LIONS GATE ENTERTAINMENT CORP /CN/
Form 10-Q
August 08, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013
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	N/A
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1055 West Hastings Street, Suite 2200
Vancouver, British Columbia V6E 2E9
and
2700 Colorado Avenue, Suite 200
Santa Monica, California 90404
(Address of principal executive offices)

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(877) 848-3866
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 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 ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 ý No ¨

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 þ	Accelerated filer o	Non accelerated filer o	Smaller reporting company o

(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 Exchange Act).
Yes ¨ No ý

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date.

Title of Each Class	Outstanding at August 1, 2013
Common Shares, no par value per share	137,110,443 shares

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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,” “p “projects,” “forecasts,” “may,” “will,” “could,” “would” or “should” or, in each case, their negative or other variations or comp 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” found in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on May 30, 2013, which risk factors are incorporated herein by reference, as updated by the risk factors found under Part II, Item 1A. "Risk Factors" herein. These factors should not be construed as exhaustive and should be read with the other cautionary statements and information in our Annual Report on Form 10-K, and this 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 strategy 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 1A. “Risk Factors” found in our Annual Report on Form 10-K filed with the SEC on May 30, 2013, which risk factors are incorporated herein by reference, as updated by the risk factors found under Part II, Item 1A. "Risk Factors" herein. 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 or the context requires, all references to the “Company,” “Lionsgate,” “we,” “us,” and “our” refer to Lions Gate Entertainment Corp., a corporation organized under the laws of the province of British Columbia, Canada, and its direct and indirect subsidiaries.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2013	March 31, 2013
	(Amounts in thousands, except share amounts)	
ASSETS		
Cash and cash equivalents	$51,019	$62,363
Restricted cash	9,010	10,664
Accounts receivable, net of reserves for returns and allowances of $80,424 (March 31, 2013 - $103,418) and provision for doubtful accounts of $4,358 (March 31, 2013 - $4,494)	819,438	787,150
Investment in films and television programs, net	1,185,650	1,244,075
Property and equipment, net	9,266	8,530
Equity method investments	158,161	169,450
Goodwill	323,328	323,328
Other assets	72,594	72,619
Deferred tax assets	80,626	82,690
Total assets	$2,709,092	$2,760,869
LIABILITIES		
Senior revolving credit facility	$339,474	$338,474
Senior secured second-priority notes	428,517	432,277
Accounts payable and accrued liabilities	277,534	313,620
Participations and residuals	392,239	409,763
Film obligations and production loans	509,015	569,019
Convertible senior subordinated notes	149,080	87,167
Deferred revenue	233,440	254,023
Total liabilities	2,329,299	2,404,343
Commitments and contingencies		
SHAREHOLDERS’ EQUITY		
Common shares, no par value, 500,000,000 shares authorized, 136,365,493 shares issued (March 31, 2013 - 135,882,899 shares)	682,352	672,915
Accumulated deficit	(296,295)	(309,912)
Accumulated other comprehensive loss	(6,264)	(6,477)
Total shareholders’ equity	379,793	356,526
Total liabilities and shareholders’ equity	$2,709,092	$2,760,869

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands, except per share amounts)	
Revenues	$569,728	$471,820
Expenses:		
Direct operating	306,445	245,818
Distribution and marketing	171,460	178,709
General and administration	56,770	52,344
Depreciation and amortization	1,625	2,105
Total expenses	536,300	478,976
Operating income (loss)	33,428	(7,156)
Other expenses (income):		
Interest expense		
Contractual cash based interest	16,273	22,728
Amortization of debt discount (premium) and deferred financing costs	4,541	4,762
Total interest expense	20,814	27,490
Interest and other income	(1,496)	(950)
Loss on extinguishment of debt	466	8,159
Total other expenses, net	19,784	34,699
Income (loss) before equity interests and income taxes	13,644	(41,855)
Equity interests income (loss)	7,977	(145)
Income (loss) before income taxes	21,621	(42,000)
Income tax provision	8,004	2,200
Net income (loss)	$13,617	$(44,200)
Basic net income (loss) per common share	$0.10	$(0.33)
Diluted net income (loss) per common share	$0.10	$(0.33)
Weighted average number of common shares outstanding:		
Basic	136,189	133,234
Diluted	140,745	133,234

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Net income (loss)	$13,617	$(44,200)
Foreign currency translation adjustments	549	(1,921)
Net unrealized gain (loss) on foreign exchange contracts	(336)	495
Comprehensive income (loss)	$13,830	$(45,626)

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common Shares		Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Number	Amount			
	(Amounts in thousands, except share amounts)				
Balance at March 31, 2013	135,882,899	$672,915	$ (309,912)	$ (6,477)	$356,526
Exercise of stock options	42,420	543			543
Stock based compensation, net of withholding tax obligations of $9,019	418,123	8,521			8,521
Conversion of October 2004 2.9375% Notes, net of reacquisition of the equity component	14,173	163			163
Issuance of common shares to directors for services	7,878	210			210
Net income			13,617		13,617
Foreign currency translation adjustments				549	549
Net unrealized loss on foreign exchange contracts				(336)	(336)
Balance at June 30, 2013	136,365,493	$682,352	$ (296,295)	$ (6,264)	$379,793

