5.9 million of P&A was incurred in advance for films to be released in fiscal 2016, such as *The Hunger Games: Mockingjay - Part 2* and *Child 44*. In fiscal 2014, approximately \$22.9 million of P&A was incurred in advance for films to be released in fiscal 2015, such as *Draft Day*, *The Quiet Ones*, *The Hunger Games: Mockingjay -Part 1* and *The Expendables 3*. We currently expect to release more wide release films in fiscal 2016 than we released in fiscal 2015. As a result, we expect our P&A expense to increase in fiscal 2016.

Home entertainment distribution and marketing costs on motion pictures and television product in fiscal 2015 of \$173.1 million decreased \$33.9 million, or 16.4%, compared to \$207.0 million in fiscal 2014, primarily due to lower motion pictures home entertainment revenues. Home entertainment distribution and marketing costs as a percentage of home entertainment revenues in fiscal 2015 were 24.5%, and were comparable to home entertainment distribution and marketing costs as a percentage of home entertainment revenues in fiscal 2014 of 24.0%.

International distribution and marketing expenses in the Motion Pictures segment in fiscal 2015 of \$80.8 million increased from \$69.4 million in fiscal 2014.

Gross Segment Contribution

Gross segment contribution is defined as segment revenue less segment direct operating and distribution and marketing expenses. The following table sets forth gross segment contribution for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,				Increase (Decrease)	
	2015	% of Segment Revenues	2014	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Gross segment contribution						
Motion Pictures	\$ 437.3	24.0%	\$ 491.8	22.5%	\$ (54.5)	(11.1)%
Television Production	55.1	9.5	29.6	6.6	25.5	86.1 %
	<u>\$ 492.4</u>	<u>20.5%</u>	<u>\$ 521.4</u>	<u>19.8%</u>	<u>\$ (29.0)</u>	<u>(5.6)%</u>

Gross segment contribution of the Motion Pictures segment for fiscal 2015 of \$437.3 million decreased \$54.5 million, or 11.1%, as compared to fiscal 2014. The gross segment contribution of the motion pictures segment decreased only 11.1% despite a 16.6% decrease in motion pictures segment revenue due to lower direct operating expenses and lower distribution and marketing expenses incurred relative to motion pictures segment revenue in the fiscal year ended March 31, 2015 as compared to the fiscal year ended March 31, 2014.

Gross segment contribution of the Television Production segment for fiscal 2015 increased \$25.5 million, or 86.1% as compared to fiscal 2014. The increase in gross segment contribution of the television production segment is primarily due to an increase in television production segment revenues, particularly driven by the success of shows, such as *Orange Is The New Black*.

General and Administrative Expenses

The following table sets forth general and administrative expenses by segment for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
General and administrative expenses				
Motion Pictures	\$ 73.5	\$ 66.8	\$ 6.7	10.0 %
Television Production	13.3	12.7	0.6	4.7 %
Shared services and corporate expenses, excluding items below	85.7	95.8	(10.1)	(10.5)%
General and administrative expenses before items below:	172.5	175.3	(2.8)	(1.6)%
Share-based compensation expense	80.3	72.1	8.2	11.4 %
Restructuring and other items	10.7	7.5	3.2	42.7 %
	<u>91.0</u>	<u>79.6</u>	<u>11.4</u>	<u>14.3 %</u>
Total general and administrative expenses	<u>\$ 263.5</u>	<u>\$ 254.9</u>	<u>\$ 8.6</u>	<u>3.4 %</u>
Total general and administrative expenses as a percentage of revenue	11.0%	9.7%		
General and administrative expenses excluding share-based compensation expense, restructuring and other items, as a percentage of revenue	7.2%	6.7%		

Total General and Administrative Expenses

General and administrative expenses of the Motion Pictures segment increased \$6.7 million, or 10.0%, primarily due to increases in salaries and related expenses, rent and facilities costs and professional fees.

General and administrative expenses of the Television Production segment increased slightly from the fiscal year ended March 31, 2014.

Shared services and corporate expenses excluding share-based compensation expense and restructuring and other items decreased compared to the fiscal year ended March 31, 2014, primarily due to a reduction of cash-based incentive compensation, which was partially offset by an increase in share-based incentive compensation as reflected in the table below.

Share-Based Compensation Expense. The following table sets forth share-based compensation expense included in shared services and corporate expenses for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
(Amounts in millions)				
Share-Based Compensation Expense:				
Stock options	\$ 33.5	\$ 22.5	\$ 11.0	48.9 %
Restricted share units and other share-based compensation	42.8	33.2	9.6	28.9 %
Share appreciation rights	4.0	16.4	(12.4)	(75.6)%
	<u>\$ 80.3</u>	<u>\$ 72.1</u>	<u>\$ 8.2</u>	<u>11.4 %</u>

Restructuring and Other Items. Restructuring and other items includes certain unusual items, such as severance and restructuring charges, certain transaction related costs, and the settlement of an administrative order, when applicable. Amounts in fiscal 2015 primarily represent severance costs associated with the integration of the marketing operations of our Lionsgate and Summit film labels and costs related to the move of our international sales and distribution organization to the United Kingdom amounting to an aggregate of \$9.1 million. Approximately \$1.2 million of these costs are non-cash charges resulting from the acceleration of vesting of stock awards (see *Note 11* to our consolidated financial statements). In addition, fiscal 2015 includes transaction costs related to the registration and offering of common shares by a shareholder (see *Note 20* to our consolidated financial statements), for which the Company received no proceeds, pursuant to a preexisting registration rights agreement dated October 22, 2009, and costs related to the Starz Exchange transaction (see *Note 5* to our consolidated financial statements). Amounts in fiscal 2014 represent the settlement of an administrative order.

Depreciation, Amortization and Other Expenses (Income)

Depreciation and amortization was \$6.6 million in fiscal 2015, compared to \$6.5 million in fiscal 2014.

Interest expense in fiscal 2015 decreased from fiscal 2014, primarily due to the fiscal 2014 redemption of \$432.0 million principal amount of the 10.25% Senior Notes and contemporaneous issuance of \$225.0 million principal amount of 5.25% Senior Notes and borrowings of \$222.5 million (net of an original issuance discount of \$2.5 million) under the Term Loan Due 2020 (see *Note 7* to our consolidated financial statements). The following table sets forth the components of interest expense for the fiscal years ended March 31, 2015 and 2014:

	Year Ended March 31,		Increase (Decrease)	
	2015	2014	Amount	Percent
(Amounts in millions)				
Interest Expense				
Cash Based:				
Senior revolving credit facility	\$ 6.7	\$ 9.2	\$ (2.5)	(27.2)%
Convertible senior subordinated notes	3.5	4.8	(1.3)	(27.1)%
5.25% Senior Notes and 10.25% Senior Notes (year ended March 31, 2014 only)	11.8	21.6	(9.8)	(45.4)%
Term Loans	11.7	8.0	3.7	46.3 %
Other	6.0	5.4	0.6	11.1 %
	<u>39.7</u>	<u>49.0</u>	<u>(9.3)</u>	<u>(19.0)%</u>
Non-Cash Based:				
Amortization of discount and deferred financing costs	12.8	17.2	(4.4)	(25.6)%
	<u>\$ 52.5</u>	<u>\$ 66.2</u>	<u>\$ (13.7)</u>	<u>(20.7)%</u>

Interest and other income was \$2.8 million in fiscal 2015, compared to \$6.0 million in fiscal 2014.

The following table represents our portion of the income or (loss) of our equity method investees based on our percentage ownership for the fiscal years ended March 31, 2015 and 2014:

	March 31, 2015				
	Ownership Percentage	Year Ended March 31,		Increase (Decrease)	
		2015	2014	Amount	Percent
(Amounts in millions)					
EPIX ⁽¹⁾	31.2%	\$ 48.7	\$ 32.3	\$ 16.4	50.8%
Pop (formerly TVGN) ⁽¹⁾⁽²⁾	50.0%	(9.6)	(2.6)	(7.0)	269.2%
Other Equity Method Investments ⁽²⁾	Various	13.4	(5.0)	18.4	n/m
		<u>\$ 52.5</u>	<u>\$ 24.7</u>	<u>\$ 27.8</u>	<u>112.6%</u>

n/m - Percentage not meaningful.

- (1) We license certain of our theatrical releases and other films and television programs to EPIX and Pop. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by the venture (see *Note 5* to our consolidated financial statements).
- (2) On April 14, 2014, we sold all of our 34.5% interest in FEARnet, which resulted in a gain on sale of \$11.4 million in the fiscal year ended March 31, 2015 included in our Other Equity Method Investments income shown above. See *Note 5* to our consolidated financial statements.

Loss on Extinguishment of Debt

Loss on extinguishment of debt was \$11.7 million for the fiscal year ended March 31, 2015, primarily resulting from the March 2015 early redemption of the Term Loan Due 2020, which carried a variable rate of LIBOR, subject to a 1% floor, plus 4%, in connection with the issuance of new Term Loan Due 2022, which carries a fixed interest rate of 5%. For the fiscal year ended March 31, 2014, loss on extinguishment of debt was \$39.6 million, primarily resulting from the 10.25% Senior Notes that were redeemed on August 19, 2013. See *Note 7* to our consolidated financial statements.

Income Tax Provision

We had an income tax expense of \$31.6 million, or 14.8%, of income before income taxes (i.e., effective rate) in fiscal 2015, compared to an expense of \$32.9 million, or 17.8%, of income before income taxes in fiscal 2014. Our tax provision for the fiscal years ended March 31, 2015 and March 31, 2014 included certain unusual and discrete tax items (see below). Excluding these items, our effective tax rate for fiscal 2015 was 14.2% compared to 25.7% for fiscal 2014. The decrease in our effective tax rate in fiscal 2015 as compared to fiscal 2014 reflects the implementation of certain business and financing strategies in and among our operations in the various tax jurisdictions in which we operate.

In fiscal 2015, the income tax provision included the effect at the applicable statutory rate from the impact of the loss on early extinguishment of debt, and other discrete tax items, which contributed a net 0.6% of tax charges. In fiscal 2014, the income tax provision included a discrete benefit of \$12.0 million from the reversal of a valuation allowance related to the Company's net deferred tax assets in the Canadian tax jurisdiction, and the impact of the loss on early extinguishment of debt, which contributed a 7.9% net benefit.

Our effective tax rate has changed from the prior fiscal year, and could fluctuate significantly in the future, as our effective tax rates are affected by many factors, including the overall level of pre-tax income, the mix of pre-tax income generated across the various jurisdictions in which we operate, changes in tax laws and regulations in those jurisdictions, changes in valuation allowances on our deferred tax assets, tax planning strategies available to us and other discrete items.

We expect that with the utilization of our net operating loss carryforwards and other tax attributes, our cash tax requirements will not increase significantly in fiscal 2016 as compared to fiscal 2015. At March 31, 2015, we had U.S. net operating loss carryforwards of approximately \$113.1 million available to reduce future federal income taxes which expire beginning in 2029 through 2034, state net operating loss carryforwards of approximately \$172.9 million available to reduce future state income taxes which expire in varying amounts beginning 2024, and Canadian loss carryforwards of \$21.9 million, which will expire beginning in 2031 through 2033. In addition, at March 31, 2015, we had U.S. credit carryforwards of approximately \$41.1 million to offset future federal income taxes that expire beginning in 2018 through 2025.

Net Income

Net income for the fiscal year ended March 31, 2015 was \$181.8 million, or basic net income per common share of \$1.31 on 139.0 million weighted average common shares outstanding and diluted net income per common share of \$1.23 on 151.8 million weighted average common shares outstanding. This compares to net income for the fiscal year ended March 31, 2014 of \$152.0 million, or basic net income per common share of \$1.11 on 137.5 million weighted average common shares outstanding and diluted net income per common share of \$1.04 on 154.4 million weighted average common shares outstanding.

Fiscal 2014 Compared to Fiscal 2013

The following table sets forth segment information by business unit, and as a percentage of segment revenues, for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,				Increase (Decrease)	
	2014		2013		Amount	Percent
	Amount	% of Segment Revenues	Amount	% of Segment Revenues		
	(Amounts in millions)					
Segment revenues ⁽¹⁾						
Motion Pictures	\$ 2,182.9		\$ 2,329.1		\$ (146.2)	(6.3)%
Television Production	447.4		379.0		68.4	18.0 %
	<u>\$ 2,630.3</u>		<u>\$ 2,708.1</u>		<u>\$ (77.8)</u>	<u>(2.9)%</u>
Direct operating expenses						
Motion Pictures	\$ 981.1	44.9%	\$ 1,077.8	46.3%	\$ (96.7)	(9.0)%
Television Production	388.3	86.8	312.7	82.5	75.6	24.2 %
	<u>\$ 1,369.4</u>	<u>52.1%</u>	<u>\$ 1,390.5</u>	<u>51.3%</u>	<u>\$ (21.1)</u>	<u>(1.5)%</u>
Distribution and marketing						
Motion Pictures	\$ 710.0	32.5%	\$ 787.5	33.8%	\$ (77.5)	(9.8)%
Television Production	29.5	6.6	30.4	8.0	(0.9)	(3.0)%
	<u>\$ 739.5</u>	<u>28.1%</u>	<u>\$ 817.9</u>	<u>30.2%</u>	<u>\$ (78.4)</u>	<u>(9.6)%</u>
Gross segment contribution						
Motion Pictures	\$ 491.8	22.5%	\$ 463.8	19.9%	\$ 28.0	6.0 %
Television Production	29.6	6.6	35.9	9.5	(6.3)	(17.5)%
	<u>\$ 521.4</u>	<u>19.8%</u>	<u>\$ 499.7</u>	<u>18.5%</u>	<u>\$ 21.7</u>	<u>4.3 %</u>

(1) Our largest component of revenue comes from home entertainment. The following table sets forth total home entertainment revenue for both the Motion Pictures and Television Production reporting segments for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
	(Amounts in millions)			
Home Entertainment Revenue				
Motion Pictures	\$ 829.6	\$ 900.0	\$ (70.4)	(7.8)%
Television Production	34.3	64.1	(29.8)	(46.5)%
	<u>\$ 863.9</u>	<u>\$ 964.1</u>	<u>\$ (100.2)</u>	<u>(10.4)%</u>

Motion Pictures Revenue

The table below sets forth the components of revenue and the changes in these components for the Motion Pictures reporting segment for the years ended March 31, 2014 and 2013.

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
(Amounts in millions)				
Motion Pictures				
Theatrical	\$ 524.7	\$ 535.5	\$ (10.8)	(2.0)%
Home Entertainment	829.6	900.0	(70.4)	(7.8)%
Television	225.3	277.9	(52.6)	(18.9)%
International ⁽¹⁾	543.4	517.4	26.0	5.0 %
Other	59.9	98.3	(38.4)	(39.1)%
	<u>\$ 2,182.9</u>	<u>\$ 2,329.1</u>	<u>\$ (146.2)</u>	<u>(6.3)%</u>

- (1) The years ended March 31, 2014 and 2013 include reclassifications of Lionsgate UK (previously presented separately) amounting to \$146.3 million and \$147.7 million, respectively, to the International line item, in order to be consistent with the current fiscal year classification.

Motion Pictures — Theatrical Revenue

The following table sets forth the titles released from our Fiscal 2014 and Fiscal 2013 Theatrical Slates and titles released in other product categories that represented a significant portion of revenue for the fiscal years ended March 31, 2014 and 2013:

Year Ended March 31,

2014	Theatrical Release Date	2013	Theatrical Release Date
Fiscal 2014 Theatrical Slate:		Fiscal 2013 Theatrical Slate:	
<i>Divergent</i>	March 2014	<i>Temptation: Confessions of A Marriage Counselor</i>	March 2013
<i>The Single Mom's Club</i>	March 2014	<i>Snitch</i>	February 2013
<i>I, Frankenstein</i>	January 2014	<i>Warm Bodies</i>	February 2013
<i>The Legend of Hercules</i>	January 2014	<i>The Last Stand</i>	January 2013
<i>Tyler Perry's A Madea Christmas</i>	December 2013	<i>Texas Chainsaw 3D</i>	January 2013
<i>The Hunger Games: Catching Fire</i>	November 2013	<i>The Impossible</i>	December 2012
<i>Ender's Game</i>	November 2013	<i>The Twilight Saga: Breaking Dawn - Part 2</i>	November 2012
<i>Escape Plan</i>	October 2013	<i>Alex Cross</i>	October 2012
<i>You're Next</i>	August 2013	<i>Sinister</i>	October 2012
<i>Red 2</i>	July 2013	<i>The Perks of Being A Wallflower</i>	September 2012
<i>Now You see Me</i>	May 2013	<i>Dredd</i>	September 2012
<i>Peeples</i>	May 2013	<i>Cold Light of Day</i>	September 2012
<i>The Big Wedding</i>	April 2013	<i>The Possession</i>	August 2012
		<i>The Expendables 2</i>	August 2012
		<i>Step Up Revolution</i>	July 2012
		<i>Madea's Witness Protection</i>	June 2012
		<i>What To Expect When You're Expecting</i>	May 2012
		<i>Cabin In The Woods</i>	April 2012
		<i>Safe</i>	April 2012
Fiscal 2013 Theatrical Slate:		Fiscal 2012 Theatrical Slate:	
<i>Temptation: Confessions of a Marriage Counselor</i>	March 2013	<i>The Hunger Games</i>	March 2012
Managed Brands⁽¹⁾:			
<i>Kevin Hart: Let Me Explain</i>	July 2013		
<i>Mud</i>	May 2013		
Other Feature Film⁽²⁾:			
<i>Instructions Not Included</i>	August 2013		

(1) Managed Brands represents Direct-to-DVD motion pictures, acquired and licensed brands, third-party library product and ancillary-driven platform theatrical releases.

(2) Other Feature Film includes certain specialty theatrical releases and other titles.

Theatrical revenue decreased in fiscal 2014 as compared to fiscal 2013, which was largely driven by decreases in revenue as a result of the smaller Fiscal 2014 Theatrical Slate of 13 wide releases, as compared to 19 wide releases in our Fiscal 2013 Theatrical Slate, and the significant revenues in fiscal 2013 from the late March 2012 release of *The Hunger Games*. However, these decreases in revenue were mostly offset by the successful box office performances of the titles released in fiscal 2014 (as listed in the table above), and in particular, *The Hunger Games: Catching Fire*, from our Fiscal 2014 Theatrical Slate.

Motion Pictures — Home Entertainment Revenue

The following table sets forth the titles released on home entertainment from our theatrical slates in the fiscal years ended March 31, 2014 and 2013, in addition to titles from our theatrical slates and other product categories which contributed a significant amount of revenue in fiscal 2014 and fiscal 2013, respectively:

Year Ended March 31,			
2014		2013	
	Packaged Media Release Date		Packaged Media Release Date
Fiscal 2014 Theatrical Slate:		Fiscal 2013 Theatrical Slate:	
<i>The Hunger Games: Catching Fire</i>	March 2014	<i>The Twilight Saga: Breaking Dawn - Part 2</i>	March 2013
<i>Escape Plan</i>	February 2014	<i>Alex Cross</i>	February 2013
<i>Ender's Game</i>	February 2014	<i>Sinister</i>	February 2013
<i>You're Next</i>	November 2013	<i>The Perks of Being a Wallflower</i>	February 2013
<i>Red 2</i>	November 2013	<i>Dredd</i>	January 2013
<i>Now You See Me</i>	September 2013	<i>Cold Light of Day</i>	January 2013
<i>Peeples</i>	September 2013	<i>The Possession</i>	January 2013
<i>The Big Wedding</i>	August 2013	<i>The Expendables 2</i>	November 2012
		<i>Step Up Revolution</i>	November 2012
		<i>Madea's Witness Protection</i>	October 2012
		<i>Cabin In The Woods</i>	September 2012
		<i>What To Expect When You're Expecting</i>	September 2012
		<i>Safe</i>	September 2012
Fiscal 2013 Theatrical Slate:		Fiscal 2012 Theatrical Slate:	
<i>Temptation: Confessions of A Marriage Counselor</i>	July 2013	<i>The Hunger Games</i>	August 2012
<i>Snitch</i>	June 2013	<i>Good Deeds</i>	June 2012
<i>Warm Bodies</i>	June 2013	<i>One For The Money</i>	May 2012
<i>The Last Stand</i>	May 2013		
<i>Texas Chainsaw 3D</i>	May 2013		
<i>The Impossible</i>	April 2013		
<i>The Twilight Saga: Breaking Dawn - Part 2</i>	March 2013		
Fiscal 2012 Theatrical Slate:		Prior Theatrical Slates⁽¹⁾:	
<i>The Hunger Games</i>	August 2012	<i>The Twilight Saga: Breaking Dawn - Part 1</i>	February 2012
Managed Brands:			
<i>Mud</i>	August 2013		
<i>Duck Dynasty (multiple seasons)</i>	Various		

(1) Prior Theatrical Slates includes our fiscal 2011 and prior theatrical slates and Summit titles theatrically released prior to the acquisition of Summit.

The following table sets forth the components of home entertainment revenue by product category for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,						Total Increase (Decrease)
	2014			2013			
	Packaged Media	Digital Media ⁽¹⁾	Total	Packaged Media	Digital Media ⁽¹⁾	Total	
	(Amounts in millions)						
Home entertainment revenues ⁽²⁾							
Fiscal 2014 Theatrical Slate	\$ 209.7	\$ 49.5	\$ 259.2	\$ —	\$ —	\$ —	\$ 259.2
Fiscal 2013 Theatrical Slate	101.2	83.9	185.1	249.1	50.6	299.7	(114.6)
Fiscal 2012 Theatrical Slate	23.0	5.3	28.3	176.8	59.4	236.2	(207.9)
Prior Theatrical Slates	41.4	14.7	56.1	69.7	44.2	113.9	(57.8)
Total Theatrical Slates	375.3	153.4	528.7	495.6	154.2	649.8	(121.1)
Managed Brands	199.5	80.6	280.1	173.4	70.2	243.6	36.5
Other Feature Film	15.6	5.2	20.8	2.9	3.7	6.6	14.2
	<u>\$ 590.4</u>	<u>\$ 239.2</u>	<u>\$ 829.6</u>	<u>\$ 671.9</u>	<u>\$ 228.1</u>	<u>\$ 900.0</u>	<u>\$ (70.4)</u>

- (1) Digital media revenue consists of revenues generated from pay-per-view and video-on-demand platforms, EST, and digital rental.
- (2) Certain amounts in fiscal 2014 and fiscal 2013 have been reclassified between product types in order to be consistent with the current fiscal year classification.

Home entertainment revenue of \$829.6 million decreased \$70.4 million, or 7.8%, in fiscal 2014 as compared to fiscal 2013. The decrease in home entertainment revenue is primarily due to a decrease in the contribution of revenue from the theatrical slates as listed above, and our Prior Theatrical Slates category, largely driven by Summit titles released prior to acquisition due to the static nature of this product category, offset in part by an increase in the contribution of revenue by our Managed Brands titles in fiscal 2014. The decrease in the contribution of revenue from the theatrical slates was partly driven by fewer home entertainment releases from our smaller Fiscal 2014 Theatrical Slate as compared to the Fiscal 2013 Theatrical Slate in the prior year. In addition, fiscal 2013 included the home entertainment release of *The Twilight Saga: Breaking Dawn - Part 2*, and the August 2012 release of *The Hunger Games*, while fiscal 2014 included only one month of revenue from the March 2014 release of *The Hunger Games: Catching Fire*.

Motion Pictures — Television Revenue

The following table sets forth the titles contributing significant motion pictures television revenue for the fiscal years ended March 31, 2014 and 2013:

Year Ended March 31,	
2014	2013
Fiscal 2014 Theatrical Slate:	Fiscal 2013 Theatrical Slate:
<i>Now You See Me</i>	<i>Madea's Witness Protection</i>
	<i>The Expendables 2</i>
Fiscal 2013 Theatrical Slate:	Fiscal 2012 Theatrical Slate:
<i>Snitch</i>	<i>The Hunger Games</i>
<i>Temptation: Confessions of a Marriage Counselor</i>	Prior Theatrical Slates:
<i>The Twilight Saga: Breaking Dawn - Part 2</i>	<i>Knowing</i>
<i>The Possession</i>	<i>The Twilight Saga: Breaking Dawn - Part 1</i>
<i>Warm Bodies</i>	<i>The Twilight Saga: Eclipse</i>
	<i>The Twilight Saga: New Moon</i>

The following table sets forth the components of television revenue by product category for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
(Amounts in millions)				
Television revenues ⁽¹⁾				
Fiscal 2014 Theatrical Slate	\$ 24.4	\$ —	\$ 24.4	n/m
Fiscal 2013 Theatrical Slate	94.4	42.8	51.6	120.6 %
Fiscal 2012 Theatrical Slate	8.6	49.2	(40.6)	(82.5)%
Prior Theatrical Slates	65.7	163.7	(98.0)	(59.9)%
Total Theatrical Slates	193.1	255.7	(62.6)	(24.5)%
Managed Brands	29.2	20.9	8.3	39.7 %
Other Feature Film	3.0	1.3	1.7	130.8 %
	<u>\$ 225.3</u>	<u>\$ 277.9</u>	<u>\$ (52.6)</u>	<u>(18.9)%</u>

(1) Certain amounts in fiscal 2014 and fiscal 2013 have been reclassified between product types in order to be consistent with the current fiscal year classification.

Television revenue decreased in fiscal 2014 as compared to fiscal 2013 due to a lower contribution of revenue from the our Prior Theatrical Slates category, largely driven by Summit titles released prior to acquisition due to the static nature of this product category, offset partially by an increase in the contribution of revenue from our theatrical slates as listed above, and an increase in the contribution of revenue from Managed Brands. The contribution of revenue from the theatrical slates included a greater contribution in fiscal 2014 from the Fiscal 2013 Theatrical Slate, as compared to the contribution of the Fiscal 2012 Theatrical Slate in fiscal 2013, due to the larger number of titles in the Fiscal 2013 Theatrical Slate and the timing of their television windows opening, offset partially by lower television revenue from our smaller Fiscal 2014 Theatrical Slate as compared to the Fiscal 2013 Theatrical Slate in the prior year.

Motion Pictures — International Revenue

The following table sets forth the titles contributing significant motion pictures international revenue for the fiscal years ended March 31, 2014 and 2013:

Year Ended March 31,	
2014	2013
Fiscal 2014 Theatrical Slate:	Fiscal 2013 Theatrical Slate:
<i>Escape Plan</i>	<i>Step Up Revolution</i>
<i>Now You See Me</i>	<i>The Twilight Saga: Breaking Dawn - Part 2</i>
<i>Red 2</i>	<i>What To Expect When You're Expecting</i>
<i>The Hunger Games: Catching Fire</i>	
Fiscal 2013 Theatrical Slate:	Fiscal 2012 Theatrical Slate:
<i>The Twilight Saga: Breaking Dawn - Part 2</i>	<i>The Hunger Games</i>
	Prior Theatrical Slates
	<i>The Twilight Saga: Breaking Dawn - Part 1</i>

The following table sets forth the components of international revenue by product category for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
	(Amounts in millions)			
International revenues ⁽¹⁾				
Fiscal 2014 Theatrical Slate	\$ 273.9	\$ —	\$ 273.9	n/m
Fiscal 2013 Theatrical Slate	109.9	240.8	(130.9)	(54.4)%
Fiscal 2012 Theatrical Slate	5.6	92.2	(86.6)	(93.9)%
Prior Theatrical Slates	58.7	94.1	(35.4)	(37.6)%
Total Theatrical Slates	448.1	427.1	21.0	4.9 %
UK Third Party Product ⁽²⁾	61.8	60.0	1.8	3.0 %
Managed Brands	21.8	19.6	2.2	11.2 %
Other Feature Film	11.7	10.7	1.0	9.3 %
	<u>\$ 543.4</u>	<u>\$ 517.4</u>	<u>\$ 26.0</u>	<u>5.0 %</u>

(1) Certain amounts in fiscal 2014 and fiscal 2013 have been reclassified between product types in order to be consistent with the current fiscal year classification.