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Operating Activities:		
Net income (loss)	$13,617	$(44,200)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation of property and equipment	693	758
Amortization of intangible assets	932	1,347
Amortization of films and television programs	219,364	167,097
Amortization of debt discount (premium) and deferred financing costs	4,541	4,762
Non-cash stock-based compensation	13,220	6,173
Dividend payment from equity method investee	9,849	—
Loss on extinguishment of debt	466	8,159
Equity interests (income) loss	(7,977)	145
Deferred income taxes	2,063	—
Changes in operating assets and liabilities:		
Restricted cash	1,662	2,956
Accounts receivable, net	(32,516)	196,134
Investment in films and television programs	(160,933)	(161,005)
Other assets	(1,222)	(616)
Accounts payable and accrued liabilities	(33,584)	(44,193)
Participations and residuals	(17,512)	(12,906)
Film obligations	(21,370)	(20,233)
Deferred revenue	(20,582)	46,637
Net Cash Flows Provided By (Used In) Operating Activities	(29,289)	151,015
Investing Activities:		
Proceeds from the sale of a portion of equity method investee	9,000	—
Investment in equity method investees	(3,750)	—
Dividends from equity method investee in excess of earnings	4,169	—
Purchases of property and equipment	(1,428)	(386)
Net Cash Flows Provided By (Used In) Investing Activities	7,991	(386)
Financing Activities:		
Senior revolving credit facility - borrowings	173,000	274,700
Senior revolving credit facility - repayments	(172,000)	(85,000)
Senior secured second-priority notes - repurchases	(4,280)	—
Term Loan - repayments	—	(185,504)
Convertible senior subordinated notes - borrowings	60,000	—
Production loans - borrowings	108,605	36,969
Production loans - repayments	(82,292)	(174,519)
Pennsylvania Regional Center credit facility - repayments	(65,000)	—
Change in restricted cash collateral associated with financing activities	—	(7,467)
Exercise of stock options	543	52

Tax withholding required on equity awards	(9,019)	(2,745)
Other financing obligations - repayments	—	(3,710)
Net Cash Flows Provided By (Used In) Financing Activities	9,557	(147,224)
Net Change In Cash And Cash Equivalents	(11,741)	3,405
Foreign Exchange Effects on Cash	397	(120)
Cash and Cash Equivalents - Beginning Of Period	62,363	64,298
Cash and Cash Equivalents - End Of Period	$51,019	$67,583

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

Nature of Operations

Lions Gate Entertainment Corp. (the “Company,” “Lionsgate,” “we,” “us” or “our”) is a leading global entertainment company with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, family entertainment, digital distribution and new channel platforms.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Lionsgate and all of its majority-owned and controlled subsidiaries.

The unaudited condensed consolidated financial statements have been prepared in accordance with United States (the “U.S.”) generally accepted accounting principles (“GAAP”) for interim financial information and the instructions to quarterly report on Form 10-Q under the Exchange Act, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company’s management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been reflected in these unaudited condensed consolidated financial statements. Operating results for the three months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2014. The balance sheet at March 31, 2013 has been derived from the audited financial statements at that date, but does not include all the information and footnotes required by U.S. GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read together with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

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 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.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that requires companies to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amounts are required to be reclassified in their entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference to other required disclosures that provide additional detail about those amounts. This guidance is effective for the Company's fiscal year beginning April 1, 2013. The Company adopted the new guidance effective April 1, 2013. During the three months ended June 30, 2013, the Company did not have any significant amounts reclassified out of accumulated other comprehensive income. As of June 30, 2013, the Company's accumulated other comprehensive income represents currency translation adjustments.

2. Investment in Films and Television Programs

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Motion Picture Segment - Theatrical and Non-Theatrical Films		
Released, net of accumulated amortization	$483,383	$501,893
Acquired libraries, net of accumulated amortization	20,643	22,408
Completed and not released	40,764	50,519
In progress	368,733	366,587
In development	28,581	25,094
Product inventory	39,704	36,299
	981,808	1,002,800
Television Segment - Direct-to-Television Programs		
Released, net of accumulated amortization	174,176	136,727
In progress	26,318	100,585
In development	3,348	3,963
	203,842	241,275
	$1,185,650	$1,244,075

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 June 30, 2013	March 31, 2013
		(In years)		(Amounts in thousands)	
Trimark Holdings	October 2000	20.00	7.25	$194	$345
Artisan Entertainment	December 2003	20.00	10.50	14,390	15,686
Lionsgate UK	October 2005	20.00	12.25	222	233
Summit Entertainment	January 2012	20.00	18.50	5,837	6,144
Total acquired libraries				$20,643	$22,408

The Company expects approximately 46% of completed films and television programs, net of accumulated amortization, will be amortized during the one-year period ending June 30, 2014. 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 June 30, 2016.

3. Equity Method Investments

The carrying amount of significant equity method investments at June 30, 2013 and March 31, 2013 were as follows:

Equity Method Investee	June 30, 2013 Ownership Percentage	June 30, 2013	March 31, 2013
		(Amounts in thousands)	
Horror Entertainment, LLC (“FEARnet”)	34.5%	$3,485	$3,343
NextPoint, Inc. (“Break Media”)	42.0%	3,675	4,630

Roadside Attractions, LLC (“Roadside Attractions”)	43.0%	3,307	3,372
Studio 3 Partners, LLC (“EPIX”)	31.2%	59,421	66,697
TV Guide Network ("TVGN")	50.0%	88,273	91,408
		$158,161	$169,450

Equity interests in equity method investments in the consolidated statements of operations represent the Company's portion of the income or loss of its equity method investees based on its percentage ownership and the elimination of profits on sales to equity method investees. Equity interests in equity method investments for the three months ended June 30, 2013, and 2012 were as follows (income (loss)):

Equity Method Investee	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
FEARnet	$142	$52
Break Media	(1,705)	(1,655)
Roadside Attractions	(65)	(116)
EPIX	6,741	6,587
TVGN	2,864	(5,013)
	$7,977	$(145)

Horror Entertainment, LLC. Horror Entertainment, LLC (“FEARnet”), is a multiplatform programming and content service provider of horror genre films operating under the branding of “FEARnet.” The Company licenses content to FEARnet for video-on-demand and broadband exhibition. The Company is recording its share of the FEARnet results on a one quarter lag and, accordingly, during the three months ended June 30, 2013, the Company recorded its share of the income generated by FEARnet for the three months ended March 31, 2013.