(2) UK Third Party Product represents titles acquired separately for self-distribution in the U.K. territory.

International motion pictures revenue increased in fiscal 2014 as compared to fiscal 2013 despite the fewer number of titles in our Fiscal 2014 Theatrical Slate as compared to our Fiscal 2013 Theatrical Slate. This was primarily driven by higher international revenues from the Fiscal 2014 and 2013 Theatrical Slates in fiscal 2014 as compared to the international revenues from the Fiscal 2013 and 2012 Theatrical Slates in fiscal 2013 due to the revenues generated by titles reflected in the table above. These increases were offset by the decline in revenue from our Prior Theatrical Slates category, which was primarily driven by Summit titles released prior to acquisition due to the static nature of this product category.

Television Production Revenue

The following table sets forth the components and the changes in the components of revenue that make up television production revenue for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
	(Amounts in millions)			
Television Production				
Domestic television	\$ 326.1	\$ 253.3	\$ 72.8	28.7 %
International	82.3	59.0	23.3	39.5 %
Home entertainment revenue				
Digital	22.8	48.5	(25.7)	(53.0)%
Packaged media	11.5	15.6	(4.1)	(26.3)%
Total home entertainment revenue	34.3	64.1	(29.8)	(46.5)%
Other	4.7	2.6	2.1	80.8 %
	<u>\$ 447.4</u>	<u>\$ 379.0</u>	<u>\$ 68.4</u>	<u>18.0 %</u>

Television Production - Domestic Television

Domestic television revenue increased in fiscal 2014 as compared to fiscal 2013, primarily due to an increase in the number of television episodes delivered in fiscal 2014, as compared to fiscal 2013. Television episodes delivered for original exhibition during fiscal 2014 and 2013 included the episode deliveries as shown in the table below:

		Year Ended		Year Ended			
		March 31, 2014		March 31, 2013			
		Episodes	Hours	Episodes	Hours		
<i>Anger Management</i>	1/2hr	38	19.0	<i>Anger Management</i>	1/2hr	27	13.5
<i>Mad Men - Season 6</i>	1hr	11	11.0	<i>Boss - Season 2</i>	1hr	10	10.0
<i>Mad Men - Season 7</i>	1hr	3	3.0	<i>Mad Men - Season 6</i>	1hr	2	2.0
<i>Nashville - Season 1</i>	1hr	6	6.0	<i>Nashville - Season 1</i>	1hr	15	15.0
<i>Nashville - Season 2</i>	1hr	19	19.0	<i>Nurse Jackie - Season 5</i>	1/2hr	10	5.0
<i>Nurse Jackie - Season 6</i>	1/2hr	12	6.0	<i>Orange Is The New Black - Season 1</i>	1hr	8	8.0
<i>Orange Is The New Black - Season 1</i>	1hr	5	5.0	<i>Weeds - Season 8</i>	1/2hr	13	6.5
<i>Orange Is The New Black - Season 2</i>	1hr	13	13.0	<i>Other⁽¹⁾</i>	1/2hr & 1hr	38	19.0
<i>Other⁽¹⁾</i>	1/2hr & 1hr	69	40.0				
		<u>176</u>	<u>122.0</u>			<u>123.0</u>	<u>79.0</u>

(1) Other in fiscal 2014 includes episodes delivered for *Saint George*, *Deadbeat*, *Deion's Family Playbook*, *Deal With It* (Seasons 1 & 2) and *Flea Market Flip* (Season 3). Other in fiscal 2013 includes episodes delivered for *Next Caller* (Season 1) and *Flea Market Flip* (Seasons 1 & 2).

In addition to the titles mentioned in the table above, significant domestic television revenue was contributed in fiscal 2014 from *Family Feud* (Season 6) and *The Wendy Williams Show* (Season 4), and in fiscal 2013, from *House of Payne*, *Meet The Browns* and *The Wendy Williams Show* (Season 3).

Television Production - International Revenue

International revenue in fiscal 2014 increased as compared to fiscal 2013, primarily due to the *Anger Management* television series, and *Nashville Season 2*. International revenue in fiscal 2014 primarily included revenue from *Anger Management*, *Mad Men* (Seasons 5 & 6), *Nashville* (Seasons 1 & 2), and *Orange Is The New Black* (Season 1). International revenue in fiscal 2013 primarily included revenue from *Anger Management*, *Boss* (Season 1), *Mad Men* (Seasons 4 & 5), *Nashville Season 1* and the *Jeremy Kyle Show* (Season 1).

Television Production - Home Entertainment Revenue

The decrease in home entertainment revenue was primarily due to a decrease in digital media revenue, and to a lesser extent, due to a decrease in packaged media revenue, as shown in the table above. The decrease in digital media revenue was primarily due to a licensing contract which resulted in digital media revenue for *Weeds* (Seasons 6, 7 & 8) and *Mad Men* (Season 5) in fiscal 2013, with no comparable revenue in fiscal 2014.

Direct Operating Expenses

The following table sets forth direct operating expenses by segment for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31, 2014			Year Ended March 31, 2013		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Direct operating expenses						
Amortization of films and television programs	\$ 624.0	\$ 297.3	\$ 921.3	\$ 725.4	\$ 240.7	\$ 966.1
Participation and residual expense	359.4	89.9	449.3	350.6	71.8	422.4
Other expenses	(2.3)	1.1	(1.2)	1.8	0.3	2.1
	<u>\$ 981.1</u>	<u>\$ 388.3</u>	<u>\$ 1,369.4</u>	<u>\$ 1,077.8</u>	<u>\$ 312.8</u>	<u>\$ 1,390.6</u>
Direct operating expenses as a percentage of segment revenues	44.9%	86.8%	52.1%	46.3%	82.5%	51.3%

Direct operating expenses of the Motion Pictures segment of \$981.1 million for fiscal 2014 were 44.9% of motion pictures revenue, compared to \$1.1 billion, or 46.3% of motion pictures revenue for fiscal 2013. The decrease in direct operating expenses of \$96.7 million was primarily due to a decrease in motion pictures revenue in fiscal 2014, as compared to fiscal 2013. Direct operating expenses as a percentage of motion pictures revenue were 44.9% in fiscal 2014 and were slightly lower compared to direct operating expenses as a percentage of motion pictures revenue of 46.3% in fiscal 2013, with the decrease being, in part, driven by the generally higher direct operating expense as a percentage of revenue in fiscal 2013 as a result of the amortization of film cost resulting from the valuation of the titles acquired in the Summit Entertainment acquisition at fair value under purchase accounting rules. Investment in film write-downs of the Motion Pictures segment during fiscal 2014 totaled approximately \$17.3 million, compared to \$15.2 million for fiscal 2013. Other direct operating expenses in fiscal 2014 consisted primarily of foreign exchange gains, offset in part by the provision for doubtful accounts, as compared to primarily foreign exchange losses in fiscal 2013.

Direct operating expenses of the Television Production segment of \$388.3 million for fiscal 2014 were 86.8% of television production revenue, compared to \$312.8 million, or 82.5%, of television production revenue for fiscal 2013. The increase in direct operating expenses of \$75.5 million is due to an increase in television production revenue in fiscal 2014, as compared to fiscal 2013. Direct operating expenses as a percentage of television production revenue in fiscal 2014 were higher compared to direct operating expenses as a percentage of television production revenue in fiscal 2013, reflecting the increase in the number of new television programs in fiscal 2014, which typically result in higher amortization expenses in relation to revenues initially, until there are a sufficient number of subsequent seasons ordered and episodes produced, such that revenue can be generated from syndication in domestic and international markets. In fiscal 2014, \$25.1 million of charges for write-downs of television film costs were included in the amortization of television programs, compared to charges of \$16.1 million in fiscal 2013.

Distribution and Marketing Expenses

The following table sets forth distribution and marketing expenses by segment for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31, 2014			Year Ended March 31, 2013		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Distribution and marketing expenses						
Theatrical	\$ 431.5	\$ 0.3	\$ 431.8	\$ 475.5	\$ —	\$ 475.5
Home Entertainment	200.5	6.5	207.0	226.0	7.6	233.6
International ⁽¹⁾	69.4	9.7	79.1	75.1	6.0	81.1
Television and Other	8.6	13.0	21.6	10.9	16.8	27.7
	<u>\$ 710.0</u>	<u>\$ 29.5</u>	<u>\$ 739.5</u>	<u>\$ 787.5</u>	<u>\$ 30.4</u>	<u>\$ 817.9</u>

(1) The years ended March 31, 2014 and March 31, 2013 include certain reclassifications to be consistent with the current fiscal year classification, primarily due to Lionsgate UK.

The majority of distribution and marketing expenses relate to the Motion Pictures segment. Theatrical P&A in the Motion Pictures segment in fiscal 2014 of \$431.5 million decreased \$44.0 million, compared to \$475.5 million in fiscal 2013, primarily due to lower theatrical P&A incurred on our Fiscal 2014 Theatrical Slate releases as a result of our smaller theatrical slate of 13 wide releases, as compared to 19 wide releases in our Fiscal 2013 Theatrical Slate. This decrease was partially offset by higher P&A incurred on our Managed Brands and Other releases due to an increase in the number of titles released and, to a lesser extent, an increase in the P&A incurred in advance for films to be released in fiscal 2015. In fiscal 2014, approximately \$22.9 million of P&A was incurred in advance for films to be released in fiscal 2015, such as *Draft Day*, *The Quiet Ones*, *The Hunger Games: Mockingjay - Part 1* and *The Expendables 3*. In fiscal 2013, approximately \$13.9 million of P&A was incurred in advance for films to be released in fiscal 2014, such as *The Big Wedding*, *The Hunger Games: Catching Fire*, *Ender's Game*, *Now You See Me*, *Red 2*, *Peeples*, and *You're Next*.

Home entertainment distribution and marketing costs on motion pictures and television product in fiscal 2014 of \$207.0 million decreased \$26.6 million, or 11.4%, compared to \$233.6 million in fiscal 2013, primarily due to lower distribution and marketing costs associated with lower motion pictures home entertainment revenues. Home entertainment distribution and marketing costs as a percentage of home entertainment revenues in fiscal 2014 were 24.0%, and were comparable to home entertainment distribution and marketing costs as a percentage of home entertainment revenues in fiscal 2013 of 24.2%.

International distribution and marketing expenses in the Motion Pictures segment in fiscal 2014 of \$69.4 million decreased slightly from \$75.1 million in fiscal 2013.

Gross Segment Contribution

Gross segment contribution is defined as segment revenue less segment direct operating and distribution and marketing expenses. The following table sets forth gross segment contribution for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,				Increase (Decrease)	
	2014	% of Segment Revenues	2013	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Gross segment contribution						
Motion Pictures	\$ 491.8	22.5%	\$ 463.8	19.9%	\$ 28.0	6.0 %
Television Production	29.6	6.6	35.9	9.5	(6.3)	(17.5)%
	<u>\$ 521.4</u>	<u>19.8%</u>	<u>\$ 499.7</u>	<u>18.5%</u>	<u>\$ 21.7</u>	<u>4.3 %</u>

Gross segment contribution of the Motion Pictures segment for fiscal 2014 increased despite the decrease in motion pictures revenue due to lower direct operating and distribution and marketing expenses in relation to revenues generated, as discussed in the previous sections above. The gross segment contribution of the Motion Pictures segment is primarily driven by the performance and mix of titles in our theatrical slates, and in fiscal 2014 reflects the performance of *The Hunger Games: Catching Fire*, and to a lesser extent, contributions from *Now You See Me*, *The Twilight Saga: Breaking Dawn - Part 2*, *Warm Bodies*, and *Snitch*. This compared to contributions from *The Hunger Games*, and to a lesser extent, *Man on a Ledge*, and *The Twilight Saga: Breaking Dawn - Part 2* in fiscal 2013.

Gross segment contribution of the Television Production segment for fiscal 2014 decreased as compared to fiscal 2013, due to an increase in television production direct operating expenses in relation to television production revenue related to the increase in the number of new shows in fiscal 2014, which typically reflect higher costs in relation to revenues until there are enough episodes ordered and produced to be syndicated in domestic and international markets. This decrease was mostly offset by higher television production revenues generated, and slightly lower distribution and marketing expenses in relation to revenues generated. The gross segment contribution of the Television Production segment is primarily impacted by the performance and mix of television series and an increase in episodes delivered in fiscal 2014, as compared to fiscal 2013. In particular, fiscal 2014 included contributions from *Anger Management*, *Mad Men*, *Nurse Jackie*, and *Orange Is The New Black*, as compared to contributions from *Anger Management*, *Mad Men*, *Nurse Jackie*, and *Weeds* in fiscal 2013.

General and Administrative Expenses

The following table sets forth general and administrative expenses by segment for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
	(Amounts in millions)			
General and administrative expenses				
Motion Pictures	\$ 66.8	\$ 67.2	\$ (0.4)	(0.6)%
Television Production	12.7	12.0	0.7	5.8 %
Shared services and corporate expenses, excluding items below	95.8	88.8	7.0	7.9 %
General and administrative expenses before items below:	175.3	168.0	7.3	4.3 %
Share-based compensation expense	72.1	47.7	24.4	51.2 %
Restructuring and other items	7.5	2.6	4.9	188.5 %
	79.6	50.3	29.3	58.3 %
Total general and administrative expenses	\$ 254.9	\$ 218.3	\$ 36.6	16.8 %
Total general and administrative expenses as a percentage of revenue	9.7%	8.1%		
General and administrative expenses excluding share-based compensation expense, and restructuring and other items, as a percentage of revenue	6.7%	6.2%		

Total General and Administrative Expenses

Shared services and corporate expenses excluding share-based compensation expense, and restructuring and other items, increased \$7.0 million, or 7.9%, mainly due to increases in salaries and related expenses, incentive related compensation and other general and administrative expenses.

Share-Based Compensation Expense. The following table sets forth share-based compensation expense included in shared services and corporate expenses for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
(Amounts in millions)				
Share-Based Compensation Expense:				
Stock options	\$ 22.5	\$ 4.7	\$ 17.8	n/m
Restricted share units and other share-based compensation	33.2	27.8	5.4	19.4%
Share appreciation rights	16.4	15.2	1.2	7.9%
	<u>\$ 72.1</u>	<u>\$ 47.7</u>	<u>\$ 24.4</u>	<u>51.2%</u>

n/m - Percentage not meaningful

Restructuring and Other Items. Restructuring and other items includes certain unusual items, such as severance and restructuring charges, certain transaction related costs, and the settlement of an administrative order, when applicable. In fiscal 2014 these amounts represented the settlement of an administrative order. Amounts in fiscal 2013 represent severance and transaction costs related to the acquisition of Summit Entertainment.

Depreciation, Amortization and Other Expenses (Income)

Depreciation and amortization of \$6.5 million for fiscal 2014 decreased \$1.8 million from \$8.3 million in fiscal 2013.

Interest expense in fiscal 2014 decreased from fiscal 2013, primarily as a result of the fiscal 2014 redemption of \$432.0 million principal amount of the 10.25% Senior Notes and contemporaneous issuance of \$225.0 million principal amount of 5.25% Senior Notes and borrowings of \$222.5 million under the Term Loan Due 2020, net of an original issuance discount of \$2.5 million (see *Note 7* to our consolidated financial statements). The following table sets forth the components of interest expense for the fiscal years ended March 31, 2014 and 2013:

	Year Ended March 31,		Increase (Decrease)	
	2014	2013	Amount	Percent
(Amounts in millions)				
Interest Expense				
Cash Based:				
Senior revolving credit facility	\$ 9.2	\$ 10.1	\$ (0.9)	(8.9)%
Convertible senior subordinated notes	4.8	4.3	0.5	11.6%
10.25% Senior Notes and 5.25% Senior Notes (year ended March 31, 2014 only)	21.6	44.7	(23.1)	(51.7)%
Term Loans	8.0	12.2	(4.2)	(34.4)%
Other	5.4	4.0	1.4	35.0%
	<u>49.0</u>	<u>75.3</u>	<u>(26.3)</u>	<u>(34.9)%</u>
Non-Cash Based:				
Amortization of discount and deferred financing costs	17.2	18.3	(1.1)	(6.0)%
	<u>\$ 66.2</u>	<u>\$ 93.6</u>	<u>\$ (27.4)</u>	<u>(29.3)%</u>

Interest and other income was \$6.0 million in fiscal 2014, compared to \$4.0 million in fiscal 2013.

The following table represents our portion of the income or (loss) of our equity method investees based on our percentage ownership for the fiscal years ended March 31, 2014 and 2013:

	March 31, 2014				
	Ownership Percentage	Year Ended March 31,		Increase (Decrease)	
		2014	2013	Amount	Percent
		(Amounts in millions)			
EPIX ⁽¹⁾	31.2%	\$ 32.3	\$ 16.3	\$ 16.0	98.2 %
Pop ⁽¹⁾	50.0%	(2.6)	(16.5)	13.9	(84.2)%
Other Equity Method Investments	Various	(5.0)	(2.9)	(2.1)	72.4 %
		<u>\$ 24.7</u>	<u>\$ (3.1)</u>	<u>\$ 27.8</u>	<u>n/m</u>

n/m - Percentage not meaningful.

(1) We license certain of our theatrical releases and other films and television programs to EPIX and Pop. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by the venture (see *Note 5* to our consolidated financial statements).

Loss on Extinguishment of Debt

Loss on extinguishment of debt was \$39.6 million for the fiscal year ended March 31, 2014, primarily resulting from the 10.25% Senior Notes that were redeemed on August 19, 2013 (see *Note 7* to our consolidated financial statements). For the fiscal year ended March 31, 2013, loss on extinguishment of debt was \$24.1 million, primarily due to the accelerated pay-down of our Summit Term Loan (defined below) during the fiscal year, which resulted in the write-off of a proportionate amount of the related unamortized deferred financing costs and debt discount of \$22.7 million.

Income Tax Provision (Benefit)

We had an income tax expense of \$32.9 million, or 17.8%, of income before income taxes (i.e., effective rate) in fiscal 2014, compared to a benefit of \$75.8 million, or 48.4%, of income before income taxes in fiscal 2013. Our tax provision was impacted by certain discrete items and changes in our valuation allowance, as discussed below. Excluding these items, our effective tax rate was 25.7% and 41.1% for the fiscal years ended March 31, 2014 and 2013, respectively. The decrease in our effective tax rate from fiscal 2013 reflects certain business and financing activities in and among our operations in the various tax jurisdictions in which we operate.

In fiscal 2014, the tax provision included a discrete benefit of \$12.0 million from the reversal of a valuation allowance against our net deferred tax assets in the Canadian tax jurisdiction, and the impact of the loss on early extinguishment of debt, which in the aggregate, impacted the effective tax rate by a benefit of 7.9%, which reconciles to the reported effective tax rate. In fiscal 2013, the income tax benefit included a tax benefit of \$141.1 million for changes to our valuation allowance on our net deferred tax assets, including our net operating loss carryforwards, and other discrete items, impacting our effective tax rate by a benefit of 89.5%, which reconciles to our reported effective rate. In fiscal 2013, the change in the valuation allowance of \$141.1 million consisted of \$53.6 million associated with the realization of tax benefits from the use of net operating loss carryforwards and other tax attributes during fiscal 2013, and \$87.5 million representing a discrete benefit associated with the Company's remaining net deferred tax assets at March 31, 2013 that the Company believes are more likely than not to be realized in future periods on future tax returns.

Net Income

Net income for the fiscal year ended March 31, 2014 was \$152.0 million, or basic net income per common share of \$1.11 on 137.5 million weighted average common shares outstanding and diluted net income per common share of \$1.04 on 154.4 million weighted average common shares outstanding. This compares to net income for the fiscal year ended March 31, 2013 of \$232.1 million, or basic net income per common share of \$1.73 on 134.5 million weighted average common shares outstanding and diluted net income per common share of \$1.61 on 149.4 million weighted average common shares outstanding.

Liquidity and Capital Resources

Sources and Uses of Cash

Our liquidity and capital resources have been provided principally through cash generated from operations, corporate debt, and our production loans. Our corporate debt at March 31, 2015 primarily consisted of our senior revolving credit facility, 5.25% Senior Notes, Term Loan Due 2022, and our convertible senior subordinated notes.

Our principal uses of cash in operations include the funding of film and television productions, film rights acquisitions, and the distribution and marketing of films and television programs. We also use cash for debt service (i.e. principal and interest payments) requirements, equity or cost method investments, quarterly cash dividends, the purchase of common shares under our share repurchase program, capital expenditures, and acquisitions of businesses.

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

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

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

Share Repurchase Plan. On December 17, 2013, our Board of Directors authorized to increase our previously announced share repurchase plan from a total authorization of \$150 million to \$300 million. Since the December 17, 2013 increase in share repurchase authorization, through March 31, 2015, we have repurchased a total of 5.3 million common shares for an aggregate price of \$144.8 million (weighted average repurchase price of \$27.11 per share). As a result of these repurchases, the Company has \$89.9 million of remaining capacity in its \$300.0 million share repurchase plan as of March 31, 2015. See *Note 11* to our consolidated financial statements.

Dividends. During fiscal 2015 and fiscal 2014, the Company paid dividends of \$33.4 million and \$6.9 million, respectively, and on March 12, 2015, our Board of Directors declared a quarterly cash dividend of \$0.07 per common share, payable on May 22, 2015 to shareholders of record as of March 31, 2015. See *Note 11* to our consolidated financial statements for dividends declared during fiscal 2015 and fiscal 2014. The amount of dividends, if any, that we pay to our shareholders is determined by our Board of Directors, at its discretion, and is dependent on a number of factors, including our financial position, results of operations, cash flows, capital requirements and restrictions under our credit agreements, and shall be in compliance with applicable law. We cannot guarantee the amount of dividends paid in the future, if any.

Discussion of Operating, Investing, Financing Cash Flows

Cash and cash equivalents increased by \$75.5 million for the fiscal year ended March 31, 2015, and decreased by \$35.4 million and \$1.9 million for the fiscal years ended March 31, 2014 and March 31, 2013, respectively, before foreign exchange effects on cash. Components of these changes are discussed below in more detail.

Operating Activities. Cash flows provided by operating activities for the years ended March 31, 2015, 2014 and 2013 were as follows:

	Year Ended March 31,			Net Change	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
	(Amounts in thousands)				
Operating Activities:					
Operating income	\$ 222,281	\$ 259,948	\$ 273,079	\$ (37,667)	\$ (13,131)
Amortization of films and television programs	899,951	921,289	966,027	(21,338)	(44,738)
Non-cash share-based compensation	79,938	60,492	35,838	19,446	24,654
Cash interest	(39,657)	(48,960)	(75,322)	9,303	26,362
Current income tax provision	(17,693)	(17,010)	(12,143)	(683)	(4,867)
Other non-cash charges included in operating activities	17,164	28,648	12,326	(11,484)	16,322
Cash flows from operations before changes in operating assets and liabilities	1,161,984	1,204,407	1,199,805	(42,423)	4,602
Changes in operating assets and liabilities:					
Accounts receivable, net	(13,968)	(93,503)	(4,948)	79,535	(88,555)
Investment in films and television programs	(1,012,294)	(948,082)	(890,276)	(64,212)	(57,806)
Other changes in operating assets and liabilities	(39,213)	89,690	(28,462)	(128,903)	118,152
Changes in operating assets and liabilities	(1,065,475)	(951,895)	(923,686)	(113,580)	(28,209)
Net Cash Flows Provided By Operating Activities	\$ 96,509	\$ 252,512	\$ 276,119	\$ (156,003)	\$ (23,607)

Fiscal 2015 as Compared to Fiscal 2014. Cash flows provided by operating activities for the year ended March 31, 2015 were \$96.5 million compared to cash flows provided by operating activities for the year ended March 31, 2014 of \$252.5 million. The decrease in cash provided by operating activities in fiscal 2015 as compared to fiscal 2014 is primarily due to changes in other operating assets and liabilities primarily driven by decreases in deferred revenue and participations and residuals as compared to the prior fiscal year, increases in investment in films and television programs production activity, including the production of *The Divergent Series: Insurgent*, *The Hunger Games: Mockingjay - Part 2*, *Now You See Me 2*, *Gods of Egypt*, and *The Last Witch Hunter*, and lower cash flows from operations before changes in operating assets and liabilities offset by smaller increases in accounts receivable as compared to the prior year.

Fiscal 2014 as Compared to Fiscal 2013. Cash flows provided by operating activities for the year ended March 31, 2014 of \$252.5 million compared to cash flows provided by operating activities for the year ended March 31, 2013 of \$276.1 million. The decrease in cash provided by operating activities in fiscal 2014 as compared to fiscal 2013 reflects primarily changes in operating assets and liabilities, as cash flows from operations before changes in operating assets and liabilities were comparable. Changes in operating assets and liabilities negatively affected cash provided by operating activities as compared to fiscal 2013 due to increases in accounts receivable, primarily due to the theatrical release of *Divergent* and the home entertainment release of *The Hunger Games: Catching Fire* in March 2014, and increases in investment in films and television programs partially offset by changes in other operating assets and liabilities. These other changes in operating assets and liabilities were driven by increases in accounts payable, participations and residuals and deferred revenue.

Investing Activities. Cash flows provided by (used in) investing activities for the years ended March 31, 2015, 2014 and 2013 were as follows:

	Year Ended March 31,		
	2015	2014	2013
(Amounts in thousands)			
Investing Activities:			
Proceeds from the sale of equity method investees	\$ 14,575	\$ 9,000	\$ —
Investment in equity method investees	(22,730)	(17,250)	(1,530)
Purchases of property and equipment	(17,013)	(8,799)	(2,581)
Other investing activities	(30,000)	8,444	8,606
Net Cash Flows Provided By (Used In) Investing Activities	\$ (55,168)	\$ (8,605)	\$ 4,495

Fiscal 2015 as Compared to Fiscal 2014. Cash used in investing activities of \$55.2 million for the year ended March 31, 2015 compared to cash used in investing activities of \$8.6 million for the year ended March 31, 2014, as reflected above. The most significant change from fiscal 2014 was from "other investing activities". Other investing activities in fiscal 2015 includes the cash investment in Telltale Games of \$28.0 million along with the \$2.0 million investment in Next Games. In fiscal 2014, "other investing activities" included distributions received from EPIX in excess of earnings of \$4.2 million and payments against loans receivable. In fiscal 2015, purchases of property and equipment increased primarily related to leasehold improvements of the Company's headquarters and computer equipment and software. In addition, investments in equity method investees increased in fiscal 2015 compared to fiscal 2014 and primarily related to investments in Pop (\$15.0 million), Atom Tickets (\$4.3 million) and Tribeca Short List (\$2.1 million) in fiscal 2015, as compared to investments in Defy Media (\$10.0 million) and Pop (\$6.5 million) in fiscal 2014 (see Note 5 to our consolidated financial statements). These increases in cash used in investing activities were offset by higher proceeds from the sale of equity method investees, which included the sale of our interest in FEARNet (see Note 5 to our consolidated financial statements) in fiscal 2015. Fiscal 2014 included the sale of our interest in TVGuide.com.

Fiscal 2014 as Compared to Fiscal 2013. Cash used in investing activities of \$8.6 million for the year ended March 31, 2014 compared to cash provided by investing activities of \$4.5 million for the year ended March 31, 2013, primarily due to an increase in investment in equity method investees, discussed above, in the year ended March 31, 2014, and an increase in purchases of property and equipment.

Financing Activities. Cash flows provided by (used in) financing activities for the years ended March 31, 2015, 2014 and 2013 were as follows:

	Year Ended March 31,		
	2015	2014	2013
(Amounts in thousands)			
Senior revolving credit facility - borrowings, net of deferred financing costs of \$15,804 for the year ended March 31, 2013	\$ 778,500	\$ 872,220	\$ 1,144,620
Senior revolving credit facility - repayments	(876,119)	(1,113,075)	(921,700)
Net proceeds from (repayments of) senior revolving credit facility	(97,619)	(240,855)	222,920
Term Loans and 5.25% Senior Notes - borrowings, net of deferred financing costs of \$4,315 and \$6,860 for the years ended March 31, 2015 and 2014, respectively	370,685	440,640	—
Term Loans - repayments	(229,500)	—	(484,664)
10.25% Senior Notes - repurchases and redemptions in the year ended March 31, 2014 and consent fee in the year ended March 31, 2013	—	(470,584)	(3,270)
Convertible senior subordinated notes - borrowings	—	60,000	—
Convertible senior subordinated notes - repurchases	(16)	—	(7,639)
Net proceeds from (repayments of) corporate debt	43,550	(210,799)	(272,653)
Production loans - borrowings	631,709	532,416	378,510
Production loans - repayments	(449,648)	(517,874)	(371,069)
Pennsylvania Regional Center credit facility - repayments	—	(65,000)	(500)
Net proceeds from (repayments of) production loans	182,061	(50,458)	6,941
Repurchase of common shares	(144,840)	—	—
Other financing activities	(46,576)	(18,005)	(16,808)
Net Cash Flows Provided By (Used In) Financing Activities	\$ 34,195	\$ (279,262)	\$ (282,520)

Fiscal 2015. Cash flows provided by financing activities of \$34.2 million for the year ended March 31, 2015 increased from cash used in financing activities of \$279.3 million for the year ended March 31, 2014. Cash flows provided by financing activities for fiscal 2015 primarily reflects net proceeds of \$370.7 million from the issuance of a new Term Loan Due 2022 in connection with the redemption of the Term Loan Due 2020 for \$229.5 million (see discussion under *Corporate Debt Transactions* below), and net repayments under our line of credit of \$97.6 million. Cash flows provided by financing activities in fiscal 2015 also included production loan borrowings in order to fund productions and production loan repayments, offset by cash used for share repurchases and other financing activities which includes dividend payments of \$33.4 million and tax withholding of \$20.1 million required on equity awards offset by the proceeds from the exercise of stock options.

Fiscal 2014. Cash flows used in financing activities for fiscal 2014 of \$279.3 million for the year ended March 31, 2014 primarily reflects net repayments of our senior revolving credit facility of \$240.9 million, and net proceeds of \$440.6 million from the issuance of our Term Loan Due 2020 and 5.25% Senior Notes, which were used together with cash on hand and borrowings under our senior revolving credit facility to fund the \$470.6 million repurchase and redemption of our 10.25% Senior Notes (see discussion under *Corporate Debt Transactions* below). Cash flows used in financing activities for fiscal 2014 also reflects net proceeds of \$60.0 million from the issuance of our April 2013 1.25% Notes, net borrowings under production loans of \$14.5 million, and the \$65.0 million repayment of our Pennsylvania Regional Center credit facility. Production loan borrowings increased in fiscal 2014 as compared to fiscal 2013 due to increased borrowings on productions to be released in fiscal 2015 and beyond, including production funding for *The Hunger Games: Mockingjay - Part 1* and *The Hunger Games: Mockingjay - Part 2*, and additional financing on certain television productions. Production loan repayments increased in fiscal 2014 as compared to fiscal 2013 due to higher repayments of fiscal 2014 releases, including *The Hunger Games: Catching Fire*, and increased repayments on television productions.

Fiscal 2013. Cash flows used in financing activities were \$282.5 million for the year ended March 31, 2013. Cash flows used in financing activities for fiscal 2013 primarily reflects the full repayment of the Summit Term Loan of \$484.7 million and net borrowings under our senior revolving credit facility of \$222.9 million. In fiscal 2013, production loan activity reflected a net borrowing of production loans of \$6.9 million, consisting of borrowings of \$378.5 million and repayments of \$371.1 million.

Corporate Debt

See *Note 7* to our consolidated financial statements for a discussion of our corporate debt. The principal amounts outstanding under our corporate debt as of March 31, 2015 and 2014 were as follows:

	Maturity Date or Next Holder Redemption Date	Conversion Price Per Share as of March 31, 2015	Principal Amounts Outstanding	
			March 31, 2015	March 31, 2014
(Amounts in thousands)				
Senior revolving credit facility ⁽¹⁾	September 2017	N/A	\$ —	\$ 97,619
5.25% Senior Notes ⁽²⁾	August 2018	N/A	225,000	225,000
Term Loan Due 2022 ⁽³⁾	March 2022	N/A	375,000	—
Term Loan Due 2020	July 2020	N/A	—	225,000
Principal amounts of convertible senior subordinated notes				
October 2004 2.9375% Notes	October 2014	N/A	—	115
April 2009 3.625% Notes ⁽⁴⁾	March 2025	\$8.15	16,167	40,220
January 2012 4.00% Notes	January 2017	\$10.38	41,850	41,850
April 2013 1.25% Notes	April 2018	\$29.65	60,000	60,000
			\$ 718,017	\$ 689,804

- (1) *Senior Revolving Credit Facility*: The senior revolving credit facility provides for borrowings up to \$800.0 million, limited by a borrowing base and also reduced by outstanding letters of credit. At March 31, 2015, there was \$800.0 million available (March 31, 2014 — \$702.3 million). Interest is payable at an alternative base rate, as defined, plus 1.5% or LIBOR plus 2.5% as designated by us (effective interest rate of approximately 2.68% at March 31, 2015; 2.65% at March 31, 2014). We are required to pay a quarterly commitment fee of 0.375% to 0.5% per annum on our unused capacity for the period. Obligations are secured by collateral (as defined in the credit agreement) granted by us and certain of our subsidiaries, as well as a pledge of equity interests in certain of our subsidiaries. The senior revolving credit facility contains a number of covenants, and as of March 31, 2015, we were in compliance with all applicable covenants.
- (2) *5.25% Senior Notes*: The 5.25% Senior Notes contain a number of certain restrictions and covenants, and as of March 31, 2015, we were in compliance with all applicable covenants. Interest is payable semi-annually on February 1 and August 1 of each year at a rate of 5.25% per year.
- (3) *Term Loan Due 2022*: The Term Loan Due 2022 contains a number of certain restrictions and covenants, and as of March 31, 2015, we were in compliance with all applicable covenants. Interest is payable on the last business day of each April, July, October and January at a rate of 5.00% per year. In May 2015, we amended the Credit Agreement governing our Term Loan Due 2022, and pursuant to the amended Credit Agreement, borrowed an additional term loan in an aggregate amount of \$25.0 million. See *Note 21* to our consolidated financial statements.
- (4) In April 2015, substantially all of the \$16.2 million remaining outstanding principal amount of the Company's April 2009 3.625% Notes was converted into 1,983,058 common shares at a conversion price of approximately \$8.15 per share (see *Note 21* to our consolidated financial statements).

Corporate Debt Transactions:

Issuance of Term Loan Due 2022 and Redemption of Term Loan Due 2020. On March 17, 2015, we entered into a second lien credit and guarantee agreement (the "Credit Agreement") and borrowed a term loan of \$375 million (the "Term Loan Due 2022"). Contemporaneously with the issuance of the Term Loan Due 2022 (which carries a fixed interest rate of 5.00%), we used a portion of the proceeds to redeem our Term Loan Due 2020 (see below for definition) (which carried a variable interest rate of LIBOR, subject to a 1.00% floor, plus 4.00%). In conjunction with the early redemption of the Term Loan Due 2020, we paid a call premium pursuant to the terms of the agreement governing the Term Loan Due 2020 of \$4.5 million.

Issuance of 5.25% Senior Notes, Term Loan Due 2020 and Redemption of 10.25% Senior Notes. On July 19, 2013, we issued \$225.0 million aggregate principal amount of 5.25% Senior Secured Second-Priority Notes (the "5.25% Senior Notes"), and entered into a seven-year term loan agreement (the "Term Loan Due 2020") under which we borrowed a term loan of \$222.5 million, net of an original issue discount of \$2.5 million. Contemporaneously with these issuances, we called for early redemption the \$432.0 million remaining outstanding principal amount of the 10.25% Senior Secured Second-Priority Notes (the "10.25% Senior Notes").

The 10.25% Senior Notes were due November 1, 2016, but were redeemable by us at any time prior to November 1, 2013 at a redemption price of 100% of the principal amount plus the Applicable Premium, as defined in the indenture. The proceeds

from the issuance of the 5.25% Senior Notes and Term Loan Due 2020, whose principal amount collectively totaled \$450.0 million, together with cash on hand and borrowings under our senior revolving credit facility, were used to redeem the 10.25% Senior Notes. In conjunction with the early redemption of the 10.25% Senior Notes, we paid \$34.3 million, representing the present value of interest through the first call date of November 1, 2013 and related call premium pursuant to the terms of the indenture governing the 10.25% Senior Notes.

The Term Loan Due 2020 was called for early redemption in March 2015, see discussion above under *Issuance of Term Loan Due 2022 and Redemption of Term Loan Due 2020*.

Other Repurchases of 10.25% Senior Notes. In June 2013, Lions Gate Entertainment, Inc. ("LGEI"), our wholly-owned subsidiary, paid \$4.3 million to repurchase \$4.0 million of aggregate principal amount (carrying value - \$4.0 million) of the 10.25% Senior Notes. We recorded a loss on extinguishment during the year ended March 31, 2014 of \$0.5 million, which included \$0.2 million of deferred financing costs written off.

Convertible Senior Subordinated Notes Conversions. During the years ended March 31, 2015, 2014 and 2013, there were various conversions of our April 2009 3.625% Notes, October 2004 2.9375% Notes, January 2012 4.00% Notes and February 2005 3.625% Notes. The table below summarizes the total principal amount converted, common shares issued upon conversion and weighted average conversion price per share (see *Note 7* to our consolidated financial statements for detailed information by debt instrument).

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands, except share amounts)		
Principal amount converted	\$ 24,152	\$ 27,672	17,897
Common shares issued upon conversion	2,945,730	3,263,892	1,359,584
Weighted average conversion price per share	\$ 8.20	\$ 8.48	\$ 13.16

Additionally, on March 17, 2015, the April 2009 3.625% Notes were called for redemption and in April 2015, substantially all of the \$16.2 million remaining outstanding principal amount of the Company's April 2009 3.625% was converted into 1,983,058 common shares at a conversion price of approximately \$8.15 per share (see *Note 21* to our consolidated financial statements).

Production Loans

The amounts outstanding under our production loans as of March 31, 2015 and 2014 were as follows:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Production loans ⁽¹⁾	\$ 600,944	\$ 418,883

- (1) Represents individual loans for the production of film and television programs that we produce. Production loans have contractual repayment dates either at or near the expected film or television program completion date, with the exception of certain loans containing repayment dates on a longer term basis, and incur interest at rates ranging from 3.27% to 3.52%.

Table of Debt and Contractual Commitments

The following table sets forth our future annual repayment of debt, and our contractual commitments as of March 31, 2015:

	Year Ended March 31,						
	2016	2017	2018	2019	2020	Thereafter	Total
	(Amounts in thousands)						
Future annual repayment of debt recorded as of March 31, 2015 (on-balance sheet arrangements)							
Senior revolving credit facility	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
5.25% Senior Notes	—	—	—	225,000	—	—	225,000
Term Loan Due 2022 ⁽¹⁾	—	—	—	—	—	375,000	375,000
Film obligations and production loans ⁽²⁾	358,634	295,432	2,000	1,000	—	—	657,066
Principal amounts of convertible senior subordinated notes ⁽³⁾	16,167	41,850	—	60,000	—	—	118,017
	<u>374,801</u>	<u>337,282</u>	<u>2,000</u>	<u>286,000</u>	<u>—</u>	<u>375,000</u>	<u>1,375,083</u>
Contractual commitments by expected repayment date (off-balance sheet arrangements)							
Film obligation and production loan commitments ⁽⁴⁾	257,355	61,795	54,186	—	—	—	373,336
Interest payments ⁽⁵⁾	32,987	32,987	31,313	25,031	18,750	37,500	178,568
Operating lease commitments	13,003	12,710	12,484	12,828	13,170	48,069	112,264
Other contractual obligations	67,591	28,799	11,106	2,666	2	—	110,164
	<u>370,936</u>	<u>136,291</u>	<u>109,089</u>	<u>40,525</u>	<u>31,922</u>	<u>85,569</u>	<u>774,332</u>
Total future commitments under contractual obligations	<u>\$ 745,737</u>	<u>\$ 473,573</u>	<u>\$ 111,089</u>	<u>\$ 326,525</u>	<u>\$ 31,922</u>	<u>\$ 460,569</u>	<u>\$ 2,149,415</u>

- (1) In May 2015, we amended the Credit Agreement governing our Term Loan Due 2022, and borrowed an additional term loan in an aggregate amount of \$25.0 million. See *Note 21* to our consolidated financial statements.
- (2) Film obligations include minimum guarantees and theatrical marketing obligations. Production loans represent loans for the production of film and television programs that we produce. Repayment dates are based on anticipated delivery or release date of the related film or contractual due dates of the obligation.
- (3) The future repayment dates of the convertible senior subordinated notes represent the next possible redemption date by the holder for each note respectively. In April 2015, substantially all of the \$16.2 million remaining outstanding principal amount of the Company's April 2009 3.625% Notes that were called for redemption in March 2015, was converted into 1,983,058 common shares at a conversion price of approximately \$8.15 per share (see *Note 21* to our consolidated financial statements).
- (4) Film obligation commitments include distribution and marketing commitments and minimum guarantee commitments. Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which we will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film. Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future. Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or release dates of the related film or contractual due dates of the commitment. The amounts include future interest payments associated with the commitment.
- (5) Includes cash interest payments on our corporate debt, excluding the interest payments on the senior revolving credit facility as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

Theatrical Slate Participation

On March 10, 2015, we entered into a theatrical slate participation arrangement with TIK Films (U.S.), Inc. and TIK Films (Hong Kong) Limited (collectively, "TIK Films"), both wholly owned subsidiaries of Hunan TV & Broadcast Intermediary Co. Ltd. Under the arrangement, TIK Films, in general and subject to certain limitations including per picture and annual caps, will contribute a minority share of 25% of our production or acquisition costs of "qualifying" theatrical feature films, released during the three-year period ending January 23, 2018, and participate in a pro-rata portion of the pictures' net profits or losses

similar to a co-production arrangement based on the portion of costs funded. The arrangement excludes among others, any theatrical feature film incorporating any elements from the *Twilight*, *Hunger Games*, or *Divergent* franchises. The percentage of the contribution could vary on certain pictures.

Amounts provided from TIK Films are reflected as a participation liability in our consolidated balance sheet and amounted to \$13.6 million at March 31, 2015. The difference between the ultimate participation expected to be paid to TIK Films and the amount provided by TIK Films is amortized as a charge to or a reduction of participation expense under the individual-film-forecast method.

Filmed Entertainment Backlog

Backlog represents the amount of future revenue not yet recorded from contracts for the licensing of films and television product for television exhibition and in international markets. Backlog at March 31, 2015 and March 31, 2014 was \$1.1 billion and \$1.2 billion, respectively.

Undistributed Foreign Earnings

As of March 31, 2015, we have not made any provision for U.S. income taxes on approximately \$28.8 million of unremitted earnings of certain international subsidiaries since these earnings are permanently reinvested outside the U.S. Should we repatriate the funds in the future, we may have to record and pay taxes on those earnings; however, the potential tax on the undistributed earnings for these subsidiaries is not material as of March 31, 2015.

Off-Balance Sheet Arrangements

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

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

Currency and Interest Rate Risk Management

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

Currency Rate Risk. We enter into forward foreign exchange contracts to hedge our foreign currency exposures on future production expenses denominated in various foreign currencies. As of March 31, 2015, we had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 20 months from March 31, 2015):

March 31, 2015				
Foreign Currency	Foreign Currency Amount		US Dollar Amount	Weighted Average Exchange Rate Per \$1 USD
	(Amounts in millions)		(Amounts in millions)	
British Pound Sterling	£12.0	in exchange for	\$18.4	£0.65
Australian Dollar	A\$44.0	in exchange for	\$39.3	A\$1.12
Canadian Dollar	C\$3.6	in exchange for	\$2.8	C\$1.27

Changes in the fair value representing a net unrealized fair value gain (loss) on foreign exchange contracts that qualified as effective hedge contracts outstanding during the year ended March 31, 2015 were gains of \$2.8 million (2014 - gains of \$0.8 million; 2013 - gains of \$0.5 million) and are included in accumulated other comprehensive income (loss), a separate component of shareholders' equity. Changes in the fair value representing a net unrealized fair value gain on foreign exchange

contracts that did not qualify as effective hedge contracts outstanding were \$0.4 million during the year ended March 31, 2015 (2014 - nil and 2013 - \$0.3 million), and were included in direct operating expenses in the consolidated statement of income. These contracts are entered into with major financial institutions as counterparties. We are exposed to credit loss in the event of nonperformance by the counterparty, which is limited to the cost of replacing the contracts, at current market rates. We do not require collateral or other security to support these contracts.

Interest Rate Risk. Certain of our borrowings, primarily borrowings under our amended and restated senior revolving credit facility and certain production loans, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. The applicable margin with respect to loans under the amended and restated senior revolving credit facility is a percentage per annum equal to 2.50% plus an adjusted rate based on LIBOR. Assuming the amended and restated senior revolving credit facility is drawn up to its maximum borrowing capacity of \$800 million, based on the applicable LIBOR in effect as of March 31, 2015, each quarter point change in interest rates would result in a \$2.0 million change in annual interest expense on the amended and restated senior revolving credit facility.

The variable interest production loans incur interest at rates ranging from approximately 3.27% to 3.52% and applicable margins ranging from 2.5% over the one, two, three, or six-month LIBOR to 3.0% over the one, three or six-month LIBOR. A quarter point increase of the interest rates on the outstanding principal amount of our variable rate production loans would result in \$1.5 million in additional costs capitalized to the respective film or television asset.

At March 31, 2015, our 5.25% Senior Notes, Term Loan Due 2022 and convertible senior subordinated notes had an aggregate outstanding carrying value of \$714.1 million, and an estimated fair value of \$720.3 million. A 1% increase or decrease in the level of interest rates would increase or decrease the fair value of the 5.25% Senior Notes, Term Loan Due 2022 and convertible senior subordinated notes by approximately \$29.3 million and \$33.8 million, respectively.

The following table presents our financial instruments that are sensitive to changes in interest rates. The table also presents the cash flows of the principal amounts of the financial instruments with the related weighted-average interest rates by expected maturity dates and the fair value of the instrument as of March 31, 2015:

	Year Ended March 31,							Fair Value March 31, 2015
	2016	2017	2018	2019	2020	Thereafter	Total	
Variable Rates:								
Senior Revolving Credit Facility⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Average Interest Rate	—	—	—	—	—	—		
Production loans⁽²⁾	308,476	292,468	—	—	—	—	600,944	600,944
Average Interest Rate	3.35%	3.27%	—	—	—	—		
Fixed Rates:								
5.25% Senior Notes⁽³⁾	—	—	—	225,000	—	—	225,000	233,438
Average Interest Rate	—	—	—	5.25%	—	—		
Term Loan Due 2022⁽⁴⁾	—	—	—	—	—	375,000	375,000	375,938
Average Interest Rate	—	—	—	—	—	5.00%		
Principal Amounts of Convertible Senior Subordinated Notes⁽⁵⁾:								
April 2009 3.625% Notes ⁽⁶⁾	16,167	—	—	—	—	—	16,167	16,167
Average Interest Rate	3.63%	—	—	—	—	—		
January 2012 4.00% Notes	—	41,850	—	—	—	—	41,850	41,473
Average Interest Rate	—	4.00%	—	—	—	—		
April 2013 1.25% Notes	—	—	—	60,000	—	—	60,000	53,241
Average Interest Rate	—	—	—	1.25%	—	—		
	<u>\$ 324,643</u>	<u>\$ 334,318</u>	<u>\$ —</u>	<u>\$ 285,000</u>	<u>\$ —</u>	<u>\$ 375,000</u>	<u>\$ 1,318,961</u>	<u>\$ 1,321,201</u>

- (1) Amended and restated senior revolving credit facility, which expires September 27, 2017 and bears interest of 2.50% over the Adjusted LIBOR rate.
- (2) Represents amounts owed to film production entities on anticipated delivery date or release date of the titles or the contractual due dates of the obligation, that incur interest at rates ranging from approximately 3.27% to 3.52%.
- (3) Senior secured second-priority notes with a fixed interest rate equal to 5.25%.
- (4) Term Loan maturing on March 17, 2022 with a fixed interest rate equal to 5.00%. In May 2015, we amended the Credit Agreement governing our Term Loan Due 2022, and borrowed an additional term loan in an aggregate amount of \$25.0 million. See *Note 21* to our consolidated financial statements.
- (5) The future repayment dates of the convertible senior subordinated notes represent the next possible redemption date by the holder for each note respectively.
- (6) In April 2015, substantially all of the \$16.2 million remaining outstanding principal amount of the Company's April 2009 3.625% Notes that were called for redemption in March 2015, was converted into 1,983,058 common shares at a conversion price of approximately \$8.15 per share (see *Note 21* to our consolidated financial statements).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

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

As of March 31, 2015, the end of the period covered by this report, the Company's management had carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective as of March 31, 2015.

Internal Control Over Financial Reporting

Management's Report on Internal Control over Financial Reporting

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

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

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

Our management has made an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2015. Management based its assessment on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework).

Based on this assessment, our management has concluded that, as of March 31, 2015, the Company maintained effective internal control over financial reporting. The effectiveness of the Company's internal control over financial reporting has been audited by the Company's independent auditor, Ernst & Young LLP, a registered public accounting firm. Their report is included below.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the fiscal fourth quarter ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited Lions Gate Entertainment Corp.'s internal control over financial reporting as of March 31, 2015, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Lions Gate Entertainment Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Lions Gate Entertainment Corp. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lions Gate Entertainment Corp. as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2015 of Lions Gate Entertainment Corp. and our report dated May 21, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
May 21, 2015

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item is incorporated by reference to our Proxy Statement for our 2015 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2015.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to our Proxy Statement for our 2015 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2015.

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

The information required by this Item is incorporated by reference to our Proxy Statement for our 2015 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2015.

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

The information required by this Item is incorporated by reference to our Proxy Statement for our 2015 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2015.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item is incorporated by reference to our Proxy Statement for our 2015 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2015.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

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

- (1) Financial Statements

The financial statements listed on the accompanying Index to Financial Statements are filed as part of this report at pages F-1 to F-56.

- (2) Financial Statement Schedules

Schedule II. Valuation and Qualifying Accounts

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

(3) and (b) Exhibits

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

Item 15(a).

Schedule II. Valuation and Qualifying Accounts

Lions Gate Entertainment Corp.

March 31, 2015

(In Thousands)

Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses ⁽¹⁾	Charged to Other Accounts		
Year Ended March 31, 2015:					
Reserves:					
Returns and allowances	\$ 106,680	\$ 162,303	\$ —	\$ (204,621) ⁽²⁾	\$ 64,362
Provision for doubtful accounts	\$ 4,876	\$ (454)	\$ —	\$ (302) ⁽³⁾	\$ 4,120
Deferred tax valuation allowance	\$ 8,925	\$ —	\$ 359	\$ —	\$ 9,284
Year Ended March 31, 2014:					
Reserves:					
Returns and allowances	\$ 103,418	\$ 185,373	\$ —	\$ (182,111) ⁽²⁾	\$ 106,680
Provision for doubtful accounts	\$ 4,494	\$ 421	\$ —	\$ (39) ⁽³⁾	\$ 4,876
Deferred tax valuation allowance	\$ 25,836	\$ —	\$ —	\$ (16,911) ⁽⁴⁾	\$ 8,925
Year Ended March 31, 2013:					
Reserves:					
Returns and allowances	\$ 93,860	\$ 231,209	\$ —	\$ (221,651) ⁽²⁾	\$ 103,418
Provision for doubtful accounts	\$ 4,551	\$ (44)	\$ —	\$ (13) ⁽³⁾	\$ 4,494
Deferred tax valuation allowance	\$ 167,226	\$ —	\$ 1,963	\$ (143,353) ⁽⁴⁾	\$ 25,836

(1) Charges for returns and allowances are charges against revenue.

(2) Actual returns and fluctuations in foreign currency exchange rates.

(3) Uncollectible accounts written off and fluctuations in foreign currency exchange rates.

(4) Release of a portion of the valuation allowance previously held against the Company's deferred tax assets.