NextPoint, Inc. NextPoint, Inc. (“Break Media”), is an online home entertainment service provider operating under the branding of “Break Media.” The Company is recording its share of the Break Media results on a one quarter lag and, accordingly, during the three months ended June 30, 2013, the Company recorded its share of losses incurred by Break Media for the three months ended March 31, 2013. During the three months ended June 30, 2013, the Company contributed $0.8 million to Break Media.

Roadside Attractions, LLC. Roadside Attractions, LLC (“Roadside Attractions”), is an independent theatrical releasing company. The Company is recording its share of the Roadside Attractions results on a one quarter lag and, accordingly, during the three months ended June 30, 2013, the Company recorded its share of the income generated by Roadside Attractions for the three months ended March 31, 2013.

Studio 3 Partners, LLC (“EPIX”). In April 2008, the Company formed a joint venture with Viacom Inc. (“Viacom”), its Paramount Pictures unit (“Paramount Pictures”) and Metro-Goldwyn-Mayer Studios Inc. (“MGM”) to create a premium television channel and subscription video-on-demand service named “EPIX”. The Company had invested $80.4 million through September 30, 2010, and no additional amounts have been funded since.

Transactions with EPIX:

The Company licenses certain of its theatrical releases and other films and television programs to EPIX. 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 of the venture. These profits are recognized as they are realized by EPIX through the amortization of the related asset, recorded on EPIX's balance sheet, over the license period. The table below sets forth the revenues and gross profits recognized by the Company and the calculation of the amounts eliminated in the equity interest line item on the statement of operations:

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Revenue recognized on sales to EPIX	$14,804	$16,516
Gross profit on sales to EPIX	$11,304	$6,982
Ownership interest in EPIX	31.15 %	31.15 %
Elimination of the Company's share of profits on sales to EPIX	$3,521	$2,175

The Company received a dividend of $14.0 million from EPIX during the three months ended June 30, 2013. The dividend is recorded as a reduction of the Company's investment in EPIX. Dividends from equity method investments 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 statement of cash flows. Dividends 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.
EPIX Financial Information:
The following table presents summarized balance sheet data as of June 30, 2013 and March 31, 2013 for EPIX:

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Current assets	$189,044	$213,508
Non-current assets	$202,485	$208,620
Current liabilities	$141,182	$144,897
Non-current liabilities	$6,835	$6,574

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the summarized statement of operations for the three months ended June 30, 2013 and 2012 for EPIX and a reconciliation of the net income reported by EPIX to equity interest income recorded by the Company:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Revenues	$85,197	$87,764
Expenses:		
Operating expenses	62,142	60,734
Selling, general and administrative expenses	5,630	5,742
Operating income	17,425	21,288
Interest income	430	—
Net income	$17,855	$21,288
Reconciliation of net income reported by EPIX to equity interest income:		
Net income reported by EPIX	$17,855	$21,288
Ownership interest in EPIX	31.15 %	31.15 %
The Company's share of net income	5,562	6,631
Eliminations of the Company’s share of profits on sales to EPIX (1)	(3,521)	(2,175)
Realization of the Company’s share of profits on sales to EPIX (2)	4,700	2,131
Total equity interest income recorded	$6,741	$6,587

(1) Represents the elimination of the gross profit recognized by the Company on sales to EPIX in proportion to the Company's ownership interest in EPIX. The amount of intra-entity profit is calculated as the total gross profit recognized on a title by title basis multiplied by the Company's percentage ownership of EPIX. The table above in the Transactions with EPIX section shows the calculation of the profit eliminated.

(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. The profit amount realized is calculated by multiplying the percentage of the EPIX inventory amortized in the period reported by EPIX, by the amount of profit initially eliminated, on a title by title basis.

TV Guide Network. The Company’s investment interest in TV Guide Network, TV Guide Network On Demand and TV Guide Online (through May 31, 2013, as discussed below) (collectively "TVGN") consists of an equity investment in its common stock units and mandatorily redeemable preferred stock units. On March 26, 2013, the Company's partner in the TVGN investment sold its 49% interest to CBS Corporation. Concurrent with this transaction, the Company sold 1% of its interest to CBS Corporation for nominal consideration resulting in the write-off of its carrying value of approximately $1.9 million. During the three months ended June 30, 2013, the Company contributed $3.0 million to TVGN.

The Company has determined it is not the primary beneficiary of TVGN because pursuant to the amended and restated operating agreement of the entity, the power to direct the activities that most significantly impact the economic performance of TVGN is shared with the other 50% owner of TVGN. Accordingly, the Company's interest in TVGN is being accounted for under the equity method of accounting.

On May 31, 2013, the Company sold its 50% interest in TVGuide.com, a wholly-owned subsidiary of TVGN, to a subsidiary of CBS Corporation. As a result of this transaction, the Company has recorded a gain of $4.0 million as reflected in the reconciliation of net loss reported by TVGN to equity interest loss recorded by the Company shown in the table below. Also as a result of this transaction, TVGN's summarized financial information for periods prior to the date of the transaction of May 31, 2013 has been revised to reflect the operating results of TVGuide.com as a discontinued operation. Accordingly, all revenues and expenses from TVGuide.com in all periods presented, are reflected net within the discontinued operations section of the summarized statement of operations shown below.

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment in Mandatorily Redeemable Preferred Stock Units. The mandatorily redeemable preferred stock carries a dividend rate of 10% compounded annually and is 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.