Item 15(b).**INDEX TO EXHIBITS**

Exhibit Number	Description of Documents
3.1(2)	Articles
3.2(21)	Notice of Articles
3.3(5)	Vertical Short Form Amalgamation Application
3.4(5)	Certificate of Amalgamation
10.4(4)*	2012 Performance Incentive Plan
10.7*x	Director Compensation Summary
10.29(34)	Agreement dated as of December 6, 2005 between Lions Gate Film, Inc. and Sobini Films, with respect to the distribution rights to the motion picture entitled "The Prince and Me II."
10.30(34)	Agreement dated as of March 24, 2005 between Lions Gate Films Inc. and Sobini Films, with respect to the distribution rights to the motion picture entitled "Streets of Legend."
10.31(34)	Agreement dated as of December 6, 2005 between Lions Gate Films Inc. and Sobini Films, with respect to the distribution rights to the motion picture entitled "Peaceful Warrior."
10.34(34)	Agreement, by and between Ignite, LLC and Lions Gate Films Inc., entered into June 13, 2006 and dated and effective as of March 13, 2006
10.36(5)+	Master Covered Picture Purchase Agreement, by and between LG Film Finance I, LLC and Lions Gate Films Inc., dated as of May 25, 2007
10.37(5)+	Master Distribution Agreement, by and between Lions Gate Films Inc. and LG Film Finance I, LLC, dated as of May 25, 2007
10.38(5)+	Limited Liability Company Agreement for LG Film Finance I, LLC, dated as of May 25, 2007
10.40(6)+	Revenue Participation Purchase Agreement dated as of July 25, 2007 among Lions Gate Entertainment Inc., Lions Gate Films Inc., Lions Gate Television Inc., MQP, LLC and SGF Entertainment, Inc.
10.41(6)+	Master Distribution Agreement (Film Productions) dated as of July 25, 2007 between MQP LLC and Lions Gate Films Inc.
10.42(6)+	Master Distribution Agreement (Television Productions) dated as of July 25, 2007 between MQP LLC and Lions Gate Television Inc.
10.43(7)	Purchase Agreement by and among the Sellers, Lions Gate Entertainment Corp., Lions Gate Entertainment Inc., Mandate Pictures, LLC and Joseph Drake dated September 10, 2007.
10.49(8)+	First Amendment dated January 30, 2008 to Master Covered Picture Purchase Agreement by and between LG Film Finance I, LLC and Lions Gate Films, Inc. dated as of May 25, 2007
10.51(9)+	Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement by and among Lions Gate Entertainment Inc., Lions Gate UK Limited, Lions Gate Australia Pty Limited, the Guarantors referred to therein, the Lenders referred to therein, JPMorgan Chase Bank, N.A. and Wachovia Bank, N.A., dated of July 25, 2008
10.55(10)	Equity Purchase Agreement dated January 5, 2009, by and among Lions Gate Entertainment, Inc., Gemstar-TV Guide International, Inc., TV Guide Entertainment Group, Inc., UV Corporation and Macrovision Solutions Corporation
10.62(11)	Form of Director Indemnity Agreement
10.65(12)+	Equity Purchase Agreement between TVGN Holdings, LLC, Lionsgate Channels, Inc. and Lions Gate Entertainment Inc. dated May 28, 2009
10.67(13)	Letter Agreement between Mark H. Rachesky and Lions Gate Entertainment Corp. dated July 9, 2009
10.68(14)	Registration Rights Agreement, dated as of October 22, 2009, by and among Lions Gate Entertainment Corp. and the persons listed on the signature pages thereto.
10.70(12)+	Amendment No. 1 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008, with the guarantors and lenders referred to therein, JP Morgan Chase Bank, N.A., as administrative agent and issuing bank, and Wachovia Bank, N.A., as syndication agent.
10.71(15)	Amendment No. 2 dated as of November 24, 2009 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008 among Lions Gate Entertainment Inc., Lions Gate UK Limited and Lions Gate Australia Pty Limited, as Borrowers, the guarantors and lenders referred to therein, JPMorgan Chase Bank, N.A., as Administrative Agent and as Issuing Bank and Wachovia Bank, N.A., as Syndication Agent.
10.76(16)	Amendment No. 1, executed on January 22, 2010 and dated as of December 31, 2009, to Credit, Security, Guaranty and Pledge Agreement dated as of October 6, 2009, among Lions Gate Mandate Financing Vehicle Inc., the guarantors and lenders referred to therein, JPMorgan Chase Bank, N.A., as administrative agent and issuing bank, Union Bank, N.A., as co-administrative agent, syndication agent and joint lead arranger, and Wells Fargo Bank, National Association as documentation agent.

Exhibit Number	Description of Documents
10.77(17)	Amendment No.3 dated as of June 22, 2010 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008 among Lions Gate Entertainment Inc., Lions Gate UK Limited and Lions Gate Australia Pty Limited, as Borrowers, the guarantors and lenders referred to therein, JP Morgan Chase Bank, N.A., as Administrative Agent and as Issuing Bank and Wachovia Bank, N.A., as Syndication Agent
10.78(17)	Amendment No.2 dated as of June 22, 2010 to the Credit, Security, Guaranty and Pledge Agreement dated as of October 6, 2009, among Lions Gate Mandate Financing Vehicle Inc., the guarantors and lenders referred to therein, JPMorgan Chase Bank, N.A., as administrative agent and issuing bank, Union Bank, N.A., as co-administrative agent, syndication agent and joint lead arranger, and Wells Fargo Bank, National Association as documentation agent
10.80(18)	Refinancing Exchange Agreement, dated July 20, 2010, by Lions Gate Entertainment Inc. and Kornitzer Capital Management, Inc.
10.81(18)	Agreement, dated as of August, 30, 2011, by and among Lions Gate Entertainment Corp., 0918988 B.C. Ltd, 0918989 B.C. Ltd, Carl C. Icahn and Brett Icahn
10.83(21)	Membership Interest Purchase Agreement, dated as of January 13, 2012, among Lions Gate Entertainment Corp., LGAC 1, LLC, LGAC 3, LLC, Summit Entertainment, LLC, S Representative, LLC and the several sellers party thereto
10.84(22)	Purchase Agreement, dated January 11, 2012 by and among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp. and Kornitzer Capital Management, Inc.
10.85(23) +	Credit, Security, Guaranty and Pledge Agreement dates as of January 13, 2012 among Summit Entertainment, LLC, as Borrower, the Guarantors referred to therein, the Lenders referred to therein, and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders
10.87(24)+	Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated February 21, 2012 among Summit, certain of its subsidiaries as guarantors, certain lenders specified therein, and JPMorgan Chase Bank, N.A. as administrative agent, amending the Credit, Security, Guaranty and Pledge Agreement dated January 13, 2012
10.88(24)*	Employment Agreement between Lions Gate Films, Inc. and Steve Beeks dated March 5, 2012
10.89(24)*	Confidential Agreement and General Release between Joseph Drake and Lions Gate Films, Inc. dated April 27, 2012
10.90(24)+	Amendment No.4 dated as of May11, 2012 to the Second Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated as of July 25, 2008 among Lions Gate Entertainment Inc., Lions Gate UK Limited and Lions Gate Australia Pty Limited, as Borrowers, the guarantors and lenders referred to therein, JP Morgan Chase Bank, N.A., as Administrative Agent and as Issuing Bank and Wachovia Bank, N.A., as Syndication Agent
10.91(25)*	Third Amended and Restated Credit, Security, Guaranty and Pledge Agreement dated September 27, 2012 with JPMorgan Chase Bank, N.A., as administrative agent and issuing bank, J.P. Morgan Securities LLC, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Royal Bank of Canada, as co-syndication agents, joint bookrunners and joint lead arrangers, Wells Fargo Bank, National Association, as co-syndication agent, SunTrust Bank and Union Bank, N.A., as co-documentation agents, and the other guarantors and lenders that are parties thereto
10.92(26)*	Employment Agreement, dated October 30, 2012, between the Company and Michael Burns
10.93(27)*	Employment Agreement Amendment, dated December 17, 2012, between the Company and Steve Beeks
10.95(28)	Purchase Agreement, dated April 15, 2013 by and among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp. and Kornitzer Capital Management, Inc.
10.96(29)*	Employment Agreement between the Company and Wayne Levin dated February 7, 2013
10.97(30)*	Executive Annual Bonus Program
10.98(31)*	Employment Agreement, dated May 30, 2013, between the Company and Jon Feltheimer
10.100(32)*	Retirement and Consulting Services Agreement between the Company and James Keegan dated as of September 16, 2013
10.101(32)*	Employment Agreement between the Company and James W. Barge dated as of September 16, 2013
10.102(33)	Amendment No. 1 to the Third Amended and Restated Credit, Security, Guaranty and Pledge Agreement, dated December 20, 2013
10.103(34)*	Employment Agreement between the Company and Brian Goldsmith dated October 3, 2012 10-Q filed on November 6, 2014
10.104(35)	Lions Gate Entertainment Corp. 2012 Performance Incentive Plan
10.105(36)	Stock Exchange Agreement, dated as of February 10, 2015, by and between Lions Gate Entertainment Corp., LG Leopard Canada LP and the stockholders listed on Schedule I thereto.
10.106(37)	Second Lien Credit and Guarantee Agreement, dated March 17, 2015, among Lions Gate Entertainment Corp., as borrower, the guarantors referred to therein, the lenders referred to therein and JPMorgan Chase Bank, N.A., as administrative agent.
10.107(38)	Underwriting Agreement, dated April 8, 2015, by and among Lions Gate Entertainment Corp., MHR Capital Partners Master Account LP, MHR Capital Partners (100) LP, MHR Institutional Partners II LP, MHR Institutional Partners IIA LP, MHR Institutional Partners III LP and J.P. Morgan Securities LLC.
21.1x	Subsidiaries of the Company

Exhibit**Number****Description of Documents**

Exhibit Number	Description of Documents
23.1x	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm (with respect to financial statements of Lions Gate Entertainment Corp.)
23.2x	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm (with respect to financial statements of Pop Media Group, LLC)
24.1x	Power of Attorney (Contained on Signature Page)
31.1x	Certification of CEO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2x	Certification of CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1x	Certification of CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002
99.1x	Pop Media Group, LLC Audited Consolidated Financial Statements as of March 31, 2015 and 2014, and for each of the three fiscal years ended March 31, 2015
101	The following materials from the Company's Annual Report on Form 10-K for the year ended March 31, 2015 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Shareholder's Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements

- (1) Incorporated by reference to the Company's Current Report on Form 8-K as filed on October 4, 2004.
- (2) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2005 as filed on June 29, 2005.
- (3) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2006 as filed on June 14, 2006.
- (4) Incorporated by reference to the Company's Definitive Proxy Statement dated July 30, 2012.
- (5) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007 as filed on May 30, 2007.
- (6) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007.
- (7) Incorporated by reference to the Company's Current Report on Form 8-K as filed on September 10, 2007.
- (8) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2006.
- (9) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2008.
- (10) Incorporated by reference to the Company's Current Report on Form 8-K filed on January 9, 2009 (filed as Exhibit 10.54).
- (11) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2008.
- (12) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009.
- (13) Incorporated by reference as Exhibit 10.65 to the Company's Current Report on Form 8-K as filed on July 10, 2009.
- (14) Incorporated by reference to the Company's Current Report on Form 8-K as filed on October 23, 2009.
- (15) Incorporated by reference to the Company's Current Report on Form 8-K as filed on December 1, 2009.
- (16) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2009.
- (17) Incorporated by reference to the Company's Current Report on Form 8-K as filed on June 25, 2010.
- (18) Incorporated by reference to the Company's Current Report on Form 8-K as filed on July 20, 2010.
- (19) Incorporated by reference as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010.
- (20) Incorporated by reference to the Company's Current Report on Form 8-K as filed on August 30, 2011.
- (21) Incorporated by reference as Exhibit 2.1 to the Company's Current Report on Form 8-K as filed on January 17, 2012.
- (22) Incorporated by reference as Exhibit 4.1 to the Company's Current Report on Form 8-K as filed on January 17, 2012.
- (23) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2011.
- (24) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2012 as filed on May 30, 2012.
- (25) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2012.
- (26) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on November 5, 2012.
- (27) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 2012.
- (28) Incorporated by reference as Exhibit 4.1 to the Company's Current Report on Form 8-K as filed on April 15, 2013.
- (29) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013 as filed on May 30, 2013.
- (30) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on May 31, 2013.
- (31) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on June 3, 2013.
- (32) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2013.
- (33) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on December 24, 2013.
- (34) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2014.

- (35) Incorporated by reference to the Company's Definitive Proxy Statement dated July 29, 2014.
 - (36) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on February 11, 2015.
 - (37) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on March 17, 2015.
 - (38) Incorporated by reference as Exhibit 1.1 to the Company's Current Report on Form 8-K as filed on April 9, 2015.
 - (39) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on May 7, 2015.
-

- * Management contract or compensatory plan or arrangement.
- x Filed herewith
- + Confidential treatment has been granted for portions of this exhibit. Portions of this document have been omitted and submitted separately to the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 21, 2015.

LIONS GATE ENTERTAINMENT CORP.

By: /s/ James W. Barge
James W. Barge
Chief Financial Officer

DATE: May 21, 2015

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

Each person whose signature appears below authorizes each of Jon Feltheimer, Michael Burns, Wayne Levin and James W. Barge, severally and not jointly, to be his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in such person's name, place and stead, in any and all capacities, to sign any amendments to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2015; granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, shall lawfully do or cause to be done by virtue hereof.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JAMES W. BARGE</u> James W. Barge	Chief Financial Officer (<i>Principal Financial Officer and Principal Accounting Officer</i>)	May 21, 2015
<u>/s/ MICHAEL BURNS</u> Michael Burns	Director	May 21, 2015
<u>/s/ GORDON CRAWFORD</u> Gordon Crawford	Director	May 21, 2015
<u>/s/ ARTHUR EVRENSEL</u> Arthur Evrensel	Director	May 21, 2015
<u>/s/ JON FELTHEIMER</u> Jon Feltheimer	Chief Executive Officer (<i>Principal Executive Officer</i>) and Director	May 21, 2015
<u>/s/ FRANK GIUSTRA</u> Frank Giustra	Director	May 21, 2015
<u>/s/ MORLEY KOFFMAN</u> Morley Koffman	Director	May 21, 2015
<u>/s/ HARALD LUDWIG</u> Harald Ludwig	Director	May 21, 2015
<u>/s/ DR. JOHN C. MALONE</u> Dr. John C. Malone	Director	May 21, 2015
<u>/s/ G. SCOTT PATERSON</u> G. Scott Paterson	Director	May 21, 2015
<u>/s/ MARK H. RACHESKY, M.D.</u> Mark H. Rachesky, M.D.	Chairman of the Board of Directors	May 21, 2015
<u>/s/ DARYL SIMM</u> Daryl Simm	Director	May 21, 2015
<u>/s/ HARDWICK SIMMONS</u> Hardwick Simmons	Director	May 21, 2015
<u>/s/ PHYLLIS YAFFE</u> Phyllis Yaffe	Director	May 21, 2015

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Lions Gate Entertainment Corp. as of March 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lions Gate Entertainment Corp. at March 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lions Gate Entertainment Corp.'s internal control over financial reporting as of March 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 21, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
May 21, 2015

LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED BALANCE SHEETS

	March 31, 2015	March 31, 2014
	(Amounts in thousands, except share amounts)	
ASSETS		
Cash and cash equivalents	\$ 102,697	\$ 25,692
Restricted cash	2,508	8,925
Accounts receivable, net of reserves for returns and allowances of \$64,362 (March 31, 2014 - \$106,680) and provision for doubtful accounts of \$4,120 (March 31, 2014 - \$4,876)	891,880	885,571
Investment in films and television programs, net	1,381,829	1,274,573
Property and equipment, net	26,651	14,552
Investments	438,298	181,941
Goodwill	323,328	323,328
Other assets	74,784	71,067
Deferred tax assets	50,114	65,983
Total assets	<u>\$ 3,292,089</u>	<u>\$ 2,851,632</u>
LIABILITIES		
Senior revolving credit facility	\$ —	\$ 97,619
5.25% Senior Notes	225,000	225,000
Term Loans	375,000	222,753
Accounts payable and accrued liabilities	332,473	332,457
Participations and residuals	471,661	469,390
Film obligations and production loans	656,755	499,787
Convertible senior subordinated notes	114,126	131,788
Deferred revenue	274,787	288,300
Total liabilities	<u>2,449,802</u>	<u>2,267,094</u>
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common shares, no par value, 500,000,000 shares authorized, 145,532,978 shares issued (March 31, 2014 - 141,007,461 shares)	830,786	743,788
Retained earnings (accumulated deficit)	13,720	(157,875)
Accumulated other comprehensive loss	(2,219)	(1,375)
Total shareholders' equity	<u>842,287</u>	<u>584,538</u>
Total liabilities and shareholders' equity	<u>\$ 3,292,089</u>	<u>\$ 2,851,632</u>

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands, except per share amounts)		
Revenues	\$ 2,399,640	\$ 2,630,254	\$ 2,708,141
Expenses:			
Direct operating	1,315,775	1,369,381	1,390,569
Distribution and marketing	591,491	739,461	817,862
General and administration	263,507	254,925	218,341
Depreciation and amortization	6,586	6,539	8,290
Total expenses	<u>2,177,359</u>	<u>2,370,306</u>	<u>2,435,062</u>
Operating income	<u>222,281</u>	<u>259,948</u>	<u>273,079</u>
Other expenses (income):			
Interest expense			
Cash interest	39,657	48,960	75,322
Amortization of debt discount and deferred financing costs	12,819	17,210	18,258
Total interest expense	<u>52,476</u>	<u>66,170</u>	<u>93,580</u>
Interest and other income	(2,790)	(6,030)	(4,036)
Loss on extinguishment of debt	11,664	39,572	24,089
Total other expenses, net	<u>61,350</u>	<u>99,712</u>	<u>113,633</u>
Income before equity interests and income taxes	<u>160,931</u>	<u>160,236</u>	<u>159,446</u>
Equity interests income (loss)	52,477	24,724	(3,075)
Income before income taxes	<u>213,408</u>	<u>184,960</u>	<u>156,371</u>
Income tax provision (benefit)	31,627	32,923	(75,756)
Net income	<u>\$ 181,781</u>	<u>\$ 152,037</u>	<u>\$ 232,127</u>
Basic net income per common share	<u>\$ 1.31</u>	<u>\$ 1.11</u>	<u>\$ 1.73</u>
Diluted net income per common share	<u>\$ 1.23</u>	<u>\$ 1.04</u>	<u>\$ 1.61</u>
Weighted average number of common shares outstanding:			
Basic	139,048	137,468	134,514
Diluted	151,778	154,415	149,370
Dividends declared per common share	\$ 0.26	\$ 0.10	\$ —

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Net income	\$ 181,781	\$ 152,037	\$ 232,127
Foreign currency translation adjustments	(6,391)	4,294	(3,262)
Net unrealized gain on available-for-sale securities, net of tax	2,705	—	—
Net unrealized gain on foreign exchange contracts, net of tax	2,842	808	496
Comprehensive income	\$ 180,937	\$ 157,139	\$ 229,361

See accompanying notes.

**LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	Common Shares		Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Total
	Number	Amount			Number	Amount	
Balance at March 31, 2012	143,980,754	\$ 712,623	\$ (542,039)	\$ (3,711)	11,040,493	\$ (77,088)	\$ 89,785
Exercise of stock options	310,000	2,897	—	—	—	—	2,897
Share-based compensation, net of withholding tax obligations of \$15,995	1,241,264	16,294	—	—	—	—	16,294
Issuance of common shares to directors for services	31,790	462	—	—	—	—	462
Conversion of February 2005 3.625% and April 2009 3.625% Notes, net of reacquisition of the equity component	1,359,584	17,727	—	—	—	—	17,727
Retirement of treasury shares, no par value	(11,040,493)	(77,088)	—	—	(11,040,493)	77,088	—
Net income	—	—	232,127	—	—	—	232,127
Foreign currency translation adjustments	—	—	—	(3,262)	—	—	(3,262)
Net unrealized gain on foreign exchange contracts, net of tax	—	—	—	496	—	—	496
Balance at March 31, 2013	135,882,899	672,915	(309,912)	(6,477)	—	—	356,526
Exercise of stock options	1,198,035	11,972	—	—	—	—	11,972
Share-based compensation, net of withholding tax obligations of \$23,077	964,324	53,419	—	—	—	—	53,419
Issuance of common shares to directors for services	14,017	427	—	—	—	—	427
Conversion of April 2009 3.625% Notes and January 2012 4.00% Notes	3,263,892	27,360	—	—	—	—	27,360
Repurchase of common shares, no par value	(315,706)	(8,339)	—	—	—	—	(8,339)
Dividends declared	—	(13,966)	—	—	—	—	(13,966)
Net income	—	—	152,037	—	—	—	152,037
Foreign currency translation adjustments	—	—	—	4,294	—	—	4,294
Net unrealized gain on foreign exchange contracts, net of tax	—	—	—	808	—	—	808
Balance at March 31, 2014	141,007,461	743,788	(157,875)	(1,375)	—	—	584,538
Exercise of stock options	481,069	6,839	—	—	—	—	6,839
Share-based compensation, net of withholding tax obligations of \$20,657	777,916	47,479	—	—	—	—	47,479
Conversion of October 2004 2.9375% Notes and April 2009 3.625% Notes	2,945,730	24,031	—	—	—	—	24,031
Issuance of common shares related to investments	5,328,924	170,916	—	—	—	—	170,916
Issuance of common shares to directors for services	18,390	521	—	—	—	—	521
Repurchase of common shares, no par value	(5,026,512)	(136,501)	—	—	—	—	(136,501)
Dividends declared	—	(26,287)	(10,186)	—	—	—	(36,473)
Net income	—	—	181,781	—	—	—	181,781
Foreign currency translation adjustments	—	—	—	(6,391)	—	—	(6,391)
Net unrealized gain on available-for-sale securities, net of tax	—	—	—	2,705	—	—	2,705
Net unrealized gain on foreign exchange contracts, net of tax	—	—	—	2,842	—	—	2,842
Balance at March 31, 2015	145,532,978	\$ 830,786	\$ 13,720	\$ (2,219)	—	\$ —	\$ 842,287

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31,		
	2015	2014	2013
Operating Activities:	(Amounts in thousands)		
Net income	\$ 181,781	\$ 152,037	\$ 232,127
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,586	6,539	8,290
Amortization of films and television programs	899,951	921,289	966,027
Amortization of debt discount and deferred financing costs	12,819	17,210	18,258
Non-cash share-based compensation	79,938	60,492	35,838
Distribution from equity method investee	7,788	16,079	—
Loss on extinguishment of debt	11,664	39,572	24,089
Equity interests (income) loss	(52,477)	(24,724)	3,075
Deferred income taxes (benefit)	13,934	15,913	(87,899)
Changes in operating assets and liabilities:			
Restricted cash	6,417	1,775	1,241
Accounts receivable, net	(13,968)	(93,503)	(4,948)
Investment in films and television programs	(1,012,294)	(948,082)	(890,276)
Other assets	(5,331)	(3,768)	(2,682)
Accounts payable and accrued liabilities	(5,086)	17,628	(50,154)
Participations and residuals	2,704	59,207	(6,875)
Film obligations	(24,977)	(19,187)	1,920
Deferred revenue	(12,940)	34,035	28,088
Net Cash Flows Provided By Operating Activities	96,509	252,512	276,119
Investing Activities:			
Proceeds from the sale of equity method investees	14,575	9,000	—
Investment in equity method investees	(22,730)	(17,250)	(1,530)
Distributions from equity method investee in excess of earnings	—	4,169	—
Purchases of other investments	(30,000)	—	(2,022)
Proceeds from the sale of other investments	—	—	6,354
Repayment of loans receivable	—	4,275	4,274
Purchases of property and equipment	(17,013)	(8,799)	(2,581)
Net Cash Flows Provided By (Used In) Investing Activities	(55,168)	(8,605)	4,495
Financing Activities:			
Senior revolving credit facility - borrowings, net of deferred financing costs of \$15,804 for the year ended March 31, 2013	778,500	872,220	1,144,620
Senior revolving credit facility - repayments	(876,119)	(1,113,075)	(921,700)
Term Loans and 5.25% Senior Notes - borrowings, net of deferred financing costs of \$4,315 and \$6,860 for the years ended March 31, 2015 and 2014, respectively	370,685	440,640	—
Term Loans - repayments	(229,500)	—	(484,664)
10.25% Senior Notes - repurchases and redemptions in the year ended March 31, 2014 and consent fee in the year ended March 31, 2013	—	(470,584)	(3,270)
Convertible senior subordinated notes - borrowings	—	60,000	—
Convertible senior subordinated notes - repurchases	(16)	—	(7,639)
Production loans - borrowings	631,709	532,416	378,510
Production loans - repayments	(449,648)	(517,874)	(371,069)
Pennsylvania Regional Center credit facility - repayments	—	(65,000)	(500)
Repurchase of common shares	(144,840)	—	—
Dividends paid	(33,353)	(6,900)	—
Exercise of stock options	6,839	11,972	2,897
Tax withholding required on equity awards	(20,062)	(23,077)	(15,995)
Other financing obligations - repayments	—	—	(3,710)
Net Cash Flows Provided By (Used In) Financing Activities	34,195	(279,262)	(282,520)
Net Change In Cash And Cash Equivalents	75,536	(35,355)	(1,906)
Foreign Exchange Effects on Cash	1,469	(1,316)	(29)
Cash and Cash Equivalents - Beginning Of Period	25,692	62,363	64,298
Cash and Cash Equivalents - End Of Period	\$ 102,697	\$ 25,692	\$ 62,363

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations

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

2. Significant Accounting Policies

(a) Generally Accepted Accounting Principles

These consolidated financial statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”).

(b) Principles of Consolidation

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

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

(c) Use of Estimates

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

(d) Reclassifications

Certain amounts presented in prior years have been reclassified to conform to the current year’s presentation.

(e) Revenue Recognition

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

Cash payments received are recorded as deferred revenue until all the conditions of revenue recognition have been met. Long-term, non-interest bearing receivables are discounted to present value. Such unamortized discounts were \$10.2 million and \$12.1 million at March 31, 2015 and 2014, respectively. At March 31, 2015, \$164.5 million of accounts receivable are due

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

beyond one year. The accounts receivable are due as follows: \$105.2 million in fiscal 2017, \$26.8 million in fiscal 2018, \$25.7 million in fiscal 2019, \$5.5 million in fiscal 2020, \$0.6 million in fiscal 2021, and \$0.7 million thereafter.

(f) Cash and Cash Equivalents

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

(g) Restricted Cash

Restricted cash primarily consists of amounts that are contractually designated for certain theatrical marketing obligations.

(h) Investment in Films and Television Programs

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

For films and television programs produced by the Company, capitalized costs include all direct production and financing costs, capitalized interest and production overhead. For the years ended March 31, 2015, 2014, and 2013, total capitalized interest was \$15.6 million, \$13.8 million, and \$13.1 million, respectively. For acquired films and television programs, capitalized costs consist of minimum guarantee payments to acquire the distribution rights.

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

Ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release of the motion picture. For an episodic television series, the period over which ultimate revenues are estimated cannot exceed ten years following the date of delivery of the first episode, or, if still in production, five years from the date of delivery of the most recent episode, if later. For titles included in acquired libraries, ultimate revenue includes estimates over a period not to exceed twenty years following the date of acquisition.

Investment in films and television programs is stated at the lower of amortized cost or estimated fair value. The valuation of investment in films and television programs is reviewed on a title-by-title basis, when an event or change in circumstances indicates that the fair value of a film or television program is less than its unamortized cost. During the years ended March 31, 2015 and 2014, the Company recorded impairment charges of \$32.6 million and \$42.4 million, respectively, on film and television programs. In determining the fair value of its films and television programs, the Company employs a discounted cash flows ("DCF") methodology with assumptions for cash flows. Key inputs employed in the DCF methodology include estimates of a film's ultimate revenue and costs as well as a discount rate. The discount rate utilized in the DCF analysis is based on the weighted average cost of capital of the Company plus a risk premium representing the risk associated with producing a particular film or television program. The fair value of any film costs associated with a film or television program that management plans to abandon is zero. As the primary determination of fair value is determined using a DCF model, the resulting fair value is considered a Level 3 measurement (see *Note 10*). Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film or television program. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in management's future revenue estimates.