Transactions with TVGN:

The Company licenses certain films and/or television programs to TVGN. 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 TVGN through the amortization of the related asset, recorded on TVGN's balance sheet, over the license period. The table below sets forth the revenues and gross profits recognized by Lionsgate and the calculation of the amounts eliminated in the equity interest line item on the statement of operations:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Revenue recognized on sales to TVGN	$—	$2,925
Gross profit on sales to TVGN	$—	$956
Ownership interest in TVGN	50 %	51 %
Elimination of the Company's share of profit on sales to TVGN (1)	$—	$488

(1) On March 26, 2013, as discussed above, the Company's ownership interest in TVGN was reduced from 51% to 50% due to the Company's sale of 1% of its interest to CBS Corporation. Accordingly, the elimination of the Company's share of profit on sales to TVGN was calculated using 51% through March 26, 2013 and 50% thereafter.

TVGN Financial Information:

The following table presents summarized balance sheet data as of June 30, 2013 and March 31, 2013 for TVGN:

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Current assets	$26,568	$29,172
Non-current assets	$202,212	$211,922
Current liabilities	$29,091	$30,267
Non-current liabilities	$22,264	$24,818
Redeemable preferred stock	$279,670	$267,362

The following table presents the summarized statement of operations for the three months ended June 30, 2013 and 2012 for TVGN and a reconciliation of the net loss reported by TVGN to equity interest income (loss) recorded by the Company:

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	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Revenues	$16,792	$18,615
Expenses:		
Cost of services	7,246	12,919
Selling, marketing, and general and administration	9,728	11,678
Depreciation and amortization	2,008	2,183
Operating loss	(2,190)	(8,165)
Other income	(1,376)	—
Interest expense, net	347	442
Accretion of redeemable preferred stock units (1)	9,308	8,084
Total interest expense, net	8,279	8,526
Loss from continuing operations	$(10,469)	$(16,691)
Loss from discontinued operations (5)	(1,114)	(1,394)
Net loss	$(11,583)	$(18,085)
Reconciliation of net loss reported by TVGN to equity interest income (loss):		
Net loss reported by TVGN	$(11,583)	$(18,085)
Ownership interest in TVGN (2)	50%	51%
The Company's share of net loss	(5,792)	(9,223)
Accretion of dividend and interest income on redeemable preferred stock units (1)	4,654	4,123
Eliminations of the Company’s share of profit on sales to TVGN (3)	—	(488)
Realization of the Company’s share of profits on sales to TVGN (4)	42	575
Gain on sale of the Company's 50% share of TVGuide.com (5)	3,960	—
Total equity interest income (loss) recorded	$2,864	$(5,013)

(1) Accretion of mandatorily redeemable preferred stock units represents TVGN’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 51% of this expense as income from the accretion of dividend and discount on mandatorily redeemable preferred stock units through March 26, 2013 and 50% thereafter within equity interest income (loss).

(2) On March 26, 2013, as discussed above, the Company's ownership interest in TVGN was reduced from 51% to 50% due to the Company's sale of 1% of its interest to CBS Corporation.

(3) Represents the elimination of the gross profit recognized by the Company on sales to TVGN in proportion to the Company's ownership interest in TVGN. The amount of intra-entity profit is calculated as the total gross profit recognized on a title by title basis multiplied by the Company's percentage ownership of TVGN. The table above in the Transactions with TVGN section shows the calculation of the profit eliminated.

(4) Represents the realization of a portion of the profits previously eliminated. This profit remains eliminated until realized by TVGN. TVGN 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 TVGN's books is amortized. The profit amount realized is calculated by multiplying the percentage of the TVGN inventory amortized in the period reported by TVGN by the amount of profit initially eliminated, on a title by title basis.

(5) On May 31, 2013, as discussed above, the Company sold its 50% interest in TVGuide.com, a wholly-owned subsidiary of TVGN. As a result of this transaction, the Company has recorded a gain of $4.0 million as reflected

in the table above, and reflected the revenues and expenses of TVGuide.com prior to the transaction for all periods presented, net within the discontinued operations line item.

4. Other Assets

The composition of the Company’s other assets is as follows as of June 30, 2013 and March 31, 2013:

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Deferred financing costs, net of accumulated amortization	$33,944	$33,060
Loans receivable	23,650	22,916
Prepaid expenses and other	9,205	9,916
Finite-lived intangible assets	5,795	6,727
	$72,594	$72,619

Deferred Financing Costs. Deferred financing costs primarily include costs incurred in connection with (1) the amended and restated senior revolving credit facility, (2) the issuance of the Senior Secured Second-Priority Notes, (3) the issuance of the 3.625% Convertible Senior Subordinated Notes issued in April 2009 (the "April 2009 3.625% Notes") and the 4.00% Convertible Senior Subordinated Notes issued in January 2012 (the "January 2012 4.00% Notes) (see Note 5) that are deferred and amortized to interest expense using the effective interest method. Deferred financing costs at June 30, 2013 also include costs incurred in connection with the issuances of the 5.25% Senior Secured Second-Priority Notes (the "5.25% Senior Notes") and the term loans entered into in July 2013 (the "July 2013 Term Loans") (see Note 18).

Loans Receivable. The following table sets forth the Company’s loans receivable at June 30, 2013 and March 31, 2013:

	Interest Rate	June 30, 2013	March 31, 2013
		(Amounts in thousands)	
Third-party producer	2.8%	$4,687	$4,658
Break Media	5.27% - 20.0%	18,963	18,258
		$23,650	$22,916

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

Finite-lived Intangible Assets. Finite-lived intangibles consist primarily of sales agency relationships and trademarks. The composition of the Company's finite-lived intangible assets and the associated accumulated amortization is as follows as of June 30, 2013 and March 31, 2013:

			June 30, 2013			March 31, 2013		
	Weighted Average Remaining Life	Range of Remaining Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in years)		(Amounts in thousands)					
Finite-lived intangible assets:								
Trademarks	4	4	$8,200	$ 4,655	$3,545	$8,200	$ 4,073	$4,127
Sales agency relationships	4	4	6,200	3,950	2,250	6,200	3,600	2,600

	$14,400	$ 8,605	$5,795	$14,400	$ 7,673	$6,727

The aggregate amount of amortization expense associated with the Company's intangible assets for the three months ended June 30, 2013 and 2012 was approximately $0.9 million and $1.3 million, respectively. The estimated aggregate amortization expense for each of the years ending March 31, 2014 through 2018 is approximately $2.8 million, $1.8 million, $0.8 million, $0.4 million, and nil, respectively.

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5. Corporate Debt

The total carrying values of corporate debt of the Company, excluding film obligations and production loans, were as follows as of June 30, 2013 and March 31, 2013:

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Senior revolving credit facility	$339,474	$338,474
Senior secured second-priority notes	428,517	432,277
Convertible senior subordinated notes	149,080	87,167
	$917,071	$857,918

The following table sets forth future annual contractual principal payment commitments under corporate debt as of June 30, 2013:

Debt Type	Maturity Date or Next Holder Redemption Date (1)	Year Ended March 31, 2014	2015	2016	2017	2018	Thereafter	Total
		(Amounts in thousands)						
Senior revolving credit facility	May 2016 (2)	$—	$—	$—	$339,474	$—	$—	$339,474
Senior secured second-priority notes	November 2016 (3)	—	—	—	432,000	—	—	432,000
Principal amounts of convertible senior subordinated notes:								
October 2004 2.9375% Notes (conversion price of $11.50 per share)	October 2014	—	185	—	—	—	—	185
April 2009 3.625% Notes (conversion price of $8.25 per share)	March 2015	—	64,505	—	—	—	—	64,505
January 2012 4.00% Notes (conversion price of $10.50 per share)	January 2017	—	—	—	45,000	—	—	45,000
April 2013 1.25% Notes (conversion price of $30.00 per share)	April 2018	—	—	—	—	—	60,000	60,000
		$—	$64,690	$—	$816,474	$—	$60,000	941,164
Less aggregate unamortized (discount) premium, net								(24,093)
								$917,071

(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) Amended and restated senior revolving credit facility expires the earlier of (i) September 27, 2017 or (ii) six (6) months prior to the maturity of the senior secured second-priority notes.

(3) The senior secured second-priority notes were redeemable, in whole but not in part, 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, and accrued and unpaid interest to the date of redemption. The senior secured second-priority notes were redeemable, in whole or in part, by the Company at 105.125% of the principal amount if redeemed between November 1, 2013 and November 1, 2014, at 102.563% of the principal amount if redeemed between November 1, 2014 and November 1, 2015, and 100.0% of the principal amount if redeemed on or after November 1, 2015. Subsequent to June 30, 2013, in connection with new financing transactions, the Company called the senior secured second-priority notes for redemption. See Note 18 for further detail.

Senior Revolving Credit Facility

Outstanding Amount. At June 30, 2013, the Company had borrowings of $339.5 million outstanding (March 31, 2013 — $338.5 million).

Availability of Funds. At June 30, 2013, there was $302.0 million available (March 31, 2013 — $303.0 million). On September 27, 2012, the Company amended and restated its senior revolving credit facility, which previously provided for borrowings and letters of credit up to an aggregate of $340 million. The amended and restated senior revolving credit facility provides for borrowings and letters of credit up to an aggregate of $800 million, subject to a borrowing base and other restrictions. Prior to July 19, 2013, due to restrictions in the Company's senior secured second-priority notes indenture, as amended on October 15, 2012, the maximum borrowing allowed under the senior revolving credit facility was $650 million (previously $340 million), unless certain financial ratios were met. See Note 18 for a discussion of the July 19, 2013 issuance of new 5.25% senior secured second-priority notes and the July 2013 Term Loans, the net proceeds of which, together with cash on hand and borrowings under our senior revolving credit facility, were used to fund the discharge of the existing 10.25% Senior Notes, which were called for redemption on July 19, 2013. With the discharge of the 10.25% Senior Notes, the Company is able to access the full amount of $800 million on its senior revolving credit facility, beginning July 19, 2013. The availability of funds is limited by a borrowing base and also reduced by outstanding letters of credit which amounted to $8.5 million at June 30, 2013 (March 31, 2013 — $8.5 million).

Maturity Date. The senior revolving credit facility expires the earlier of (i) September 27, 2017 or (ii) six (6) months prior to the maturity of the Company’s senior secured second-priority notes.

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 June 30, 2013, the senior revolving credit facility bore interest of 2.5% over the LIBOR rate (effective interest rate of 2.70% and 2.70% on borrowings outstanding as of June 30, 2013 and March 31, 2013, 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 quarter, on the total senior revolving credit facility of $800 million less the amount drawn.

Security. Obligations under the senior revolving credit facility 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 affirmative and negative 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 and make distributions, make certain investments and acquisitions, repurchase its stock and 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 June 30, 2013, the Company was in compliance with all applicable covenants.

Change in Control. Under the senior revolving credit facility, 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.

Senior Secured Second-Priority Notes

Transactions. On October 15, 2012, the Company amended the indenture governing its senior secured second-priority notes (the "Senior Notes") to, among other things, enable the Company to incur additional secured indebtedness under its amended and restated senior revolving credit facility, in an aggregate principal amount not to exceed $650 million (an increase from the previous limit of $340 million).