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

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

Home entertainment product inventory consists of DVDs and Blu-ray discs and is stated at the lower of cost or market value (first-in, first-out method). Costs of DVDs and Blu-ray discs sales, including shipping and handling costs, are included in distribution and marketing expenses.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(i) Property and Equipment, net

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided for on a straight line basis over the following useful lives:

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

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

(j) Investments

Investments include investments accounted for under the equity method of accounting, fair value method and cost method.

Equity Method Investments: The Company uses the equity method of accounting for investments in companies in which it has a minority equity interest and the ability to exert significant influence over operating decisions of the companies. Significant influence is generally presumed to exist when the Company owns between 20% and 50% of the voting interests in the investee, holds substantial management rights or holds an interest of less than 20% in an investee that is a limited liability partnership or limited liability corporation that is treated as a flow-through entity.

Under the equity method of accounting, the Company's share of the investee's earnings (losses), net of intercompany eliminations, are included in the "equity interest income (loss)" line item in the consolidated statement of income. The Company records its share of the net income or loss of certain "Other Equity Method Investments" (see Note 5) on a one quarter lag and, accordingly, during the years ended March 31, 2015, 2014 and 2013, the Company recorded its share of the income or loss generated by these entities for the years ended December 31, 2014, 2013 and 2012, respectively.

Profit Eliminations. The Company licenses theatrical releases and other films and television programs to certain equity method investments. A portion of the profits of these licenses reflecting the Company's ownership share in the venture are eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by the equity method investee through the amortization of the related asset, recorded on the equity method investee's balance sheet, over the license period.

Dividends and Other Distributions. Dividends and other distributions from equity method investees are recorded as a reduction of the Company's investment. Distributions received up to the Company's interest in the investee's retained earnings are considered returns on investments and are classified within cash flows from operating activities in the consolidated statement of cash flows. Distributions from equity method investments in excess of the Company's interest in the investee's retained earnings are considered returns of investments and are classified within cash flows provided by investing activities in the statement of cash flows.

Fair Value and Cost Method Investments: Investments in companies in which the Company does not have a controlling voting interest or over which it is unable to exert significant influence are generally accounted for at fair value if the investments are publicly traded. If the investment or security is not publicly traded, the investment is accounted for at cost because its fair value is not readily determinable. Fair value investments are considered available-for-sale by the Company. Unrealized gains and losses on investments, which are available-for-sale and accounted for at fair value, are reported net of tax in accumulated other comprehensive income or loss.

All of the Company's investments are periodically reviewed to determine whether there has been a loss in value that is other than a temporary decline. If the Company determines that an investment has sustained an other-than-temporary decline in its value, the investment is written down to its fair value by a charge to earnings.

(k) Goodwill

Goodwill represents the excess of acquisition costs over the tangible and intangible assets acquired and liabilities assumed in various business acquisitions by the Company. The Company has two reporting units with goodwill: Motion Pictures and Television Production. Goodwill is not amortized but is reviewed for impairment annually each fiscal year or between the annual tests if an event occurs or circumstances change that indicate it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The impairment test follows a two-step approach. The first step determines if the goodwill is potentially impaired, and the second step measures the amount of the impairment loss, if necessary. Under the first step,

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

goodwill is considered potentially impaired if the fair value of the reporting unit is less than the reporting unit's carrying amount, including goodwill. Under the second step, the impairment loss is then measured as the excess of recorded goodwill over the fair value of the goodwill, as calculated. The fair value of goodwill is calculated by allocating the fair value of the reporting unit to all the assets and liabilities of the reporting unit as if the reporting unit was purchased in a business combination and the purchase price was the fair value of the reporting unit. However, entities are permitted to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step impairment test. The Company performs its annual impairment test as of January 1 in each fiscal year. The Company elected to first assess qualitative factors to determine whether it is necessary to perform the two-step annual goodwill impairment test in fiscal 2015. Based on the Company's qualitative assessments including, but not limited to, the results of the most recent quantitative impairment test, consideration of macroeconomic conditions, industry and market conditions, cash flows, and changes in the Company's share price, the Company concluded that it is more likely than not that the fair value of our reporting units is greater than their carrying value.

(l) Other Assets

Other assets include deferred financing costs, prepaid expenses and other, and finite-lived intangible assets.

Deferred Financing Costs. Amounts incurred in connection with obtaining debt financing that is not deemed to be a modification of terms of an existing borrowing, pursuant to accounting guidance, are deferred and amortized using the effective interest method, as a component of interest expense, over the period to the earlier of the date of the earliest put option or term to maturity of the related debt obligation. Debt financing costs associated with a debt issuance deemed to be a modification of terms of an existing borrowing are charged to expense at the time of modification.

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

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

(m) Prints, Advertising and Marketing Expenses

The costs of advertising and marketing expenses are expensed as incurred. Advertising expenses for the year ended March 31, 2015 were \$400.0 million (2014 — \$520.0 million, 2013 — \$560.8 million) which were recorded as distribution and marketing expenses. The costs of film prints are capitalized as prepaid expenses and expensed upon theatrical release and are included in distribution and marketing expenses.

(n) Income Taxes

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

From time to time, the Company engages in transactions in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be more likely than not of being sustained upon examination, based on their technical merits. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense.

(o) Government Assistance

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

Tax credits earned with respect to expenditures on qualifying film and television productions are included as an offset to investment in films and television programs when the qualifying expenditures have been incurred provided that there is reasonable assurance that the credits will be realized (see *Note 13*).

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(p) Foreign Currency Translation

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

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

(q) Derivative Instruments and Hedging Activities

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

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

(r) Share-Based Compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value is recognized in earnings over the period during which an employee is required to provide service. See *Note 11* for further discussion of the Company's share-based compensation.

(s) Net Income Per Share

Basic net income per share is calculated based on the weighted average common shares outstanding for the period. Basic net income per share for the years ended March 31, 2015, 2014 and 2013 is presented below:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands, except per share amounts)		
Basic Net Income Per Common Share:			
Numerator:			
Net income	\$ 181,781	\$ 152,037	\$ 232,127
Denominator:			
Weighted average common shares outstanding	139,048	137,468	134,514
Basic net income per common share	\$ 1.31	\$ 1.11	\$ 1.73

Diluted net income per common share reflects the potential dilutive effect, if any, of the conversion of convertible senior subordinated notes under the "if converted" method. Diluted net income per common share also reflects share purchase options, including equity-settled share appreciation rights and restricted share units ("RSUs") using the treasury stock method when dilutive, and any contingently issuable shares when dilutive. Diluted net income per common share for the years ended March 31, 2015, 2014 and 2013 is presented below:

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31,		
	2015	2014	2013
(Amounts in thousands, except per share amounts)			
Diluted Net Income Per Common Share:			
Numerator:			
Net income	\$ 181,781	\$ 152,037	\$ 232,127
Add:			
Interest on convertible notes, net of tax	5,515	8,573	7,646
Numerator for diluted net income per common share	<u>\$ 187,296</u>	<u>\$ 160,610</u>	<u>\$ 239,773</u>
Denominator:			
Weighted average common shares outstanding	139,048	137,468	134,514
Effect of dilutive securities:			
Conversion of notes	9,508	13,736	12,788
Share purchase options	2,773	2,593	1,271
Restricted share units	449	618	797
Adjusted weighted average common shares outstanding	<u>151,778</u>	<u>154,415</u>	<u>149,370</u>
Diluted net income per common share	<u>\$ 1.23</u>	<u>\$ 1.04</u>	<u>\$ 1.61</u>

For the years ended March 31, 2015, 2014 and 2013, the outstanding common shares issuable presented below were excluded from diluted net income per common share because their inclusion would have had an anti-dilutive effect.

	Year Ended March 31,		
	2015	2014	2013
(Amounts in thousands)			
Anti-dilutive shares issuable			
Conversion of notes	—	—	—
Share purchase options	4,312	2,759	1,119
Restricted share units	147	87	48
Contingently issuable shares	322	457	484
Total weighted average anti-dilutive shares issuable excluded from diluted net income per common share	<u>4,781</u>	<u>3,303</u>	<u>1,651</u>

(t) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update relating to the recognition of revenue from contracts with customers, which will supersede most current U.S. GAAP revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance, as currently issued, will be effective for the Company's fiscal year beginning April 1, 2017, and can be applied either retrospectively or under a cumulative-effect transition method. The Company is currently evaluating the impact that the adoption of this new guidance will have on its consolidated financial statements.

In April 2015, the FASB issued an accounting standards update relating to the presentation of debt issuance costs. The accounting update requires companies to present debt issuance costs related to a recognized debt liability presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as an asset. The guidance is effective for the Company's fiscal year beginning April 1, 2016, with early adoption permitted. The Company plans to adopt the new guidance effective April 1, 2016. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Investment in Films and Television Programs

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Motion Pictures Segment - Theatrical and Non-Theatrical Films		
Released, net of accumulated amortization	\$ 507,628	\$ 509,831
Acquired libraries, net of accumulated amortization	9,357	14,329
Completed and not released	76,968	50,785
In progress	478,879	351,047
In development	21,054	22,336
Product inventory	23,023	31,248
	<u>1,116,909</u>	<u>979,576</u>
Television Production Segment - Direct-to-Television Programs		
Released, net of accumulated amortization	231,470	212,929
In progress	28,585	76,459
In development	4,865	5,609
	<u>264,920</u>	<u>294,997</u>
	<u>\$ 1,381,829</u>	<u>\$ 1,274,573</u>

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

Acquired Library	Acquisition Date	Total Amortization Period	Remaining Amortization Period	Unamortized Costs	
				March 31, 2015	March 31, 2014
				(Amounts in thousands)	
		(In years)			
Artisan Entertainment	December 2003	20.00	8.75	\$ 5,122	\$ 10,236
Summit Entertainment	January 2012	20.00	16.75	4,235	4,093
Total acquired libraries				<u>\$ 9,357</u>	<u>\$ 14,329</u>

The Company expects approximately 47% of completed films and television programs, net of accumulated amortization, will be amortized during the one-year period ending March 31, 2016. Additionally, the Company expects approximately 81% of completed and released films and television programs, net of accumulated amortization and excluding acquired libraries, will be amortized during the three-year period ending March 31, 2018.

4. Property and Equipment

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Leasehold improvements	\$ 13,788	\$ 7,846
Property and equipment	7,149	7,033
Computer equipment and software	43,605	34,781
	64,542	49,660
Less accumulated depreciation and amortization	(39,097)	(36,314)
	25,445	13,346
Land	1,206	1,206
	<u>\$ 26,651</u>	<u>\$ 14,552</u>

During the year ended March 31, 2015, depreciation expense amounted to \$4.8 million (2014 - \$2.8 million; 2013 - \$3.0 million).

5. Investments

The carrying amounts of investments, by category, at March 31, 2015 and March 31, 2014 were as follows:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Equity method investments	\$ 234,202	\$ 181,941
Available-for-sale securities	162,024	—
Cost method investments	42,072	—
	<u>\$ 438,298</u>	<u>\$ 181,941</u>

Equity Method Investments:

The carrying amounts of equity method investments at March 31, 2015 and March 31, 2014 were as follows:

<u>Equity Method Investee</u>	March 31, 2015 Ownership Percentage	March 31, 2015	March 31, 2014
		(Amounts in thousands)	
EPIX	31.2%	\$ 119,688	\$ 78,758
Pop (formerly TVGN)	50.0%	91,683	86,298
Other Equity Method Investments ⁽¹⁾	Various	22,831	16,885
		<u>\$ 234,202</u>	<u>\$ 181,941</u>

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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Equity interests income (loss) from equity method investments for the years ended March 31, 2015, 2014 and 2013 were as follows:

<u>Equity Method Investee</u>	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
EPIX	\$ 48,718	\$ 32,308	\$ 16,317
Pop (formerly TVGN)	(9,615)	(2,610)	(16,529)
Other Equity Method Investments ⁽¹⁾	13,374	(4,974)	(2,863)
	\$ 52,477	\$ 24,724	\$ (3,075)

- (1) The Company records its share of the net income or loss of Other Equity Method Investments on a one quarter lag. Equity interest income from Other Equity Method Investments of \$13.4 million for the year ended March 31, 2015 includes a gain on sale of the Company's investment in FEARnet of \$11.4 million, which resulted from the Company's sale of all of its 34.5% interest in FEARnet on April 14, 2014, for a sales price of approximately \$14.6 million.

EPIX. In April 2008, the Company formed a joint venture with Viacom, its Paramount Pictures unit, and Metro-Goldwyn-Mayer Studios to create a premium television channel and subscription video-on-demand service named "EPIX". The Company invested \$80.4 million through September 30, 2010, and no additional amounts have been funded since. During the years ended March 31, 2015, 2014 and 2013, the Company received distributions from EPIX of \$7.8 million, \$20.2 million and nil, respectively. Since the Company's original investment in April 2008, the Company has received distributions from EPIX of \$28.0 million.

EPIX Financial Information:

The following table presents summarized balance sheet data as of March 31, 2015 and March 31, 2014 for EPIX:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Current assets	\$ 285,819	\$ 184,471
Non-current assets	\$ 277,887	\$ 247,231
Current liabilities	\$ 121,451	\$ 126,217
Non-current liabilities	\$ 6,753	\$ 9,459

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The following table presents the summarized statement of operations for the twelve months ended March 31, 2015, 2014 and 2013 for EPIX and a reconciliation of the net income reported by EPIX to equity interest income recorded by the Company:

	Twelve Months Ended March 31,		
	2015	2014	2013
(Amounts in thousands)			
Revenues	\$ 442,793	\$ 353,439	\$ 337,979
Expenses:			
Operating expenses	252,896	239,933	236,124
Selling, general and administrative expenses	23,305	22,835	23,231
Operating income	166,592	90,671	78,624
Interest and other income (expense)	(1,993)	(304)	4
Net income	<u>\$ 164,599</u>	<u>\$ 90,367</u>	<u>\$ 78,628</u>
Reconciliation of net income reported by EPIX to equity interest income:			
Net income reported by EPIX	\$ 164,599	\$ 90,367	\$ 78,628
Ownership interest in EPIX	31.15%	31.15%	31.15%
The Company's share of net income	<u>51,273</u>	<u>28,149</u>	<u>24,493</u>
Eliminations of the Company's share of profits on licensing sales to EPIX ⁽¹⁾	(10,159)	(9,638)	(15,918)
Realization of the Company's share of profits on licensing sales to EPIX ⁽²⁾	<u>7,604</u>	<u>13,797</u>	<u>7,742</u>
Total equity interest income recorded	<u><u>\$ 48,718</u></u>	<u><u>\$ 32,308</u></u>	<u><u>\$ 16,317</u></u>

- (1) Represents the elimination of the gross profit recognized by the Company on licensing sales to EPIX in proportion to the Company's ownership interest in EPIX.
- (2) Represents the realization of a portion of the profits previously eliminated. This profit remains eliminated until realized by EPIX. EPIX initially records the license fee for the title as inventory on its balance sheet and amortizes the inventory over the license period. Accordingly, the profit is realized as the inventory on EPIX's books is amortized.

Pop (formerly TVGN). In January 2015, TVGN was rebranded as Pop, a multi-platform destination dedicated to celebrating the fun of being a fan. The Company's investment interest in Pop consists of an equity investment in its common stock units and mandatorily redeemable preferred stock units. The Company's partner in Pop, CBS TVG Inc. ("CBS"), has a call option to purchase a portion of the Company's ownership interest in Pop at fair market value, which would result in CBS owning 80% of Pop, exercisable beginning March 26, 2018 for a period of 30 days. During the year ended March 31, 2015, the Company made contributions to Pop of \$15.0 million (2014 - \$6.5 million; 2013 - \$1.5 million).

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

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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pop Financial Information:

The following table presents summarized balance sheet data as of March 31, 2015 and March 31, 2014 for Pop:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Current assets	\$ 32,815	\$ 27,150
Non-current assets	\$ 187,985	\$ 196,011
Current liabilities	\$ 26,048	\$ 30,653
Non-current liabilities	\$ 7,196	\$ 12,334
Redeemable preferred stock	\$ 399,247	\$ 325,204

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The following table presents the summarized statement of operations for the years ended March 31, 2015, 2014 and 2013 for Pop and a reconciliation of the net loss reported by Pop to equity interest loss recorded by the Company:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Revenues	\$ 79,048	\$ 78,407	\$ 68,958
Expenses:			
Cost of services	38,757	36,866	45,350
Selling, marketing, and general and administration	49,524	43,964	36,647
Depreciation and amortization	7,814	8,031	8,439
Operating loss	(17,047)	(10,454)	(21,478)
Other expense (income)	385	(1,213)	(9)
Interest expense, net	683	1,208	1,651
Accretion of redeemable preferred stock units ⁽¹⁾	48,546	40,342	33,950
Total interest expense, net	49,614	40,337	35,592
Loss from continuing operations	(66,661)	(50,791)	(57,070)
Loss from discontinued operations	—	(2,799)	(8,139)
Net loss	(66,661)	(53,590)	(65,209)
Reconciliation of net loss reported by Pop to equity interest loss:			
Net loss reported by Pop	\$ (66,661)	\$ (53,590)	\$ (65,209)
Ownership interest in Pop	50%	50%	50%
The Company's share of net loss	(33,331)	(26,795)	(33,227)
Gain on sale of the Company's 50% share of TVGuide.com ⁽²⁾	—	3,960	—
Loss on sale of 1% ownership interest to CBS	—	—	(1,869)
Accretion of dividend and interest income on redeemable preferred stock units ⁽¹⁾	24,273	20,171	17,309
Eliminations of the Company's share of profit on licensing sales to Pop	(920)	—	(350)
Realization of the Company's share of profits on licensing sales to Pop	363	54	1,608
Total equity interest loss recorded	\$ (9,615)	\$ (2,610)	\$ (16,529)

(1) Accretion of mandatorily redeemable preferred stock units represents Pop's 10% dividend and the amortization of discount on its mandatorily redeemable preferred stock units held by the Company and the other interest holder. The Company recorded its share of this expense as income from the accretion of dividend and discount on mandatorily redeemable preferred stock units within equity interest income (loss).

(2) Represents the gain on the May 31, 2013 sale of the Company's 50% interest in TVGuide.com. As a result of the sale, TVGuide.com is considered a discontinued operation by Pop, and accordingly, the revenues and expenses of TVGuide.com prior to the transaction for all periods presented, are reflected net within the discontinued operations section of the summarized statement of operations for Pop.

Other Equity Method Investments

Defy Media. In June 2007, the Company acquired an interest in Break Media, a multi-platform digital media company and a leader in male-targeted content creation and distribution. In October 2013, Break Media merged with Alloy Digital, a multi-platform digital media company with a strong presence in the youth market, to create Defy Media. The Company's effective economic interest in Defy Media through its investment in Break Media and its direct investment in Defy Media is approximately 16.0%. The Company is accounting for its investment in Defy Media, a limited liability company, under the equity method of accounting due to the Company's board representation that provides significant influence over the investee.

Roadside Attractions. Roadside Attractions is an independent theatrical distribution company. The Company owns a 43.0% interest in Roadside Attractions.

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Pantelion Films. Pantelion Films is a joint venture with Videocine, an affiliate of Televisa, which produces, acquires and distributes a slate of English and Spanish language feature films that target Hispanic moviegoers in the U.S. The Company owns a 49.0% interest in Pantelion Films.

Atom Tickets (formerly MovieFriends). Atom Tickets is a theatrical movie discovery service. The Company made initial investments totaling \$4.3 million in Atom Tickets during the year ended March 31, 2015. The Company owns an interest of approximately 18.1% in Atom Tickets. The Company is accounting for its investment in Atom Tickets, a limited liability company, under the equity method of accounting due to the Company's board representation that provides significant influence over the investee.

Tribeca Short List. Tribeca Short List is a subscription video-on-demand (SVOD) service. The Company made an initial investment of \$2.1 million during the year ended March 31, 2015. The Company holds a 75.0% economic interest, however, the power to direct the activities that most significantly impact the economic performance of Tribeca Short List is shared equally with Tribeca Enterprises. Accordingly, the Company's interest in Tribeca Short List is being accounted for under the equity method of accounting.

Available-for-Sale Securities:

The cost basis, unrealized gains and fair market value of available-for-sale securities are set forth below:

	March 31, 2015
	(Amounts in thousands)
Cost basis	\$ 158,916
Gross unrealized gain	3,108
Fair value	\$ 162,024

Starz. At March 31, 2015, available-for-sale securities consist of the Company's minority interest in Starz. On March 27, 2015, pursuant to the terms of a stock exchange agreement entered into on February 10, 2015 (the "Exchange Agreement"), the Company exchanged 4,967,695 of its newly issued common shares for 2,118,038 shares of Series A common stock of Starz and 2,590,597 shares of Series B common stock of Starz held by certain affiliates of John C. Malone ("Dr. Malone") (the exchange transaction, the "Exchange"). The Exchange Agreement placed certain restrictions on the ability to transfer the shares issued by the Company. The Starz shares acquired by the Company represent approximately 14.7% of the total voting power of the issued and outstanding Starz common stock as of March 31, 2015. However, under the Exchange Agreement, the Company granted an irrevocable proxy to Dr. Malone and the affiliates of Dr. Malone to vote the shares the Company acquired except with respect to proposals related to extraordinary transactions, including any proposals related to any sale or issuance of securities, or any business combination, merger, consolidation, liquidation, reorganization, recapitalization, sale or disposition of all or substantially all of Starz's assets or similar extraordinary transaction, whether or not involving the Company.

After the closing of the Exchange, on March 27, 2015, the Company appointed Dr. Malone to its Board of Directors. Pursuant to the Exchange Agreement, the Company has agreed to nominate Dr. Malone for election to its Board of Directors at each annual meeting of the Company's stockholders that occurs prior to the earlier of (x) the date that is two years from the closing of the Exchange and (y) such time as both of the following occur: (i) the affiliates of Dr. Malone collectively hold less than 75% of the newly issued common shares of the Company described above and (ii) Dr. Malone and his affiliates collectively hold less than 2.7% of the Company's outstanding common shares.

The Company classifies the Series A common stock of Starz within Level 1 of the fair value hierarchy as the valuation inputs are based on quoted prices in active markets (see *Note 10*). The Series B common stock of Starz are considered a Level 2 security because the quoted market prices are based on infrequent transactions. Therefore, the fair value of the Series B common stock, which is convertible, at the holder's option, into Series A common stock of Starz is based on the quoted market price of the Series A common stock, which is an equivalent security other than for the voting rights.

Cost Method Investments:

Telltale. Telltale Games ("Telltale") is a creator, developer and publisher of interactive software episodic games based upon popular stories and characters across all major gaming and entertainment platforms. In February 2015, the Company invested

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\$40.0 million in Telltale, which consisted of a cash investment in Telltale of \$28.0 million in exchange for 2,628,072 of Series D Convertible Preferred Stock, and 361,229 newly issued common shares of the Company with a fair value of approximately \$12.0 million in exchange for approximately 1,126,316 existing common shares of Telltale, representing in the aggregate an approximately 14% economic interest in Telltale.

Next Games. Next Games is a mobile games development company headquartered in Helsinki, Finland, with a focus on crafting visually impressive, highly engaging games. In July 2014, the Company invested \$2.0 million in Next Games for a small minority ownership interest.

6. Other Assets

The composition of the Company's other assets is as follows as of March 31, 2015 and March 31, 2014:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Deferred financing costs, net of accumulated amortization	\$ 28,060	\$ 34,722
Prepaid expenses and other	45,537	33,347
Finite-lived intangible assets	1,187	2,998
	\$ 74,784	\$ 71,067

Deferred Financing Costs. Deferred financing costs primarily include costs incurred in connection with the Company's various debt issuances (see *Note 7*).

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

Finite-lived Intangible Assets. Finite-lived intangibles consist primarily of sales agency relationships and trademarks. The aggregate amount of amortization expense associated with the Company's intangible assets for the years ended March 31, 2015, 2014 and 2013 was approximately \$1.8 million, \$3.7 million and \$5.3 million, respectively. The estimated aggregate amortization expense for each of the years ending March 31, 2016 through 2020 is approximately \$0.8 million, \$0.4 million, nil, nil, and nil, respectively.

7. Corporate Debt

The total carrying values of corporate debt of the Company, excluding film obligations and production loans, were as follows as of March 31, 2015 and March 31, 2014:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Senior revolving credit facility	\$ —	\$ 97,619
5.25% Senior Notes	225,000	225,000
Term Loan Due 2022	375,000	—
Term Loan Due 2020, net of unamortized discount of \$2,247 at March 31, 2014	—	222,753
Convertible senior subordinated notes, net of unamortized discount of \$3,891 (March 31, 2014 - \$10,397)	114,126	131,788
	\$ 714,126	\$ 677,160

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The following table sets forth future annual contractual principal payment commitments of corporate debt as of March 31, 2015:

Debt Type	Conversion Price Per Share at March 31, 2015	Maturity Date or Next Holder Redemption Date ⁽¹⁾	Year Ended March 31,					Thereafter	Total
			2016	2017	2018	2019	2020		
(Amounts in thousands)									
Senior revolving credit facility	N/A	September 2017	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
5.25% Senior Notes	N/A	August 2018	—	—	—	225,000	—	—	225,000
Term Loan Due 2022 ⁽²⁾	N/A	March 2022	—	—	—	—	—	375,000	375,000
Principal amounts of convertible senior subordinated notes:									
April 2009 3.625% Notes	\$8.15	March 2025	16,167	—	—	—	—	—	16,167
January 2012 4.00% Notes	\$10.38	January 2017	—	41,850	—	—	—	—	41,850
April 2013 1.25% Notes	\$29.65	April 2018	—	—	—	60,000	—	—	60,000
			<u>\$16,167</u>	<u>\$41,850</u>	<u>\$ —</u>	<u>\$285,000</u>	<u>\$ —</u>	<u>\$ 375,000</u>	718,017
Less aggregate unamortized discount									(3,891)
									<u>\$ 714,126</u>

- (1) The future repayment dates of the convertible senior subordinated notes represent the next redemption date by holders for each series of notes respectively, as described below.
- (2) In May 2015, Lions Gate Entertainment Corp. amended the Credit Agreement governing its Term Loan Due 2022, and pursuant to the amended Credit Agreement, borrowed an additional term loan in an aggregate amount of \$25.0 million.

Senior Revolving Credit Facility

Availability of Funds. The senior revolving credit facility provides for borrowings and letters of credit up to an aggregate of \$800 million, and at March 31, 2015, there was \$800.0 million available (March 31, 2014 — \$702.3 million). The availability of funds is limited by a borrowing base and also reduced by outstanding letters of credit which amounted to nil at March 31, 2015 (March 31, 2014 — \$0.1 million).