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 Senior Notes. The Company recorded a loss on extinguishment in the quarter ended June 30, 2013 of $0.5 million, which included $0.2 million of deferred financing costs written off.

See Note 18 for a discussion of the July 19, 2013 issuance of new 5.25% Senior Notes and the July 2013 Term Loans, the net proceeds of which, together with cash on hand and borrowings under our senior revolving credit facility, were used to fund the discharge of our existing 10.25% Senior Notes, which were called for redemption on July 19, 2013.

Outstanding Amount. The outstanding amount is set forth in the table below:

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Principal amount of Senior Secured Second-Priority Notes (1)	$432,000	$436,000
Unamortized aggregate premium/ (discount), net	(3,483)	(3,723)
Net carrying amount of Senior Secured Second-Priority Notes	$428,517	$432,277

(1) Subsequent to June 30, 2013, on July 19, 2013, the Company called the senior secured second-priority notes for redemption. See Note 18 for further detail.

Maturity Date. The Senior Notes were due November 1, 2016. However, as noted above, and in further detail in Note 18, on July 19, 2013, the Company called the Senior Notes for redemption.

Original Issue Discount/Premium. The Senior Notes issued in October 2009 were issued by LGEI at an initial price of 95.222% (original issue discount — 4.778%) of the principal amount. The Senior Notes issued in May 2011 were issued by LGEI at an initial price of 102.219% (original issue premium — 2.219%) of the principal amount. The original issue discount/premium, interest and deferred financing costs are being amortized through November 1, 2016 using the effective interest method. As of June 30, 2013, the remaining amortization period was 3.3 years.

Interest. The Senior Notes paid interest semi-annually on May 1 and November 1 of each year at a rate of 10.25% per year.

Redemption Features. The Senior Notes were redeemable, in whole but not in part, 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, and accrued and unpaid interest to the date of redemption. The Senior Notes were redeemable, in whole or in part, by the Company at 105.125% of the principal amount if redeemed between November 1, 2013 and November 1, 2014, at 102.563% of the principal amount if redeemed between November 1, 2014 and November 1, 2015, and 100.0% of the principal amount if redeemed on or after November 1, 2015.

Security Interest and Ranking. The Senior Notes were guaranteed on a senior secured basis by the Company, and certain wholly-owned subsidiaries of both the Company and LGEI. The Senior Notes ranked junior in right of payment to the Company’s senior revolving credit facility, ranked equally in right of payment to the Company’s convertible senior subordinated notes, and ranked senior to any of the Company’s unsecured debt.

Covenants. The Senior Notes contained certain restrictions and covenants that, subject to certain exceptions, limited 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 June 30, 2013, the Company was in compliance with all applicable covenants.

Term Loan

In connection with the acquisition of Summit Entertainment, LLC ("Summit"), the Company entered into a new $500.0 million principal amount term loan agreement (the "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 to pay off Summit's existing term loan. The Term Loan was to mature on September 7, 2016, and was secured by collateral consisting of the assets of Summit. the Term Loan carried interest at a reference to a base rate, as defined, or the LIBOR rate (subject to a LIBOR floor of 1.25%), in either case plus an applicable margin of 4.50% in the case of base rate loans and 5.50% in the case of LIBOR loans. The Term Loan was repayable in quarterly installments equal to $13.75 million, with the balance payable on the final maturity date. During the year ended March 31, 2013, the Company made accelerated payments on the Term Loan and paid off all amounts outstanding under the 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 in the year ended March 31, 2013.

In connection with the payoff of the Term Loan, the Company arranged for Summit and certain of its affiliates to become guarantors of the Company's senior credit facility and the Company's Senior Notes due 2016, and pledge their assets in support of such guaranties, in accordance with their respective terms.

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Convertible Senior Subordinated Notes

Outstanding Amount. The following table sets forth the convertible senior subordinated notes outstanding at June 30, 2013 and March 31, 2013:

	June 30, 2013			March 31, 2013		
	Principal	Unamortized Discount	Net Carrying Amount	Principal	Unamortized Discount	Net Carrying Amount
	(Amounts in thousands)					
Convertible Senior Subordinated Notes						
October 2004 2.9375% Notes (conversion price of $11.50 per share) (1)	$185	$—	$185	$348	$—	$348
April 2009 3.625% Notes (conversion price of $8.25 per share) (1)	64,505	(12,971)	51,534	64,505	(14,598)	49,907
January 2012 4.00% Notes (conversion price of $10.50 per share) (1)	45,000	(7,639)	37,361	45,000	(8,088)	36,912
April 2013 1.25% Notes (conversion price of $30.00 per share) (2)	60,000	—	60,000	—	—	—
	$169,690	$(20,610)	$149,080	$109,853	$(22,686)	$87,167

(1) The 2.9375% Convertible Senior Subordinated Notes issued in October 2004 (the "October 2004 2.9375% Notes"), the April 2009 3.625% Notes, and the January 2012 4.00% Notes provide, at the Company's option, that the conversion of the notes may be settled in cash rather than in common shares, or a combination of cash and common shares, as described in the terms below. Accounting rules 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.

(2) The 1.25% Convertible Senior Subordinated Notes issued in April 2013 (the "April 2013 1.25% Notes") are convertible only into common shares, and do not carry an option to be settled in cash upon conversion, as described in the terms below. Accordingly, the April 2013 1.25% Notes have been recorded at their principal amount and are not reduced by a debt discount for the equity component.

Interest Expense. The effective interest rate on the liability component and the amount of interest expense, which includes both the contractual interest coupon and amortization of the discount on the liability component, for the three months ended June 30, 2013 and 2012 are presented below.

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	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
October 2004 2.9375% Convertible Senior Subordinated Notes:		
Effective interest rate of liability component (9.65%)		
Interest expense		
Contractual interest coupon	$5	$5
	5	5
February 2005 3.625% Convertible Senior Subordinated Notes:		
Effective interest rate of liability component (10.03%)		
Interest expense		
Contractual interest coupon	—	248
Amortization of discount on liability component and debt issuance costs	—	6
	—	254
April 2009 3.625% Convertible Senior Subordinated Notes:		
Effective interest rate of liability component (17.26%)		
Interest expense		
Contractual interest coupon	585	603
Amortization of discount on liability component and debt issuance costs	1,636	1,398
	2,221	2,001
January 2012 4.00% Convertible Senior Subordinated Notes:		
Effective interest rate of liability component (9.56%)		
Interest expense		
Contractual interest coupon	450	450
Amortization of discount on liability component and debt issuance costs	460	420
	910	870
April 2013 1.25% Convertible Senior Subordinated Notes:		
Interest expense		
Contractual interest coupon	156	—
	156	—
Total		
Contractual interest coupon	1,196	1,306
Amortization of discount on liability component and debt issuance costs	2,096	1,824
	$3,292	$3,130

Fiscal 2014 Convertible Senior Subordinated Notes Transactions

April 2013 1.25% Notes. On April 15, 2013, LGEI issued $60.0 million, in aggregate principal amount, of 1.25% Convertible Senior Subordinated Notes with a maturity date of April 15, 2018. See below for key terms of the April 2013 1.25% Notes.
Convertible Senior Subordinated Notes Terms

October 2004 2.9375% Notes. In October 2004, LGEI sold $150.0 million of the October 2004 2.9375% Notes, of which $50.1 million was allocated to the equity component.
Outstanding Amount: As of June 30, 2013, $0.2 million of aggregate principal amount (carrying value —$0.2 million) of the October 2004 2.9375% Notes remains outstanding.

Interest: Interest on the October 2004 2.9375% Notes is payable semi-annually on April 15 and October 15.
Maturity Date: The October 2004 2.9375% Notes mature on October 15, 2024.
Redeemable by LGEI: LGEI may redeem the October 2004 2.9375% Notes at 100%.
Repurchase Events: The holder may require LGEI to repurchase the October 2004 2.9375% Notes on October 15, 2014 and 2019 or upon a change in control at a price equal to 100% of the principal amount, together with accrued and unpaid interest through the date of repurchase.
Conversion Features: The holder may convert the October 2004 2.9375% Notes into the Company's common shares prior to maturity only if the price of the Company's common shares issuable upon conversion of a note reaches or falls below a certain specific threshold over a specified period, the notes have been called for redemption, a change in control occurs or certain other corporate transactions occur. Before the close of business on or prior to the trading day immediately before the maturity date, the holder may convert the notes into the Company's common shares at a conversion rate equal to 86.9565 shares per $1,000 principal amount of the October 2004 2.9375% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately $11.50 per share. Upon conversion of the October 2004 2.9375% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.
Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of their notes or the holder converts the notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of the Company's common shares on the effective date of the change in control. No make whole premium will be paid if the price of the Company's common shares at such time is less than $8.79 per share or exceeds $50.00 per share.
April 2009 3.625% Notes. In April 2009, LGEI issued approximately $66.6 million of 3.625% Convertible Senior Subordinated Notes, of which $16.2 million was allocated to the equity component.
Outstanding Amount: As of June 30, 2013, $64.5 million of aggregate principal amount (carrying value — $51.5 million) of the April 2009 3.625% Notes remains outstanding.
Interest: Interest on the April 2009 3.625% Notes is payable at 3.625% per annum semi-annually on March 15 and September 15 of each year.
Maturity Date: The April 2009 3.625% Notes will mature on March 15, 2025.
Redeemable by LGEI: On or after March 15, 2015, the Company may redeem the April 2009 3.625% Notes, in whole or in part, at a price equal to 100% of the principal amount of the April 2009 3.625% Notes to be redeemed, plus accrued and unpaid interest through the date of redemption.

Repurchase Events: The holder may require LGEI to repurchase the April 2009 3.625% Notes on March 15, 2015, 2018 and 2023 or upon a "designated event," (as defined in the governing indenture), including a change in control, at a price equal to 100% of the principal amount of the April 2009 3.625% Notes to be repurchased plus accrued and unpaid interest.
Conversion Features: The April 2009 3.625% Notes may be converted into common shares of the Company at any time before maturity, redemption or repurchase. The initial conversion rate of the April 2009 3.625% Notes is 121.2121 common shares per $1,000 principal amount of the April 2009 3.625% Notes, subject to adjustment in certain circumstances, which represents a conversion price of approximately $8.25 per share. Upon conversion of the April 2009 3.625% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.
Make Whole Premium: Under certain circumstances, if the holder requires LGEI to repurchase all or a portion of their notes upon a change in control, they will be entitled to receive a make whole premium. The amount of the make whole premium, if any, will be based on the price of the Company's common shares on the effective date of the change in control. No make whole premium will be paid if the price of the Company's common shares at such time is less than

$5.36 per share or exceeds $50.00 per share.

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.

Outstanding Amount: As of June 30, 2013, $45.0 million of aggregate principal amount (carrying value — $37.4 million) of the January 2012 4.00% Notes remains outstanding.

Interest: Interest on the January 2012 4.00% Notes is payable at 4.00% per annum semi-annually on January 15 and July 15 of each year, commencing on July 15, 2012.