Maturity Date. September 27, 2017.

Interest. Interest is payable at an alternative base rate, as defined, plus 1.5%, or LIBOR plus 2.5% as designated by the Company. As of March 31, 2015, borrowings under the senior revolving credit facility bore interest of 2.5% over the LIBOR rate (effective interest rate of 2.68% and 2.65% on borrowings outstanding as of March 31, 2015 and March 31, 2014, respectively).

Commitment Fee. The Company is required to pay a quarterly commitment fee of 0.375% to 0.5% per annum, depending on the average balance of borrowings outstanding during the period, on the total senior revolving credit facility of \$800 million less the amount drawn.

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

Covenants. The senior revolving credit facility contains a number of covenants that, among other things, require the Company to satisfy certain financial covenants and restrict the ability of the Company to incur additional debt, pay dividends, make certain investments and acquisitions, repurchase its stock, prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of its business, enter into sale-leaseback transactions, transfer and sell material assets and merge or consolidate. As of March 31, 2015, the Company was in compliance with all applicable covenants.

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Change in Control. The Company may also be subject to an event of default upon a change in control (as defined in the credit agreement) which, among other things, includes a person or group acquiring ownership or control in excess of 50% of the Company's common shares.

5.25% Senior Notes

Issuance Date. On July 19, 2013, Lions Gate Entertainment Corp. issued \$225.0 million aggregate principal amount of 5.25% Senior Secured Second-Priority Notes (the "5.25% Senior Notes").

Interest. Interest is payable semi-annually on February 1 and August 1 of each year at a rate of 5.25% per year, and commenced on February 1, 2014.

Maturity Date. August 1, 2018.

Optional Redemption. Redeemable by the Company, in whole or in part, at a price equal to 100% of the principal amount, plus the Applicable Premium, as defined in the indenture governing the 5.25% Senior Notes, plus accrued and unpaid interest, if any, to the date of redemption. The Applicable Premium amounts to the greater of (i) 1.0% of the principal amount redeemed and (ii) the excess of the present value of the principal amount of the notes redeemed plus interest through the maturity date over the principal amount of the notes redeemed on the redemption date.

Guarantees. The 5.25% Senior Notes are guaranteed by all of the restricted subsidiaries of the Company that guarantee any material indebtedness of the Company or any other guarantor, subject, in the case of certain special purpose producers, to receipt of certain consents.

Security Interest and Ranking. The 5.25% Senior Notes and the guarantees are secured by second-priority liens on substantially all of the Company's and the guarantors' tangible and intangible personal property, subject to certain exceptions and permitted liens. The 5.25% Senior Notes rank equally in right of payment with all of the Company's existing and future debt that is not subordinated in right of payment to the 5.25% Senior Notes, including the Company's existing convertible senior subordinated notes. The 5.25% Senior Notes are structurally subordinated to all existing and future liabilities (including trade payables) of the subsidiaries that do not guarantee the 5.25% Senior Notes.

Change of Control. The occurrence of a change of control will be a triggering event requiring the Company to offer to purchase from holders some or all of the 5.25% Senior Notes, at a price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase. In addition, certain asset dispositions will be triggering events that may require the Company to use the excess proceeds from such dispositions to make an offer to purchase the 5.25% Senior Notes at 100% of their principal amount, plus accrued and unpaid interest, if any to the date of purchase.

Covenants. The 5.25% Senior Notes contain certain restrictions and covenants that, subject to certain exceptions, limit the Company's ability to incur additional indebtedness, pay dividends or repurchase the Company's common shares, make certain loans or investments, and sell or otherwise dispose of certain assets subject to certain conditions, among other limitations. As of March 31, 2015, the Company was in compliance with all applicable covenants.

Issuance of Term Loan Due 2022 and Redemption of Term Loan Due 2020

Issuance and Redemption. On March 17, 2015, Lions Gate Entertainment Corp. entered into a second lien credit and guarantee agreement (the "Credit Agreement"), and pursuant to the Credit Agreement, borrowed a term loan in an aggregate amount of \$375 million (the "Term Loan Due 2022"). Contemporaneously with the issuance of the Term Loan Due 2022 (which carries a fixed interest rate of 5.00%), the Company used a portion of the proceeds to redeem its \$225.0 million principal amount term loan (the "Term Loan Due 2020") (which carried a variable interest rate of LIBOR, subject to a 1.00% floor, plus 4.00%). The Term Loan Due 2020 was originally issued in connection with the redemption of the 10.25% Senior Notes (discussed below). In conjunction with the early redemption of the Term Loan Due 2020, the Company paid a call premium pursuant to the terms of the agreement governing the Term Loan Due 2020 of \$4.5 million.

Under the accounting guidance, a portion of the issuance and redemption was considered a modification of terms with creditors who participated in both the new Term Loan Due 2022 and the redeemed Term Loan Due 2020, and a portion was considered a debt extinguishment. To the extent a portion of the issuance and redemption was considered a modification, the call premium plus the remaining unamortized deferred financing costs and debt discount on the Term Loan Due 2020 will be amortized over the life of the new Term Loan Due 2022, and to the extent a portion of the issuance and redemption was

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considered an extinguishment, these costs were expensed as a loss on extinguishment of debt. The new issuance costs related to the Term Loan Due 2022 were capitalized and will be amortized over the life of the Term Loan Due 2022 to the extent the issuance and redemption was considered an extinguishment, and expensed as a loss on extinguishment of debt to the extent considered to be a modification of terms.

The table below sets forth the applicable costs associated with the issuance of the Term Loan Due 2022 and contemporaneous redemption of the Term Loan Due 2020 during the year ended March 31, 2015, and the applicable accounting for such:

	<u>Total</u>	<u>Amortize Over Life of Term Loan Due 2022</u>	<u>Loss on Extinguishment of Debt</u>
(Amounts in thousands)			
Early redemption/ call premium on Term Loan Due 2020	\$ 4,500	\$ 2,834	\$ 1,666
Previously incurred unamortized discount and deferred financing costs of Term Loan Due 2020	14,420	8,803	5,617
	18,920 ⁽¹⁾	11,637	7,283
Third party costs incurred to issue the Term Loan Due 2022	4,931 ⁽²⁾	1,826	3,105
Total	<u>\$ 23,851</u>	<u>\$ 13,463</u>	<u>\$ 10,388</u>

(1) Of the \$18.9 million of costs associated with the redeemed Term Loan Due 2020, approximately \$11.6 million, representing the amount related to the portion of the debt redemption deemed to be a modification of terms as discussed above, was accounted for as deferred costs, with the remaining amount of \$7.3 million expensed as a loss on extinguishment of debt.

(2) Third party costs incurred on the new Term Loan Due 2022 were similarly allocated, with approximately \$3.1 million deemed to be related to the modification, and therefore expensed, with the remaining amount of \$1.8 million capitalized as deferred financing costs of the new issuance.

Interest. Interest on the Term Loan Due 2022 is payable on the last business day of each April, July, October and January at a rate of 5.00% per year.

Maturity Date. The Term Loan Due 2022 matures on March 17, 2022.

Optional Prepayment. The Company may voluntarily prepay the Term Loan Due 2022 at any time, provided that if prepaid (i) prior to March 17, 2016, the Company shall pay to the lenders the present value of all interest payable on the principal amount repaid through March 17, 2016, using a discount rate equal to the one-year treasury rate plus 0.50%; (ii) on or before March 17, 2017, the Company shall pay to lenders a prepayment premium of 2.0% on the principal amount prepaid; (iii) after March 17, 2017 and on or before March 17, 2018, the Company shall pay to lenders a prepayment premium of 1.0% on the principal amount prepaid; and (iv) on or after March 17, 2018, no prepayment premium shall be payable.

Guarantees. Substantially similar to the 5.25% Senior Notes discussed above.

Security Interest and Ranking. Substantially similar to the 5.25% Senior Notes discussed above.

Change of Control. Substantially similar to the 5.25% Senior Notes discussed above.

Covenants. Substantially similar to the 5.25% Senior Notes discussed above. As of March 31, 2015, the Company was in compliance with all applicable covenants.

10.25% Senior Notes

Repurchases. In June 2013, Lions Gate Entertainment, Inc. ("LGEI"), the Company's wholly-owned subsidiary, paid \$4.3 million to repurchase \$4.0 million of aggregate principal amount (carrying value - \$4.0 million) of the 10.25% Senior Notes. The Company recorded a loss on extinguishment during the year ended March 31, 2014 of \$0.5 million, which included \$0.2 million of deferred financing costs written off.

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Redemptions. In July 2013 contemporaneous with the issuance of the 5.25% Senior Notes and the Term Loan Due 2020 (collectively, the "July 2013 Issuances"), the Company called for early redemption the \$432.0 million remaining outstanding principal amount of the 10.25% Senior Notes. The 10.25% Senior Notes were due November 1, 2016, but were redeemable by the Company at any time prior to November 1, 2013 at a redemption price of 100% of the principal amount plus the Applicable Premium, as defined in the indenture. The proceeds from the issuance of the July 2013 Issuances, whose principal amount collectively totaled \$450.0 million, together with cash on hand and borrowings under the Company's senior revolving credit facility, were used to fund the discharge of the 10.25% Senior Notes. In conjunction with the early redemption of the 10.25% Senior Notes, the Company paid \$34.3 million, representing the present value of interest through the first call date of November 1, 2013 and related call premium pursuant to the terms of the indenture governing the 10.25% Senior Notes.

Under the accounting guidance, a portion of the issuances and redemption was considered a modification of terms with creditors who participated in both the July 2013 Issuances and the 10.25% Senior Notes redeemed, and a portion was considered a debt extinguishment. To the extent a portion of the issuances and redemption was considered a modification, the call premium plus the remaining unamortized deferred financing costs and debt discount on the 10.25% Senior Notes will be amortized over the life of the July 2013 Issuances, and to the extent a portion of the issuances and redemption were considered an extinguishment, these costs were expensed as a loss on extinguishment of debt. The new issuance costs related to the July 2013 Issuances were capitalized and will be amortized over the life of the July 2013 Issuances to the extent the issuances and redemption were considered an extinguishment, and expensed as a loss on extinguishment of debt to the extent considered to be a modification of terms.

The table below sets forth the applicable costs associated with the redemption of the 10.25% Senior Notes and contemporaneous issuance of the July 2013 Issuances during the year ended March 31, 2014, and the applicable accounting for such:

	Total	Amortize Over Life of July 2013 Issuances	Loss on Extinguishment of Debt
(Amounts in thousands)			
Early redemption/ call premium on 10.25% Senior Notes	\$ 34,304	\$ 13,218	\$ 21,086
Previously incurred unamortized net discount/premium and deferred financing costs of 10.25% Senior Notes	19,825	7,639	12,186
	54,129 ⁽¹⁾	20,857	33,272
Third party costs incurred to issue the July 2013 Issuances	6,748 ⁽²⁾	4,148	2,600
Total	<u>\$ 60,877</u>	<u>\$ 25,005</u>	<u>\$ 35,872</u>

(1) Of the \$54.1 million of costs associated with the redeemed 10.25% Senior Notes, approximately \$20.9 million, representing the amount related to the portion of the debt redemption deemed to be a modification of terms as discussed above, was accounted for as deferred costs, with the remaining amount of \$33.3 million expensed as a loss on extinguishment of debt.

(2) Third party costs incurred to issue the July 2013 Issuances were similarly allocated, with approximately \$2.6 million deemed to be related to the modification, and therefore expensed, with the remaining amount of \$4.1 million capitalized as deferred financing costs of the new issuances.

Summit Term Loan

In connection with the acquisition of Summit Entertainment on January 13, 2012, the Company entered into a new \$500.0 million principal amount term loan agreement (the "Summit Term Loan") and received net proceeds of \$476.2 million, after original issue discount and offering fees and expenses. The net proceeds were used in connection with the acquisition of Summit Entertainment to pay off Summit's existing term loan. During the year ended March 31, 2013, the Company made accelerated payments on the Summit Term Loan and paid off all amounts outstanding under the Summit Term Loan, as well as accrued but unpaid interest. As a result of the accelerated pay-off, the Company wrote off a proportionate amount of the related unamortized deferred financing costs and debt discount in the aggregate of \$22.7 million as a loss on early extinguishment of debt in the year ended March 31, 2013.

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Convertible Senior Subordinated Notes

Outstanding Amount and Terms. The following table sets forth the convertible senior subordinated notes outstanding and certain key terms of these notes at March 31, 2015 and March 31, 2014:

Convertible Senior Subordinated Notes	Maturity Date or Next Holder Redemption Date	Conversion Price Per Share at March 31, 2015	March 31, 2015			March 31, 2014		
			Principal	Unamortized Discount	Net Carrying Amount	Principal	Unamortized Discount	Net Carrying Amount
(Amounts in thousands)								
October 2004 2.9375% Notes	N/A	N/A	\$ —	\$ —	\$ —	\$ 115	\$ —	\$ 115
April 2009 3.625% Notes	March 15, 2025	\$8.15	16,167	—	16,167	40,220	(4,605)	35,615
January 2012 4.00% Notes	January 11, 2017	\$10.38	41,850	(3,891)	37,959	41,850	(5,792)	36,058
April 2013 1.25% Notes	April 15, 2018	\$29.65	60,000	—	60,000	60,000	—	60,000
			<u>\$118,017</u>	<u>\$ (3,891)</u>	<u>\$114,126</u>	<u>\$142,185</u>	<u>\$ (10,397)</u>	<u>\$131,788</u>

April 2009 3.625% Notes: In April 2009, LGEI issued approximately \$66.6 million of April 2009 3.625% Notes, of which \$16.2 million was allocated to the equity component. Interest is payable semi-annually on March 15 and September 15 of each year. The notes were redeemable by the Company on or after March 15, 2015, at a price equal to 100% of the principal amount to be redeemed, plus unpaid interest through the date of redemption. On March 17, 2015, the April 2009 3.625% Notes were called for redemption and in April 2015, the holders of the notes converted substantially all of the outstanding principal amounts into common shares (see Note 21).

January 2012 4.00% Notes: In January 2012, LGEI issued approximately \$45.0 million of January 2012 4.00% Notes, of which \$10.1 million was allocated to the equity component. Interest is payable semi-annually on January 15 and July 15 of each year.

April 2013 1.25% Notes: In April 2013, LGEI issued approximately \$60.0 million in aggregate principal amount of April 2013 1.25% Notes. Interest is payable semi-annually on April 15 and October 15 of each year.

Conversion Features: The convertible senior subordinated notes are convertible, at any time, into the number of common shares of the Company determined by the principal amount being converted divided by the conversion price, subject to adjustment in certain circumstances.

The April 2009 3.625% Notes and the January 2012 4.00% Notes provide that upon conversion, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company. Accounting guidance require that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are recorded by separately accounting for the liability and equity component (i.e., conversion feature), thereby reducing the principal amount with a debt discount that is amortized as interest expense over the expected life of the note using the effective interest method. The effective interest rate on the liability component of these notes is as follows: April 2009 3.625% Notes - 17.26%; January 2012 4.00% Notes - 9.56%.

The April 2013 1.25% Notes are convertible only into the Company's common shares and do not carry an option to be settled in cash upon conversion, and accordingly, have been recorded at their principal amount (not reduced by a debt discount for the equity component).

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Conversions. The following conversions were completed with respect to the Company's convertible senior subordinated notes, which resulted in a loss on extinguishment of debt in the years ended March 31, 2015, 2014 and 2013 of \$1.3 million, \$3.3 million, and \$0.4 million, respectively:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands, except share amounts)		
April 2009 3.625% Notes			
Principal amount converted	\$ 24,053	\$ 24,289	\$ 2,072
Common shares issued upon conversion	2,937,096	2,943,634	251,634
Weighted average conversion price per share	\$ 8.19	\$ 8.25	\$ 8.25
October 2004 2.9375% Notes			
Principal amount converted	\$ 99	\$ 233	\$ —
Common shares issued upon conversion	8,634	20,259	—
Weighted average conversion price per share	\$ 11.46	11.50	\$ —
January 2012 4.00% Notes			
Principal amount converted	\$ —	\$ 3,150	\$ —
Common shares issued upon conversion	—	299,999	—
Weighted average conversion price per share	\$ —	\$ 10.50	\$ —
February 2005 3.625% Notes			
Principal amount converted	\$ —	\$ —	\$ 15,825
Common shares issued upon conversion	—	—	1,107,950
Weighted average conversion price per share	\$ —	\$ —	\$ 14.28
Total			
Principal amount converted	\$ 24,152	\$ 27,672	17,897
Common shares issued upon conversion	2,945,730	3,263,892	1,359,584
Weighted average conversion price per share	\$ 8.20	\$ 8.48	\$ 13.16

Interest Expense. Interest expense recognized for the convertible senior subordinated notes for the years ended March 31, 2015, 2014 and 2013 is presented below:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Contractual interest coupon	3,458	4,751	4,292
Amortization of discount on liability component and debt issuance costs	5,200	8,845	7,782
	\$ 8,658	\$ 13,596	\$ 12,074

8. Participations and Residuals

The Company expects approximately 58% of accrued participations and residuals will be paid during the one-year period ending March 31, 2016.

Theatrical Slate Participation

On March 10, 2015, the Company entered into a theatrical slate participation arrangement with TIK Films (U.S.), Inc. and TIK Films (Hong Kong) Limited (collectively, "TIK Films"), both wholly owned subsidiaries of Hunan TV & Broadcast Intermediary Co. Ltd. Under the arrangement, TIK Films, in general and subject to certain limitations including per picture and annual caps, will contribute a minority share of 25%, of the Company's production or acquisition costs of "qualifying"

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theatrical feature films, released during the three-year period ending January 23, 2018, and participate in a pro-rata portion of the pictures' net profits or losses similar to a co-production arrangement based on the portion of costs funded. The arrangement excludes among others, any theatrical feature film incorporating any elements from the *Twilight*, *Hunger Games* or *Divergent* franchises. The percentage of the contribution could vary on certain pictures.

Amounts provided from TIK Films are reflected as a participation liability in the Company's consolidated balance sheet and amounted to \$13.6 million at March 31, 2015. The difference between the ultimate participation expected to be paid to TIK Films and the amount provided by TIK Films is amortized as a charge to or a reduction of participation expense under the individual-film-forecast method.

9. Film Obligations and Production Loans

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Film obligations	\$ 55,811	\$ 80,904
Production loans	600,944	418,883
Total film obligations and production loans	<u>\$ 656,755</u>	<u>\$ 499,787</u>

The following table sets forth future annual repayment of film obligations and production loans as of March 31, 2015:

	Year Ended March 31,						Total
	2016	2017	2018	2019	2020	Thereafter	
	(Amounts in thousands)						
Film obligations	\$ 50,158	\$ 2,964	\$ 2,000	\$ 1,000	\$ —	\$ —	\$ 56,122
Production loans	308,476	292,468	—	—	—	—	600,944
	<u>\$ 358,634</u>	<u>\$ 295,432</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ —</u>	<u>\$ —</u>	657,066
Less imputed interest on film obligations							(311)
							<u>\$ 656,755</u>

Film Obligations

Film obligations include minimum guarantees, which represent amounts payable for film rights that the Company has acquired and certain theatrical marketing obligations for amounts received from third parties that are contractually committed for theatrical marketing expenditures associated with specific titles.

Production Loans

Production loans represent individual loans for the production of film and television programs that the Company produces. The majority of production loans have contractual repayment dates either at or near the expected completion date, with the exception of certain loans containing repayment dates on a longer term basis, and incur interest at rates ranging from 3.27% to 3.52%.

10. Fair Value Measurements

Fair Value

Accounting guidance and standards about fair value define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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Fair Value Hierarchy

Fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The accounting guidance and standards establish three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 liabilities that are not required to be measured at fair value on a recurring basis include the Company's convertible senior subordinated notes, production loans, 5.25% Senior Notes, and Term Loans, which are priced using discounted cash flow techniques that use observable market inputs, such as LIBOR-based yield curves, three- and seven-year swap rates, and credit ratings.
- Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities. The Company measures the fair value of its investment in Pop's (formerly TVGN's) Mandatorily Redeemable Preferred Stock Units using primarily a discounted cash flow analysis based on the expected cash flows of the investment. The analysis reflects the contractual terms of the investment, including the period to maturity, and uses a discount rate commensurate with the risk associated with the investment.

The following table sets forth the assets and liabilities required to be carried at fair value on a recurring basis as of March 31, 2015 and March 31, 2014:

	March 31, 2015			March 31, 2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
(Amounts in thousands)						
Assets:						
Available-for-sale securities (see Note 5):						
Starz Series A common stock	\$ 72,882	\$ —	\$ 72,882	\$ —	\$ —	\$ —
Starz Series B common stock	—	89,142	89,142	—	—	—
Forward exchange contracts (see Note 16)	—	8,335	8,335	—	1,807	1,807
Liabilities:						
Forward exchange contracts (see Note 16)	—	(2,024)	(2,024)	—	—	—
	<u>\$ 72,882</u>	<u>\$ 95,453</u>	<u>\$ 168,335</u>	<u>\$ —</u>	<u>\$ 1,807</u>	<u>\$ 1,807</u>

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The following table sets forth the carrying values and fair values of the Company's assets and liabilities that are not required to be carried at fair value on a recurring basis at March 31, 2015 and March 31, 2014:

	March 31, 2015		March 31, 2014	
	(Amounts in thousands)			
	Carrying Value	Fair Value (Level 3)	Carrying Value	Fair Value (Level 3)
Assets:				
Investment in Pop's Mandatorily Redeemable Preferred Stock Units	\$ 91,683	\$ 110,000	\$ 86,298	\$ 99,907
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Liabilities:				
October 2004 2.9375% Notes	\$ —	\$ —	\$ 115	\$ 111
April 2009 3.625% Notes	16,167	16,167	35,615	40,140
January 2012 4.00% Notes	37,959	41,473	36,058	41,401
April 2013 1.25% Notes	60,000	53,241	60,000	51,411
Production loans	600,944	600,944	418,883	418,883
5.25% Senior Notes	225,000	233,438	225,000	223,313
Term Loans	375,000	375,938	222,753	225,844
	\$ 1,315,070	\$ 1,321,201	\$ 998,424	\$ 1,001,103

11. Capital Stock

(a) Common Shares

The Company had 500 million authorized common shares at March 31, 2015 and March 31, 2014. The table below outlines common shares reserved for future issuance:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Stock options outstanding, average exercise price \$22.22 (March 31, 2014 - \$20.83)	12,215	10,894
Restricted share units — unvested	1,662	2,139
Share purchase options and restricted share units available for future issuance	7,163	3,471
Shares issuable upon conversion of October 2004 2.9375% Notes at conversion price of \$11.46 per share at March 31, 2014	—	10
Shares issuable upon conversion of April 2009 3.625% Notes at conversion price of \$8.15 per share (March 31, 2014 - \$8.22)	1,984	4,893
Shares issuable upon conversion of January 2012 4.00% Notes at conversion price of \$10.38 per share (March 31, 2014 - \$10.46)	4,032	4,001
Shares issuable upon conversion of April 2013 1.25% Notes at conversion price of \$29.65 per share (March 31, 2014 - \$29.89)	2,024	2,007
Shares reserved for future issuance	29,080	27,415

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(b) Share Repurchases and Retirement of Treasury Shares

Share Repurchase Plan. On December 17, 2013, our Board of Directors authorized the Company to increase our previously announced share repurchase plan from a total authorization of \$150 million to \$300 million. For the years ended March 31, 2015 and 2014, the common shares repurchased under the Company's share repurchase plan were as follows:

Fiscal Year Ended	Shares Repurchased	Aggregate Cost of Shares	Weighted Average Repurchase Price Per Share
		(in thousands)	
March 31, 2015	5,026,512	\$ 136,501	\$27.16
March 31, 2014	315,706	8,339	\$26.41
Total from December 17, 2013 authorization	5,342,218	\$ 144,840	\$27.11

Prior to the year ended March 31, 2013, the Company repurchased 6,787,310 common shares at a cost of approximately \$65.2 million. As a result of these repurchases, the Company has \$89.9 million of remaining capacity in its \$300 million share repurchase plan as of March 31, 2015.

Retirement of Treasury Shares. As of March 31, 2012, the Company had 11,040,493 of its common shares included in treasury shares in the accompanying consolidated statement of shareholders' equity, and during the year ended March 31, 2013, the Company retired the 11,040,493 shares held in treasury.

(c) Dividends

During fiscal years 2015 and 2014, the Company's Board of Directors declared the following quarterly cash dividends (first quarterly cash dividend declared during the third quarter ended December 31, 2013):

	Dividends Declared Per Common Share	Total Amount ⁽¹⁾	Payment Date
		(in thousands)	
Fiscal Year 2015:			
Fourth quarter ended March 31, 2015 ⁽²⁾	\$0.07	\$ 10,186	May 22, 2015
Third quarter ended December 31, 2014	\$0.07	9,817	February 6, 2015
Second quarter ended September 30, 2014	\$0.07	9,590	November 7, 2014
First quarter ended June 30, 2014	\$0.05	6,880	August 8, 2014
Total cash dividends declared in fiscal year 2015	\$0.26	36,473	
Fiscal Year 2014:			
Fourth quarter ended March 31, 2014 ⁽²⁾	\$0.05	7,066	May 30, 2014
Third quarter ended December 31, 2013	\$0.05	6,900	February 7, 2014
Total cash dividends declared in fiscal year 2014	\$0.10	13,966	
Total cash dividends declared	\$0.36	\$ 50,439	

(1) The Company had an accumulated deficit through December 31, 2014 at the time the dividends were declared, therefore these dividends were recorded as a reduction to common shares with the dividends declared in the fourth quarter ended March 31, 2015 recorded as a reduction of retained earnings.

(2) As of March 31, 2015 and March 31, 2014, the Company had \$10.2 million and \$7.1 million, respectively, of cash dividends payable included in accounts payable and accrued liabilities on the consolidated balance sheet.

(d) Share-based Compensation

The Company's stock option and long-term incentive plans permit the grant of stock options and other equity awards to certain employees, officers, non-employee directors and consultants for up to 48.9 million shares of the Company's common stock.

2012 Performance Incentive Plan: In September 2012, the Company adopted the 2012 Performance Incentive Plan, as amended on September 9, 2014 (the "2012 Plan"), and the remaining shares available for additional grant purposes under the 2004 Performance Incentive Plan were to be issued under the 2012 Plan. The 2012 Plan provides for the issuance of up to 27.6

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million common shares of the Company, stock options, share appreciation rights, restricted shares, stock bonuses and other forms of awards granted or denominated in common shares or units of common shares of the Company, as well as certain cash bonus awards to eligible directors of the Company, officers or employees of the Company or any of its subsidiaries, and certain consultants and advisors to the Company or any of its subsidiaries. At March 31, 2015, 7,163,229 common shares were available for grant under the 2012 Plan.

The measurement of all share-based awards uses a fair value method and the recognition of the related share-based compensation expense in the consolidated financial statements is recorded over the requisite service period. Further, the Company estimates forfeitures for share-based awards that are not expected to vest. As share-based compensation expense recognized in the Company's consolidated financial statements is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures.

The Company recognized the following share-based compensation expense during the years ended March 31, 2015, 2014, and 2013:

	Year Ended March 31,		
	2015	2014	2013
(Amounts in thousands)			
Compensation Expense:			
Stock Options	\$ 33,452	\$ 22,514	\$ 4,681
Restricted Share Units and Other Share-based Compensation	42,831	33,221	27,844
Share Appreciation Rights	4,027	16,384	15,140
	<u>80,310</u>	<u>72,119</u>	<u>47,665</u>
Impact of accelerated vesting on stock options and restricted share units ⁽¹⁾	1,194	—	—
Total share-based compensation expense	<u>\$ 81,504</u>	<u>\$ 72,119</u>	<u>\$ 47,665</u>
Tax impact ⁽²⁾	<u>(29,676)</u>	<u>(26,684)</u>	<u>(17,479)</u>
Reduction in net income	<u>\$ 51,828</u>	<u>\$ 45,435</u>	<u>\$ 30,186</u>

(1) Represents the impact of the acceleration of certain vesting schedules for stock options and restricted share units pursuant to the severance arrangements related to the integration of the marketing operations of the Company's Lionsgate and Summit film labels.

(2) Represents the income tax benefit recognized in the statements of income for share-based compensation arrangements.

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Stock Options

A summary of option activity under the various plans as of March 31, 2015, 2014 and 2013 and changes during the years then ended is presented below:

Options:	Number of Shares (1) (2)	Number of Shares (3)	Total Number of Shares	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Term In Years	Aggregate Intrinsic Value as of March 31, 2015
Outstanding at April 1, 2012	5,306,668	250,000	5,556,668	\$ 9.89		
Granted	3,692,904	—	3,692,904	16.33		
Exercised	(860,000)	(250,000)	(1,110,000)	9.44		
Forfeited or expired	(118,190)	—	(118,190)	12.83		
Outstanding at March 31, 2013	8,021,382	—	8,021,382	\$ 12.87		
Granted	4,955,889	—	4,955,889	29.40		
CSARs converted to options	733,334	—	733,334	7.56		
Exercised	(1,598,035)	—	(1,598,035)	9.86		
Forfeited or expired	(18,560)	—	(18,560)	15.68		
Outstanding at March 31, 2014	12,094,010	—	12,094,010	\$ 19.70		
Granted	1,765,809	—	1,765,809	29.49		
Exercised	(609,160)	—	(609,160)	14.39		
Forfeited or expired	(35,963)	—	(35,963)	17.69		
Outstanding at March 31, 2015	13,214,696	—	13,214,696	\$ 21.26	6.45	\$ 167,745,584
Outstanding as of March 31, 2015, vested or expected to vest in the future	13,131,416	—	13,131,416	\$ 21.24	6.46	\$ 166,890,755
Exercisable at March 31, 2015	6,403,460	—	6,403,460	\$ 15.42	4.56	\$ 116,673,898

(1) Issued under our long-term incentive plans.

(2) Amounts for the years ended March 31, 2014 and March 31, 2013 have been revised to include equity-settled share-appreciation rights previously separately presented.

(3) On September 10, 2007, in connection with the acquisition of Mandate Pictures, two executives entered into employment agreements with the Company. Pursuant to the employment agreements, the executives were granted an aggregate of 600,000 stock options, all of which have exercised. The options were granted outside of our long-term incentive plans.

The fair value of each option award is estimated on the date of grant using a closed-form option valuation model (Black-Scholes). The following table presents the weighted average grant-date fair value of options granted in the years ended March 31, 2015, 2014 and 2013, and the weighted average applicable assumptions used in the Black-Scholes option-pricing model for stock options granted during the years then ended:

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	Year Ended March 31,		
	2015	2014	2013
Weighted average fair value of grants	\$10.49	\$12.38	\$7.18
Weighted average assumptions:			
Risk-free interest rate ⁽¹⁾	0.3% - 2.0%	0.4% - 2.7%	0.5% - 1.5%
Expected option lives (in years) ⁽²⁾	1 - 6 years	2 - 8 years	3 - 9 years
Expected volatility for options ⁽³⁾	35% - 38%	38% - 45%	38% - 40%
Expected dividend yield ⁽⁴⁾	0.8% - 1.0%	0.0% - 0.8%	0%

- (1) The risk-free rate assumed in valuing the options is based on the U.S. Treasury Yield curve in effect applied against the expected term of the option at the time of the grant.
- (2) The expected term of options granted represents the period of time that options granted are expected to be outstanding.
- (3) Expected volatilities are based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock and other factors.
- (4) The expected dividend yield is estimated by dividing the expected annual dividend by the market price of the Company's stock at the date of grant.

The total intrinsic value of options exercised as of each exercise date during the year ended March 31, 2015 was \$11.2 million (2014 — \$28.0 million, 2013— \$2.1 million).

During the year ended March 31, 2015, 70,243 shares (2014 — 143,912 shares, 2013 — 210,684 shares) were cancelled to fund withholding tax obligations upon exercise.

Restricted Share Units

A summary of the status of the Company's restricted share units as of March 31, 2015, 2014 and 2013, and changes during the years then ended is presented below:

Restricted Share Units:	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at April 1, 2012	1,866,662	\$ 8.15
Granted	1,814,186	15.23
Vested	(1,465,059)	9.06
Forfeited	(138,988)	9.44
Outstanding at March 31, 2013	2,076,801	\$ 13.61
Granted	1,455,754	28.50
Vested	(1,358,856)	14.24
Forfeited	(34,524)	11.04
Outstanding at March 31, 2014	2,139,175	\$ 23.38
Granted	901,611	29.55
Vested	(1,360,524)	22.05
Forfeited	(18,234)	19.41
Outstanding at March 31, 2015	<u>1,662,028</u>	<u>\$ 28.10</u>

The fair values of restricted share units are determined based on the market value of the shares on the date of grant.

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The following table summarizes the total remaining unrecognized compensation cost as of March 31, 2015 related to non-vested stock options and restricted share units and the weighted average remaining years over which the cost will be recognized:

	Total Unrecognized Compensation Cost	Weighted Average Remaining Years
	(Amounts in thousands)	
Stock Options	\$ 52,911	1.9
Restricted Share Units	28,606	1.7
Total	<u>\$ 81,517</u>	

Under the Company's stock option and long term incentive plans, the Company withholds shares to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of restricted share units. During the year ended March 31, 2015, 615,111 shares (2014 — 577,399 shares, 2013 — 572,611 shares) were withheld upon the vesting of restricted share units.

The Company becomes entitled to an income tax deduction in an amount equal to the taxable income reported by the holders of the stock options and restricted share units when vesting or exercise occurs, the restrictions are released and the shares are issued. Restricted share units are forfeited if the employees terminate prior to vesting.

The excess tax benefits realized from tax deductions associated with option exercises and RSU activity were nil for the year ended March 31, 2015 (2014 and 2013 — nil).

Cash-Settled Share-Appreciation Rights

A summary of the status of the Company's cash-settled share-appreciation rights ("CSARs") as of March 31, 2015, 2014 and 2013, and changes during the years then ended is presented below:

Cash-Settled Share-Appreciation Rights	Number of Shares	Weighted- Average Exercise Price	Weighted Average Grant Date Fair Value
Outstanding at April 1, 2012	2,825,000	\$ 7.55	\$ 7.27
Granted	—	—	—
Exercised	(1,866,666)	4.57	8.55
Outstanding at March 31, 2013	958,334	\$ 7.04	\$ 17.02
Granted	—	—	—
Exercised	(150,000)	5.45	32.16
CSARs converted to options	(733,334)	7.56	27.52
Outstanding at March 31, 2014	75,000	\$ 5.17	\$ 21.56
Granted	—	—	—
Exercised	(75,000)	5.17	27.91
Outstanding at March 31, 2015	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>

CSARs require that upon their exercise, the Company pay the holder the excess of the market value of the Company's common stock at the time over the exercise price of the CSAR multiplied by the number of CSARs exercised. During the year ended March 31, 2015, the Company paid \$1.7 million (2014 - \$4.0 million; 2013 - \$26.3 million) for the exercise of CSAR shares.

Other Share-Based Compensation

During the year ended March 31, 2015, as per the terms of certain employment agreements, the Company granted the equivalent of \$1.7 million (2014 - \$2.0 million; 2013 - \$2.8 million) in common shares to certain officers on a quarterly basis through the term of their employment contracts, which were recorded as compensation expense in the applicable period.

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Pursuant to this arrangement, for the year ended March 31, 2015, the Company issued 32,503 shares (2014 - 34,638 shares; 2013 - 105,223 shares), net of shares withheld to satisfy minimum tax withholding obligations.

12. Income Taxes

The components of pretax income, net of intercompany eliminations, are as follows:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
United States	\$ 67,423	\$ 122,464	\$ 144,119
International	145,985	62,496	12,252
	\$ 213,408	\$ 184,960	\$ 156,371

The Company's current and deferred income tax provision (benefits) are as follows:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Current provision (benefit):			
Federal	\$ 12,000	\$ 9,694	\$ 11,421
States	630	2,366	(190)
International	5,063	4,950	912
Total current provision	\$ 17,693	\$ 17,010	\$ 12,143
Deferred provision (benefit):			
Federal	\$ 12,335	\$ 22,417	\$ (72,538)
States	3,415	1,784	(15,653)
International	(1,816)	(8,288)	292
Total deferred provision (benefit)	13,934	15,913	(87,899)
Total provision (benefit) for income taxes	\$ 31,627	\$ 32,923	\$ (75,756)

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The differences between income taxes expected at U.S. statutory income tax rates and the income tax provision are as set forth below:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Income taxes computed at Federal statutory rate of 35%	\$ 74,693	\$ 64,736	\$ 54,730
Foreign and provincial operations subject to different income tax rates	(46,545)	(13,310)	(1,349)
State income tax	1,432	3,304	5,225
Permanent differences	3,074	(7,618)	7,028
Other	(1,027)	(2,159)	(303)
Increase (decrease) in valuation allowance	—	(12,030)	(141,087)
	<u>\$ 31,627</u>	<u>\$ 32,923</u>	<u>\$ (75,756)</u>

At March 31, 2012, due to the uncertainty surrounding the realization of its net deferred tax assets, the Company had a valuation allowance against its net deferred tax assets (excluding deferred tax liabilities related to tax deductible goodwill). However, at March 31, 2013, due to the profitability achieved in the year then ended, which resulted in a cumulative positive three-year pre-tax income, and due to the Company's projections of profitability in the following few years, the Company determined that it was more likely than not that it would realize the benefit of certain of its deferred tax assets, including its net operating loss carryforwards, and, accordingly, the valuation allowance related to those assets was reversed. The change in the valuation allowance of \$141.1 million consisted of \$53.6 million associated with the realization of tax benefits from the use of net operating loss carryforwards and other tax attributes during the year ended March 31, 2013 and \$87.5 million representing a discrete benefit associated with the Company's remaining net deferred tax assets at March 31, 2013 that the Company believed were more likely than not to be realized in future periods on future tax returns. For the year ended March 31, 2014, the tax provision included a discrete benefit of \$12.0 million from the reversal of a valuation allowance against the Company's net deferred tax assets in the Canadian tax jurisdiction and other discrete items.

Although the Company is incorporated under Canadian law, the majority of its global operations are currently subject to tax in the U.S. As a result, the Company believes it is more appropriate to use the U.S. Federal statutory rate in its reconciliation of the statutory rate to its reported income tax rate.

The income tax effects of temporary differences between the book value and tax basis of assets and liabilities are as follows:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Deferred tax assets:		
Net operating losses	\$ 17,273	\$ 31,928
Investment in film and television obligations	70,338	40,785
Accounts payable	33,687	37,119
Other assets	57,909	39,777
Reserves	13,070	42,900
Total deferred tax assets	<u>192,277</u>	<u>192,509</u>
Valuation allowance	(9,284)	(8,925)
Deferred tax assets, net of valuation allowance	<u>182,993</u>	<u>183,584</u>
Deferred tax liabilities:		
Liabilities	—	—
Accounts receivable	(113,026)	(101,918)
Subordinated notes	(2,849)	(5,674)
Other	(17,004)	(10,009)
Total deferred tax liabilities	<u>\$ (132,879)</u>	<u>\$ (117,601)</u>
Net deferred tax assets	<u>\$ 50,114</u>	<u>\$ 65,983</u>

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The Company has recorded valuation allowances for certain deferred tax assets, which are primarily related to state credits and acquired foreign tax credits in the U.S., as sufficient uncertainty exists regarding the future realization of these assets.

At March 31, 2015, the Company had U.S. net operating loss carryforwards of approximately \$113.1 million available to reduce future federal income taxes which expire beginning in 2029 through 2034. At March 31, 2015, the Company had state net operating loss carryforwards of approximately \$172.9 million available to reduce future state income taxes which expire in varying amounts beginning 2024. At March 31, 2015, the Company had Canadian loss carryforwards of \$21.9 million which will expire beginning in 2031 through 2033. In addition, at March 31, 2015, we had U.S. credit carryforwards of approximately \$41.1 million to offset future federal income taxes that expire beginning in 2018 through 2025.

Approximately \$119.5 million of net operating loss and credit carryforwards consist of excess tax benefits. An excess tax benefit occurs when the actual tax deduction in connection with a share-based award exceeds the compensation cost expensed for the award. The Company recognizes excess tax benefits associated with the exercise of stock options and vesting of restricted share units directly to shareholders' equity only when realized. Accordingly, deferred tax assets are not recognized for net operating loss carryforwards resulting from excess tax benefits. At March 31, 2015, deferred tax assets do not include the tax effect of \$119.5 million of loss and credit carryovers from these excess tax benefits.

As of March 31, 2015, the Company has not made any provision for U.S. income taxes on approximately \$28.8 million of unremitted earnings of certain international subsidiaries since these earnings are permanently reinvested outside the U.S. Should the Company repatriate the funds in the future, the Company may have to record and pay taxes on those earnings; however, the potential tax on the undistributed earnings for these subsidiaries is not material as of March 31, 2015.

The following table summarizes the changes to the gross unrecognized tax benefits for the years ended March 31, 2015, 2014, and 2013:

	<u>Amounts in millions</u>
Gross unrecognized tax benefits at March 31, 2012	\$ 0.3
Increases related to prior year tax positions	0.9
Decreases related to prior year tax positions	(0.3)
Settlements	—
Lapse in statute of limitations	—
	0.9
Gross unrecognized tax benefits at March 31, 2013	0.9
Increases related to prior year tax positions	2.2
Decreases related to prior year tax positions	(0.9)
Settlements	—
Lapse in statute of limitations	—
	2.2
Gross unrecognized tax benefits at March 31, 2014	2.2
Increases related to prior year tax positions	2.3
Decreases related to prior year tax positions	—
Settlements	—
Lapse in statute of limitations	—
	4.5
Gross unrecognized tax benefits at March 31, 2015	\$ 4.5

For the years ended March 31, 2015, 2014, and 2013, interest and penalties were not significant. The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. With a few exceptions, the Company is subject to income tax examination by U.S. and state tax authorities for the fiscal years ended March 31, 2009 and forward. However, to the extent allowed by law, the taxing authorities may have the right to examine prior periods where net operating losses ("NOLs") were generated and carried forward, and make adjustments up to the amount of the NOLs. The Company's fiscal years ended March 31, 2009 and forward are subject to examination by the Australian tax authorities. The Company is not currently subject to examination by the U.K. or Canada tax authorities. Currently, audits are occurring in federal and various state and local tax jurisdictions.

The total amount of unrecognized tax benefits as of March 31, 2014 and March 31, 2015 that, if realized, would affect the Company's effective tax rate are \$2.9 million.

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Any changes to unrecognized tax benefits recorded as of March 31, 2015 that are reasonably possible to occur within the next 12 months are not expected to be material.

13. Government Assistance

Tax credits earned for film and television production activity for the year ended March 31, 2015 totaled \$208.2 million (2014 — \$82.0 million; 2013 — \$95.1 million) and are recorded as a reduction of the cost of the related film and television program. Accounts receivable at March 31, 2015 includes \$219.2 million with respect to tax credits receivable (2014 — \$115.3 million).

The Company is subject to routine inquiries and review by regulatory authorities of its various incentive claims which have been received or are receivable. Adjustments of claims have generally not been material historically.

14. Segment Information

The Company's reportable segments are determined based on the distinct nature of their operations and each segment is a strategic business unit that offers different products and services and is managed separately. The Company has two reportable business segments as of March 31, 2015: Motion Pictures and Television Production.

Motion Pictures consists of the development and production of feature films, acquisition of North American and worldwide distribution rights, North American theatrical, home entertainment and television distribution of feature films produced and acquired, and worldwide licensing of distribution rights to feature films produced and acquired.

Television Production consists of the development, production and worldwide distribution of television productions including television series, television movies and mini-series and non-fiction programming.

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Segment information by business unit is as follows:

	Year Ended March 31,		
	2015	2014	2013
(Amounts in thousands)			
Segment revenues			
Motion Pictures	\$ 1,820,149	\$ 2,182,902	\$ 2,329,145
Television Production	579,491	447,352	378,996
	<u>\$ 2,399,640</u>	<u>\$ 2,630,254</u>	<u>\$ 2,708,141</u>
Direct operating expenses			
Motion Pictures	\$ 827,527	\$ 981,127	\$ 1,077,832
Television Production	488,248	388,254	312,737
	<u>\$ 1,315,775</u>	<u>\$ 1,369,381</u>	<u>\$ 1,390,569</u>
Distribution and marketing			
Motion Pictures	\$ 555,371	\$ 709,996	\$ 787,488
Television Production	36,120	29,465	30,374
	<u>\$ 591,491</u>	<u>\$ 739,461</u>	<u>\$ 817,862</u>
Gross segment contribution			
Motion Pictures	\$ 437,251	\$ 491,779	\$ 463,825
Television Production	55,123	29,633	35,885
	<u>\$ 492,374</u>	<u>\$ 521,412</u>	<u>\$ 499,710</u>
Segment general and administration			
Motion Pictures	\$ 73,501	\$ 66,768	\$ 67,236
Television Production	13,346	12,747	11,963
	<u>\$ 86,847</u>	<u>\$ 79,515</u>	<u>\$ 79,199</u>
Segment profit			
Motion Pictures	\$ 363,750	\$ 425,011	\$ 396,589
Television Production	41,777	16,886	23,922
	<u><u>\$ 405,527</u></u>	<u><u>\$ 441,897</u></u>	<u><u>\$ 420,511</u></u>

Gross segment contribution is defined as segment revenue less segment direct operating and distribution and marketing expenses.

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Segment profit is defined as segment revenue less segment direct operating, distribution and marketing, and general and administration expenses. The reconciliation of total segment profit to the Company's income before income taxes is as follows:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Company's total segment profit	\$ 405,527	\$ 441,897	\$ 420,511
Shared services and corporate expenses:			
Share-based compensation expense	(80,310)	(72,119)	(47,665)
Restructuring and other items ⁽¹⁾	(10,725)	(7,500)	(2,575)
Other shared services and corporate expenses	(85,625)	(95,791)	(88,902)
Total shared services and corporate expenses	(176,660)	(175,410)	(139,142)
Depreciation and amortization	(6,586)	(6,539)	(8,290)
Operating income	222,281	259,948	273,079
Interest expense	(52,476)	(66,170)	(93,580)
Interest and other income	2,790	6,030	4,036
Loss on extinguishment of debt	(11,664)	(39,572)	(24,089)
Equity interests income (loss)	52,477	24,724	(3,075)
Income before income taxes	<u>\$ 213,408</u>	<u>\$ 184,960</u>	<u>\$ 156,371</u>

(1) Restructuring and other items includes certain unusual items, such as severance and restructuring charges, certain transaction related costs, and the settlement of an administrative order, when applicable. Amounts in the year ended March 31, 2015 primarily represent severance costs associated with the integration of the marketing operations of the Company's Lionsgate and Summit film labels and costs related to the move of our international sales and distribution organization to the United Kingdom amounting to an aggregate of \$9.1 million. Approximately \$1.2 million of these costs are non-cash charges resulting from the acceleration of vesting of stock awards (see *Note 11*). In addition, the year ended March 31, 2015 includes transaction costs related to the registration and offering of common shares by a shareholder (see *Note 20*), for which the Company received no proceeds, pursuant to a preexisting registration rights agreement dated October 22, 2009, and costs related to the Starz Exchange transaction (see *Note 5*). Amounts in the year ended March 31, 2014 represent the settlement of an administrative order. Amounts in the year ended March 31, 2013 represent severance and transaction costs related to the acquisition of Summit Entertainment.

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The following table sets forth significant assets as broken down by segment and other unallocated assets as of March 31, 2015 and March 31, 2014:

	March 31, 2015			March 31, 2014		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in thousands)					
Significant assets by segment						
Accounts receivable	\$ 538,515	\$ 353,365	\$ 891,880	\$ 580,906	\$ 304,665	\$ 885,571
Investment in films and television programs, net	1,116,909	264,920	1,381,829	979,576	294,997	1,274,573
Goodwill	294,367	28,961	323,328	294,367	28,961	323,328
	<u>\$ 1,949,791</u>	<u>\$ 647,246</u>	<u>\$ 2,597,037</u>	<u>\$ 1,854,849</u>	<u>\$ 628,623</u>	<u>\$ 2,483,472</u>
Other unallocated assets (primarily cash, other assets, and investments)			695,052			368,160
Total assets			<u>\$ 3,292,089</u>			<u>\$ 2,851,632</u>

The following table sets forth acquisition of investment in films and television programs as broken down by segment for the years ended March 31, 2015, 2014, and 2013:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Acquisition of investment in films and television programs			
Motion Pictures	\$ 688,555	\$ 597,083	\$ 534,782
Television Production	323,739	350,999	355,494
	<u>\$ 1,012,294</u>	<u>\$ 948,082</u>	<u>\$ 890,276</u>

Purchases of property and equipment amounted to \$17.0 million, \$8.8 million and \$2.6 million for the years ended March 31, 2015, 2014, and 2013, respectively, all primarily pertaining to purchases for the Company's corporate headquarters.

Revenue by geographic location, based on the location of the customers, with no other foreign country individually comprising greater than 10% of total revenue, is as follows:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Canada	\$ 68,969	\$ 68,599	\$ 63,528
United States	1,712,087	1,917,615	2,020,310
Other foreign	618,584	644,040	624,303
	<u>\$ 2,399,640</u>	<u>\$ 2,630,254</u>	<u>\$ 2,708,141</u>

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Tangible assets by geographic location are as follows:

	March 31, 2015	March 31, 2014
	(Amounts in thousands)	
Canada	\$ 214,303	\$ 12,911
United States	2,550,713	2,330,947
Other foreign	152,444	115,465
	<u>\$ 2,917,460</u>	<u>\$ 2,459,323</u>

No individual customer represents greater than 10% of consolidated revenues for the years ended March 31, 2015 and March 31, 2014. In the year ended March 31, 2013, the total amount of revenue from one customer representing greater than 10% of consolidated revenues was \$287.2 million. Accounts receivable due from one customer was approximately 15% of consolidated gross accounts receivable at March 31, 2015, representing a total amount of gross accounts receivable due from this customer of approximately \$144.4 million. At March 31, 2014, accounts receivable due from this customer was approximately 16% of consolidated gross accounts receivable and accounts receivable due from another customer was approximately 12% of consolidated gross accounts receivable, representing a total amount of gross accounts receivable due from these customers of approximately \$163.1 million and \$116.6 million, respectively.

15. Commitments and Contingencies

The following table sets forth our future annual repayment of contractual commitments as of March 31, 2015:

	Year Ended March 31,						Total
	2016	2017	2018	2019	2020	Thereafter	
	(Amounts in thousands)						
Contractual commitments by expected repayment date (off-balance sheet arrangements)							
Film obligation and production loan commitments ⁽¹⁾	\$ 257,355	\$ 61,795	\$ 54,186	\$ —	\$ —	\$ —	\$ 373,336
Interest payments ⁽²⁾	32,987	32,987	31,313	25,031	18,750	37,500	178,568
Operating lease commitments	13,003	12,710	12,484	12,828	13,170	48,069	112,264
Other contractual obligations	67,591	28,799	11,106	2,666	2	—	110,164
Total future commitments under contractual obligations	<u>\$ 370,936</u>	<u>\$ 136,291</u>	<u>\$ 109,089</u>	<u>\$ 40,525</u>	<u>\$ 31,922</u>	<u>\$ 85,569</u>	<u>\$ 774,332</u>

- (1) Film obligation commitments include distribution and marketing commitments and minimum guarantee commitments. Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which we will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film. Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future. Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or release dates of the related film or contractual due dates of the commitment. The amounts include estimated future interest payments associated with the commitment.
- (2) Includes cash interest payments on the Company's corporate debt, excluding the interest payments on the senior revolving credit facility as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

Operating Leases. The Company has operating leases for offices and equipment. Certain of the Company's operating leases for its Corporate and United Kingdom offices include certain lease and leasehold improvement incentives. These amounts and the required lease payments are aggregated and amortized on a straight line basis to rent expense over the lease period.

The operating lease for the Company's principal office expires in August 2023. The Company incurred rental expense of \$13.5 million during the year ended March 31, 2015 (2014— \$10.0 million; 2013 — \$10.1 million). The Company earned sublease income of \$0.4 million during the year ended March 31, 2015 (2014 — \$1.2 million; 2013 — \$1.7 million).

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Multiemployer Benefit Plans. The Company contributes to various multiemployer pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The Company makes periodic contributions to these plans in accordance with the terms of applicable collective bargaining agreements and laws but does not sponsor or administer these plans. The Company does not participate in any multiemployer benefit plans that are considered to be individually significant, and the largest plans in which the Company participates are funded at a level of 80% or greater. Total contributions made by the Company to multiemployer pension and other benefit plans for the years ended March 31, 2015, 2014 and 2013 were \$20.5 million, \$24.4 million, and \$31.3 million, respectively.

If the Company ceases to be obligated to make contributions or otherwise withdraw from participation in any of these plans, applicable law requires the Company to fund its allocable share of the unfunded vested benefits, which is known as a withdrawal liability. In addition, actions taken by other participating employers may lead to adverse changes in the financial condition of one of these plans, which could result in an increase in the Company's withdrawal liability.

Contingencies. Two purported Lions Gate stockholders have initiated legal proceedings in the United States District Court for the Southern District of New York relating to the March 13, 2014 announcement that the Company had entered into an administrative order with the United States Securities and Exchange Commission (the "SEC") that resolved the SEC's investigation into transactions that the Company announced on July 20, 2010. These actions are captioned *Laborers Pension Trust Fund-Detroit & Vicinity v. Lions Gate Entertainment Corp., et al.*, Case No. 14 CV 5197 (filed July 11, 2014) and *Barger v. Lions Gate Entertainment Corp.*, Case No. 14 CV 5477 (filed July 21, 2014). The actions allege, among other things, that the Company and certain of its current and former officers and directors violated the federal securities laws by failing to disclose the SEC's investigation prior to March 13, 2014. On October 28, 2014, the court consolidated the actions under the caption *In re Lions Gate Entertainment Corp. Securities Litigation*, Case No. 1:14-cv-05197-JGK, and appointed lead plaintiff and lead counsel. Lead plaintiff filed a consolidated amended complaint on December 29, 2014 and a second consolidated amended complaint on March 30, 2015. On April 30, 2015, defendants moved to dismiss the action. The Company does not believe the action has any merit and intends to vigorously defend against it.

In addition, on May 16, 2014, the Company received a letter from another purported stockholder, Arkansas Teacher Retirement System, demanding that the Company seek to recover the costs of the SEC investigation, including the fine paid, from the directors who were on the board (and certain officers) at the time the July 20, 2010 transactions occurred. On August 6, 2014, the board created a Special Committee of independent directors (composed of Mr. Frank Giustra and Mr. Gordon Crawford) to consider the demand. On October 1, 2014, the Arkansas Teacher Retirement System filed a petition in the Supreme Court of British Columbia seeking an order granting it leave to prosecute the claims in the name and on behalf of Lions Gate. The Special Committee concluded that commencing an action in British Columbia against the proposed defendants (or any of them) as demanded by the Arkansas Teacher Retirement System would not be in the best interests of the Company, and the Company has taken steps to oppose the petition.

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

16. Financial Instruments

(a) Credit Risk

Concentration of credit risk with the Company's customers is limited due to the Company's customer base and the diversity of its sales throughout the world. The Company performs ongoing credit evaluations and maintains a provision for potential credit losses. The Company generally does not require collateral for its trade accounts receivable. Accounts receivable include amounts receivable from governmental agencies in connection with government assistance for productions as well as amounts due from customers. Amounts receivable from governmental agencies amounted to 24.7% of accounts receivable, net at March 31, 2015 (2014 — 13.0%).

(b) Forward Contracts

The Company enters into forward foreign exchange contracts to hedge its foreign currency exposures on future production expenses denominated in various foreign currencies. As of March 31, 2015, the Company had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 20 months from March 31, 2015:

March 31, 2015

Foreign Currency	Foreign Currency Amount		US Dollar Amount	Weighted Average Exchange Rate Per \$1 USD
	(Amounts in millions)		(Amounts in millions)	
British Pound Sterling	£12.0	in exchange for	\$18.4	£0.65
Australian Dollar	A\$44.0	in exchange for	\$39.3	A\$1.12
Canadian Dollar	C\$3.6	in exchange for	\$2.8	C\$1.27

Changes in the fair value representing a net unrealized fair value gain (loss) on foreign exchange contracts that qualified as effective hedge contracts outstanding during the year ended March 31, 2015 were gains of \$2.8 million (2014 - gains of \$0.8 million; 2013 - gains of \$0.5 million) and are included in accumulated other comprehensive loss, a separate component of shareholders' equity. Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that did not qualify as effective hedge contracts outstanding were \$0.4 million during the year ended March 31, 2015 (2014 - nil and 2013 - \$0.3 million), and were included in direct operating expenses in the consolidated statement of income. The Company monitors its positions with, and the credit quality of, the financial institutions that are party to its financial transactions.

As of March 31, 2015, \$8.3 million was included in other assets and \$2.0 million in accounts payable and accrued liabilities (March 31, 2014 - \$1.8 million in other assets) in the accompanying consolidated balance sheets related to the Company's use of foreign currency derivatives. The Company classifies its forward foreign exchange contracts within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments.

17. Supplementary Cash Flow Statement Information

(a) Interest paid during the fiscal year ended March 31, 2015 amounted to \$38.8 million (2014 — \$63.9 million; 2013 — \$74.9 million).

(b) Income taxes paid during the fiscal year ended March 31, 2015 amounted to \$15.3 million (2014 — \$15.5 million; 2013 — \$10.7 million).

The supplemental schedule of non-cash investing and financing activities is presented below:

	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Non-cash investing activities:			
Investment in available-for-sale securities (see <i>Note 5</i>)	\$ 158,916	\$ —	\$ —
Investment in cost method investments (see <i>Note 5</i>)	\$ 12,000	\$ —	\$ —
Non-cash financing activities:			
Conversions of convertible senior subordinated notes (see <i>Note 7</i>)	\$ 24,152	\$ 27,672	\$ 17,897
Accrued dividends (see <i>Note 11</i>)	\$ 10,186	\$ 7,066	\$ —
Accrued share repurchases (see <i>Note 11</i>)	\$ —	\$ 8,339	\$ —

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NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

18. Quarterly Financial Data (Unaudited)

Certain quarterly information is presented below:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(Amounts in thousands, except per share amounts)				
2015				
Revenues	\$ 449,383	\$ 552,876	\$ 751,299	\$ 646,082
Direct operating expenses	\$ 238,873	\$ 306,391	\$ 400,576	\$ 369,935
Distribution and marketing	\$ 97,321	\$ 152,877	\$ 171,439	\$ 169,854
Gross contribution	\$ 113,189	\$ 93,608	\$ 179,284	\$ 106,293
Net income ⁽¹⁾⁽²⁾⁽³⁾	\$ 43,261	\$ 20,781	\$ 98,185	\$ 19,554
Basic income per share	\$ 0.31	\$ 0.15	\$ 0.70	\$ 0.14
Diluted income per share	\$ 0.30	\$ 0.15	\$ 0.65	\$ 0.14

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(Amounts in thousands, except per share amounts)				
2014				
Revenues	\$ 569,728	\$ 498,729	\$ 839,939	\$ 721,858
Direct operating expenses	\$ 306,445	\$ 261,798	\$ 397,513	\$ 403,625
Distribution and marketing	\$ 171,460	\$ 145,502	\$ 233,535	\$ 188,964
Gross contribution	\$ 91,823	\$ 91,429	\$ 208,891	\$ 129,269
Net income ⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$ 13,617	\$ 505	\$ 88,763	\$ 49,152
Basic income per share	\$ 0.10	\$ 0.00	\$ 0.64	\$ 0.35
Diluted income per share	\$ 0.10	\$ 0.00	\$ 0.59	\$ 0.33

- (1) During the first, second, third and fourth quarter of fiscal 2015, net income included restructuring and other items, net of tax, of \$3.1 million, \$0.9 million, \$0.5 million, and \$3.0 million, respectively (see *Note 14*).
- (2) During the first quarter of fiscal 2015, net income included a gain on sale of equity method investment, net of tax of \$7.2 million (see *Note 5*).
- (3) During the second, third and fourth quarter of fiscal 2015, net income included a loss on extinguishment of debt, net of tax, of \$0.4 million, \$0.4 million, and \$8.1 million, respectively.
- (4) During the first, second, and fourth quarter of fiscal 2014, net income included a loss on extinguishment of debt, net of tax, of \$0.3 million, \$22.8 million and \$1.8 million, respectively.
- (5) During the second quarter of fiscal 2014, net income included a \$12.0 million discrete income tax benefit from the reversal of a valuation allowance against the Company's net deferred tax assets in the Canadian tax jurisdiction (see *Note 12*).
- (6) During the third quarter of fiscal 2014, net income included a charge for the settlement of an administrative order of \$7.5 million (see *Note 14*).

19. Consolidating Financial Information — Convertible Senior Subordinated Notes

The April 2009 3.625% Notes, the January 2012 4.00% Notes, and the April 2013 1.25% Notes by their terms, are fully and unconditionally guaranteed by the Company. LGEI, the issuer of the April 2009 3.625% Notes, the January 2012 4.00% Notes, and the April 2013 1.25% Notes that are guaranteed by the Company, is 100% owned by the parent company guarantor, Lions Gate Entertainment Corp.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables present condensed consolidating financial information as of March 31, 2015 and March 31, 2014, and for the years ended March 31, 2015, 2014 and 2013 for (1) the Company, on a stand-alone basis, (2) LGEL, on a stand-alone basis, (3) the non-guarantor subsidiaries of the Company (including the subsidiaries of LGEL), on a combined basis (collectively, the “Non-guarantor Subsidiaries”) and (4) the Company, on a consolidated basis.

	As of March 31, 2015				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
BALANCE SHEET					
Assets					
Cash and cash equivalents	\$ 3,499	\$ 47,290	\$ 51,908	\$ —	\$ 102,697
Restricted cash	—	2,508	—	—	2,508
Accounts receivable, net	617	7,933	883,330	—	891,880
Investment in films and television programs, net	—	6,402	1,375,427	—	1,381,829
Property and equipment, net	—	24,938	1,713	—	26,651
Investments	40,072	9,229	388,997	—	438,298
Goodwill	10,172	—	313,156	—	323,328
Other assets	8,109	61,409	11,180	(5,914)	74,784
Deferred tax assets	10,524	32,252	7,338	—	50,114
Subsidiary investments and advances	1,385,522	1,378,571	2,571,801	(5,335,894)	—
	\$ 1,458,515	\$ 1,570,532	\$ 5,604,850	\$ (5,341,808)	\$ 3,292,089
Liabilities and Shareholders' Equity (Deficiency)					
Senior revolving credit facility	\$ —	\$ —	\$ —	\$ —	\$ —
5.25% Senior Notes	225,000	—	—	—	225,000
Term Loan	375,000	—	—	—	375,000
Accounts payable and accrued liabilities	16,228	86,472	229,773	—	332,473
Participations and residuals	—	3,417	468,244	—	471,661
Film obligations and production loans	—	—	656,755	—	656,755
Convertible senior subordinated notes	—	114,126	—	—	114,126
Deferred revenue	—	7,722	267,065	—	274,787
Intercompany payable	—	1,530,299	2,547,928	(4,078,227)	—
Shareholders' equity (deficiency)	842,287	(171,504)	1,435,085	(1,263,581)	842,287
	\$ 1,458,515	\$ 1,570,532	\$ 5,604,850	\$ (5,341,808)	\$ 3,292,089

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Year Ended
March 31, 2015

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
(Amounts in thousands)					
STATEMENT OF INCOME					
Revenues	\$ —	\$ 29,631	\$ 2,370,730	\$ (721)	\$ 2,399,640
EXPENSES:					
Direct operating	—	6,909	1,308,866	—	1,315,775
Distribution and marketing	—	1,243	590,248	—	591,491
General and administration	11,325	159,908	92,754	(480)	263,507
Depreciation and amortization	—	4,048	2,538	—	6,586
Total expenses	11,325	172,108	1,994,406	(480)	2,177,359
OPERATING INCOME (LOSS)	(11,325)	(142,477)	376,324	(241)	222,281
Other expenses (income):					
Interest expense	33,830	188,789	134,054	(304,197)	52,476
Interest and other income	(172,520)	(2,881)	(131,112)	303,723	(2,790)
Loss on extinguishment of debt	6,739	4,925	—	—	11,664
Total other expenses (income)	(131,951)	190,833	2,942	(474)	61,350
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	120,626	(333,310)	373,382	233	160,931
Equity interests income (loss)	59,327	402,959	52,988	(462,797)	52,477
INCOME (LOSS) BEFORE INCOME TAXES	179,953	69,649	426,370	(462,564)	213,408
Income tax provision (benefit)	(1,828)	10,322	63,447	(40,314)	31,627
NET INCOME (LOSS)	181,781	59,327	362,923	(422,250)	181,781
Foreign currency translation adjustments	(844)	(3,554)	(1,902)	(91)	(6,391)
Net unrealized gain on available-for-sale securities, net of tax	—	—	2,705	—	2,705
Net unrealized gain on foreign exchange contracts, net of tax	—	—	2,842	—	2,842
COMPREHENSIVE INCOME (LOSS)	\$ 180,937	\$ 55,773	\$ 366,568	\$ (422,341)	\$ 180,937

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Year Ended
March 31, 2015

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
(Amounts in thousands)					
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 171,222	\$ 62,901	\$ (137,614)	\$ —	\$ 96,509
INVESTING ACTIVITIES:					
Proceeds from the sale of equity method investees	—	—	14,575	—	14,575
Investment in equity method investees	—	(4,655)	(18,075)	—	(22,730)
Purchases of other investments	(28,000)	(2,000)	—	—	(30,000)
Purchases of property and equipment	—	(14,939)	(2,074)	—	(17,013)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	(28,000)	(21,594)	(5,574)	—	(55,168)
FINANCING ACTIVITIES:					
Senior revolving credit facility - borrowings	778,500	—	—	—	778,500
Senior revolving credit facility - repayments	(876,119)	—	—	—	(876,119)
Term Loan - borrowings, net of deferred financing costs of \$4,315	370,685	—	—	—	370,685
Term Loan - repayments	(229,500)	—	—	—	(229,500)
Convertible senior subordinated notes - repurchases	—	(16)	—	—	(16)
Production loans - borrowings	—	—	631,709	—	631,709
Production loans - repayments	—	—	(449,648)	—	(449,648)
Repurchase of common shares	(144,840)	—	—	—	(144,840)
Dividends paid	(33,353)	—	—	—	(33,353)
Exercise of stock options	6,839	—	—	—	6,839
Tax withholding required on equity awards	(20,062)	—	—	—	(20,062)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(147,850)	(16)	182,061	—	34,195
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,628)	41,291	38,873	—	75,536
FOREIGN EXCHANGE EFFECTS ON CASH	(1)	—	1,470	—	1,469
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	8,128	5,999	11,565	—	25,692
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 3,499	\$ 47,290	\$ 51,908	\$ —	\$ 102,697

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of
March 31, 2014

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
(Amounts in thousands)					
BALANCE SHEET					
Assets					
Cash and cash equivalents	\$ 8,128	\$ 5,999	\$ 11,565	\$ —	\$ 25,692
Restricted cash	—	8,925	—	—	8,925
Accounts receivable, net	688	2,514	882,369	—	885,571
Investment in films and television programs, net	(18)	6,394	1,266,703	1,494	1,274,573
Property and equipment, net	—	14,185	367	—	14,552
Investments	—	3,668	178,273	—	181,941
Goodwill	10,172	—	313,156	—	323,328
Other assets	4,113	67,612	5,682	(6,340)	71,067
Deferred tax assets	8,417	48,125	9,441	—	65,983
Subsidiary investments and advances	1,118,356	1,065,274	1,532,068	(3,715,698)	—
	<u>\$ 1,149,856</u>	<u>\$ 1,222,696</u>	<u>\$ 4,199,624</u>	<u>\$ (3,720,544)</u>	<u>\$ 2,851,632</u>
Liabilities and Shareholders' Equity (Deficiency)					
Senior revolving credit facility	\$ 97,619	\$ —	\$ —	\$ —	\$ 97,619
5.25% Senior Notes	225,000	—	—	—	225,000
Term Loan	222,753	—	—	—	222,753
Accounts payable and accrued liabilities	19,946	73,045	239,466	—	332,457
Participations and residuals	—	3,417	465,973	—	469,390
Film obligations and production loans	—	—	499,787	—	499,787
Convertible senior subordinated notes	—	131,788	—	—	131,788
Deferred revenue	—	11,689	276,611	—	288,300
Intercompany payables	—	1,232,310	1,480,259	(2,712,569)	—
Shareholders' equity (deficiency)	584,538	(229,553)	1,237,528	(1,007,975)	584,538
	<u>\$ 1,149,856</u>	<u>\$ 1,222,696</u>	<u>\$ 4,199,624</u>	<u>\$ (3,720,544)</u>	<u>\$ 2,851,632</u>

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Year Ended
March 31, 2014

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
(Amounts in thousands)					
STATEMENT OF INCOME					
Revenues	\$ 6,748	\$ 26,113	\$ 2,606,551	\$ (9,158)	\$ 2,630,254
EXPENSES:					
Direct operating	(254)	(3,331)	1,372,199	767	1,369,381
Distribution and marketing	2	3,058	736,401	—	739,461
General and administration	9,968	163,110	82,309	(462)	254,925
Depreciation and amortization	—	2,218	4,321	—	6,539
Total expenses	9,716	165,055	2,195,230	305	2,370,306
OPERATING INCOME (LOSS)	(2,968)	(138,942)	411,321	(9,463)	259,948
Other expenses (income):					
Interest expense	18,718	111,956	43,349	(107,853)	66,170
Interest and other income	(69,552)	(3,945)	(40,027)	107,494	(6,030)
Loss on extinguishment of debt	2,600	36,972	—	—	39,572
Total other expenses (income)	(48,234)	144,983	3,322	(359)	99,712
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	45,266	(283,925)	407,999	(9,104)	160,236
Equity interests income (loss)	98,244	403,443	29,467	(506,430)	24,724
INCOME (LOSS) BEFORE INCOME TAXES	143,510	119,518	437,466	(515,534)	184,960
Income tax provision	(8,527)	21,274	78,086	(57,910)	32,923
NET INCOME (LOSS)	152,037	98,244	359,380	(457,624)	152,037
Foreign currency translation adjustments	5,102	1,665	26,348	(28,821)	4,294
Net unrealized gain (loss) on foreign exchange contracts	—	(661)	1,469	—	808
COMPREHENSIVE INCOME (LOSS)	\$ 157,139	\$ 99,248	\$ 387,197	\$ (486,445)	\$ 157,139

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2014				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (512,508)	\$ 727,357	\$ 37,663	\$ —	\$ 252,512
INVESTING ACTIVITIES:					
Proceeds from the sale of equity method investees	—	—	9,000	—	9,000
Investment in equity method investees	—	(750)	(16,500)	—	(17,250)
Distributions from equity method investee in excess of earnings	—	—	4,169	—	4,169
Repayment of loans receivable	—	—	4,275	—	4,275
Purchases of property and equipment	—	(8,384)	(415)	—	(8,799)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(9,134)	529	—	(8,605)
FINANCING ACTIVITIES:					
Senior revolving credit facility - borrowings	409,120	463,100	—	—	872,220
Senior revolving credit facility - repayments	(311,501)	(801,574)	—	—	(1,113,075)
Term Loan and 5.25% Senior Notes - borrowings, net of deferred financing costs of \$6,860	440,640	—	—	—	440,640
10.25% Senior Notes - repurchases and redemptions	—	(470,584)	—	—	(470,584)
Convertible senior subordinated notes - borrowings	—	60,000	—	—	60,000
Production loans - borrowings	—	—	532,416	—	532,416
Production loans - repayments	—	—	(517,874)	—	(517,874)
Pennsylvania Regional Center credit facility - repayments	—	—	(65,000)	—	(65,000)
Dividends paid	(6,900)	—	—	—	(6,900)
Exercise of stock options	11,972	—	—	—	11,972
Tax withholding required on equity awards	(23,077)	—	—	—	(23,077)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	520,254	(749,058)	(50,458)	—	(279,262)
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,746	(30,835)	(12,266)	—	(35,355)
FOREIGN EXCHANGE EFFECTS ON CASH	(210)	—	(1,106)	—	(1,316)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	592	36,834	24,937	—	62,363
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 8,128	\$ 5,999	\$ 11,565	\$ —	\$ 25,692

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended March 31, 2013				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF INCOME					
Revenues	\$ —	\$ 21,760	\$ 2,686,381	\$ —	\$2,708,141
EXPENSES:					
Direct operating	—	2,300	1,388,269	—	1,390,569
Distribution and marketing	(1)	2,223	815,640	—	817,862
General and administration	1,524	136,109	81,302	(594)	218,341
Depreciation and amortization	—	1,969	6,321	—	8,290
Total expenses	1,523	142,601	2,291,532	(594)	2,435,062
OPERATING INCOME (LOSS)	(1,523)	(120,841)	394,849	594	273,079
Other expenses (income):					
Interest expense	—	74,554	19,958	(932)	93,580
Interest and other income	(9)	(3,493)	(1,466)	932	(4,036)
Loss on extinguishment of debt	—	983	23,106	—	24,089
Total other expenses (income)	(9)	72,044	41,598	—	113,633
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(1,514)	(192,885)	353,251	594	159,446
Equity interests income (loss)	233,641	358,631	251	(595,598)	(3,075)
INCOME (LOSS) BEFORE INCOME TAXES	232,127	165,746	353,502	(595,004)	156,371
Income tax provision	—	(67,895)	(7,861)	—	(75,756)
NET INCOME (LOSS)	232,127	233,641	361,363	(595,004)	232,127
Foreign currency translation adjustments	(2,766)	(9,247)	23,790	(15,039)	(3,262)
Net unrealized gain on foreign exchange contracts	—	—	496	—	496
COMPREHENSIVE INCOME (LOSS)	\$ 229,361	\$ 224,394	\$ 385,649	\$ (610,043)	\$ 229,361

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Year Ended
March 31, 2013

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
(Amounts in thousands)					
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN)					
OPERATING ACTIVITIES	\$ 13,167	\$ (173,540)	\$ 436,492	\$ —	\$ 276,119
INVESTING ACTIVITIES:					
Investment in equity method investees	—	—	(1,530)	—	(1,530)
Purchases of other investments	—	—	(2,022)	—	(2,022)
Proceeds from the sale of other investments	—	—	6,354	—	6,354
Repayment of loans receivable	—	—	4,274	—	4,274
Purchases of property and equipment	—	(2,114)	(467)	—	(2,581)
NET CASH FLOWS PROVIDED BY (USED IN)					
INVESTING ACTIVITIES	—	(2,114)	6,609	—	4,495
FINANCING ACTIVITIES:					
Senior revolving credit facility - borrowings, net of deferred financing costs of \$15,804	—	1,144,620	—	—	1,144,620
Senior revolving credit facility - repayments	—	(921,700)	—	—	(921,700)
Term Loan - repayments	—	—	(484,664)	—	(484,664)
10.25% Senior Notes - consent fee	—	(3,270)	—	—	(3,270)
Convertible senior subordinated notes - repurchases	—	(7,639)	—	—	(7,639)
Production loans - borrowings	—	—	378,510	—	378,510
Production loans - repayments	—	—	(371,069)	—	(371,069)
Pennsylvania Regional Center credit facility - repayments	—	—	(500)	—	(500)
Exercise of stock options	2,897	—	—	—	2,897
Tax withholding required on equity awards	(15,995)	—	—	—	(15,995)
Other financing obligations - repayments	—	—	(3,710)	—	(3,710)
NET CASH FLOWS PROVIDED BY (USED IN)					
FINANCING ACTIVITIES	(13,098)	212,011	(481,433)	—	(282,520)
NET CHANGE IN CASH AND CASH EQUIVALENTS	69	36,357	(38,332)	—	(1,906)
FOREIGN EXCHANGE EFFECTS ON CASH	(38)	—	9	—	(29)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	561	477	63,260	—	64,298
CASH AND CASH EQUIVALENTS — END OF PERIOD	\$ 592	\$ 36,834	\$ 24,937	\$ —	\$ 62,363

20. Related Party Transactions*MHR Affiliates*

As per the terms of that certain registration rights agreement dated as of October 22, 2009 by and among the Company and certain investment funds of Mark Rachesky (collectively, the “MHR Affiliates”), the Company has reimbursed the MHR Affiliates for certain costs related to the registration and offering of the Company’s common shares offered by the MHR Affiliates on Form S-3 dated April 7, 2015. Such costs, amounting to approximately \$1.0 million, are included in general and administration expense in the consolidated statement of income for the year ended March 31, 2015. Mark Rachesky is a director of the Company and holds approximately 27.3% of the Company’s outstanding common stock as of May 11, 2015. The registration and offering was disclosed by the Company on a Current Report on Form 8-K dated April 7, 2015.

Atom Tickets

During the year ended March 31, 2015, the Company made initial investments of approximately \$4.3 million in MovieFriends, LLC (“Atom Tickets”), a theatrical movie discovery service. The Company owns an interest of approximately 18.1% in Atom Tickets. Gordon Crawford, a director of the Company, is an investor in Atom Tickets. Additionally, Phyllis Yaffe, a director of the Company, was appointed to its board of directors as a result of the Company's investment.

Icon International

In April 2012, the Company entered into a three year vendor subscription agreement (the “Vendor Agreement”) with Icon International, Inc. (“Icon”), a company which directly reports to Omnicom Group, Inc. Mr. Simm, a director of the Company is the Chairman and Chief Executive Officer of Omnicom Media Group, a division of Omnicom Group, Inc. Under the Vendor Agreement, the Company agreed to purchase media advertising of approximately \$7.6 million per year through Icon, and Icon agreed to reimburse the Company for certain operating expenses of approximately \$1.3 million per year. The actual amount of media advertising to be purchased is determined using a formula based upon values assigned to various types of advertising, as set forth in the Vendor Agreement. For accounting purposes, the operating expenses incurred by the Company will be expensed in full and the reimbursements from Icon will be treated as a discount on media advertising and will be reflected as a reduction of advertising expense as the media advertising costs are incurred by the Company. The Vendor Agreement may be terminated by the Company effective as of any Vendor Agreement year end with six months' notice. During the year ended March 31, 2015, Icon paid the Company \$1.3 million (2014 - \$1.3 million, 2013 - \$1.3 million), and the Company incurred \$5.7 million (2014 - \$6.0 million, 2013 - \$10.5 million) in media advertising expenses with Icon under the Vendor Agreement.

LIONS GATE ENTERTAINMENT CORP.

NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Transactions with Equity Method Investees

In the ordinary course of business, we are involved in related party transactions with equity method investees. These related party transactions primarily relate to the licensing and distribution of the Company's films and television programs, for which the impact on the Company's consolidated balance sheets and consolidated statements of income is as follows (see *Note 2* and *Note 5*):

	March 31,		
	2015	2014	
	(Amounts in thousands)		
Consolidated Balance Sheets			
Accounts receivable ⁽¹⁾	\$ 27,218	\$ 29,115	
Participations payable ⁽²⁾	\$ 9,929	\$ 30,366	
Deferred revenue ⁽³⁾	18,123	15,158	
Total due to related parties	\$ 28,052	\$ 45,524	
	Year Ended March 31,		
	2015	2014	2013
	(Amounts in thousands)		
Consolidated Statements of Income			
Revenues ⁽¹⁾	\$ 59,819	\$ 51,919	\$ 96,871
Direct operating expense ⁽²⁾	\$ 13,904	\$ 32,700	\$ 9,456
Distribution and marketing expenses ⁽⁴⁾	\$ 827	\$ 2,132	\$ 700

(1) Represents primarily revenues and accounts receivable from EPIX and Pop from the licensing of films and television programs. Also includes revenues and accounts receivable from FEARnet for fiscal 2014 and fiscal 2013.

(2) Represents participation expense and participations payable associated with the distribution of certain theatrical titles for Roadside Attractions and Pantelion Films.

(3) Represents deferred revenue from licensing arrangements discussed in footnote 1 above for EPIX and FEARnet.

(4) Represents distribution fees incurred related to Roadside Attractions in connection with the theatrical release of certain films.

All other related party transactions are not material in the periods presented.

21. Subsequent Events

Conversions of Convertible Senior Subordinated Notes. In April 2015, substantially all of the \$16.2 million remaining outstanding principal amount of the Company's April 2009 3.625% Notes was converted into 1,983,058 common shares at a conversion price of approximately \$8.15 per share.

Amendment of Term Loan Due 2022. In May 2015, Lions Gate Entertainment Corp. amended the Credit Agreement governing its Term Loan Due 2022, and pursuant to the amended Credit Agreement, borrowed an additional term loan in an aggregate amount of \$25.0 million.

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