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Maturity Date: The January 2012 4.00% Notes will mature on January 11, 2017.
Conversion Features: The January 2012 4.00% Notes are convertible into common shares of the Company at any time prior to maturity or repurchase by the Company, at an initial conversion price of approximately $10.50 per share, subject to adjustment in certain circumstances as specified in the governing indenture. Upon conversion of the January 2012 4.00% Notes, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company.
April 2013 1.25% Notes. In April 2013, LGEI issued approximately $60.0 million in aggregate principal amount of April 2013 1.25% Notes.
Outstanding Amount: As of June 30, 2013, $60.0 million of aggregate principal amount (carrying value - $60.0 million) of the April 2013 1.25% Notes remains outstanding.
Interest: Interest on the April 2013 1.25% Notes is payable semi-annually on April 15 and October 15 of each year, commencing on October 15, 2013.
Maturity Date: The April 2013 1.25% Notes will mature on April 15, 2018.
Conversion Features: The April 2013 1.25% Notes are convertible into common shares only of the Company at any time prior to maturity or repurchase by the Company, at an initial conversion price of approximately $30.00 per share, subject to adjustment in certain circumstances as specified in its Indenture.

6. Participations and Residuals
The Company expects approximately 64% of accrued participations and residuals will be paid during the one-year period ending June 30, 2014.

7. Film Obligations and Production Loans

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Film obligations	$78,361	$99,678
Production loans		
Individual production loans	430,654	404,341
Pennsylvania Regional Center production loans	—	65,000
Total film obligations and production loans	$509,015	$569,019

The following table sets forth future annual repayment of film obligations and production loans as of June 30, 2013:

	Nine Months Ended March 31, 2014	Year Ended March 31, 2015	2016	2017	2018	Thereafter	Total
	(Amounts in thousands)						
Film obligations	$30,184	$22,020	$16,680	$6,000	$6,000	$1,000	$81,884
Individual production loans	321,592	109,062	—	—	—	—	430,654
	$351,776	$131,082	$16,680	$6,000	$6,000	$1,000	512,538
Less imputed interest on film obligations							(3,523)
							$509,015

Film Obligations

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

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Individual Production Loans

Production loans represent individual loans for the production of film and television programs that the Company produces. Individual 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. Individual production loans of $415.7 million incur interest at rates ranging from 2.78% to 4.03%, and approximately $15.0 million of production loans are non-interest bearing.

Pennsylvania Regional Center

In April 2008, the Company entered into a loan agreement with the Pennsylvania Regional Center, which provided for the availability of production loans up to $65.5 million on a five-year term for use in film and television productions in the State of Pennsylvania. Amounts borrowed under the agreement carried an interest rate of 1.5%, which was payable semi-annually. The Pennsylvania Regional Center facility matured on April 11, 2013, and was fully repaid at that time. Accordingly, at June 30, 2013, the Company had no borrowings outstanding (March 31, 2013 — $65.0 million).

Film Credit Facility

On October 6, 2009, the Company entered into a revolving film credit facility agreement, as amended effective December 31, 2009 and June 22, 2010 (the “Film Credit Facility”), which provided for borrowings for the acquisition or production of motion pictures. The Film Credit Facility expired on April 6, 2013, and accordingly, at June 30, 2013, the Company had no borrowings outstanding (March 31, 2013 — nil).

8. 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.

Fair Value Hierarchy

Accounting guidance and standards about fair value establish a fair value hierarchy that 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, individual production loans, Pennsylvania Regional Center Loan (outstanding at March 31, 2013 only) and Senior Notes, 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 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 carrying values and fair values of the Company’s investment in TVGN's mandatorily redeemable preferred stock units and outstanding debt at June 30, 2013 and March 31, 2013:

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	June 30, 2013		March 31, 2013	
	(Amounts in thousands)			
	Carrying Value	Fair Value (Level 3)	Carrying Value	Fair Value (Level 3)
Assets:				
Investment in TVGN's Mandatorily Redeemable Preferred Stock Units	$88,273	$146,265	$91,408	$140,312
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Liabilities:				
October 2004 2.9375% convertible senior subordinated notes	$185	$167	$348	$276
April 2009 3.625% convertible senior subordinated notes	51,534	62,697	49,907	66,939
January 2012 4.00% convertible senior subordinated notes	37,361	42,267	36,912	48,878
April 2013 1.25% convertible senior subordinated notes	60,000	46,208	—	—
Individual production loans	430,654	430,369	404,341	403,883
Pennsylvania Regional Center production loans	—	—	65,000	65,000
Senior secured second-priority notes	428,517	461,160	432,277	477,965
	$1,008,251	$1,042,868	$988,785	$1,062,941

9. Direct Operating Expenses

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Amortization of films and television programs	$219,364	$167,097
Participations and residual expense	85,826	78,603
Other expenses:		
Provision for doubtful accounts	(88)	(687)
Foreign exchange losses	1,343	805
	$306,445	$245,818

10. Net Income (Loss) Per Share

Basic net income (loss) per share is calculated based on the weighted average common shares outstanding for the period. Basic net income (loss) per share for the three months ended June 30, 2013 and 2012 is presented below:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands, except per share amounts)	
Basic Net Income (Loss) Per Common Share:		
Numerator:		
Net income (loss)	$13,617	$(44,200)
Denominator:		
Weighted average common shares outstanding	136,189	133,234
Basic Net Income (Loss) Per Common Share	$0.10	$(0.33)

Diluted net income (loss) per common share reflects the potential dilutive effect, if any, of the conversion of the October 2004 2.9375% Notes, the February 2005 3.625% Notes, the April 2009 3.625% Notes, the January 2012 4.00% Notes, and the April 2013 1.25% Notes under the "if converted" method. Diluted net income (loss) per common share also reflects share purchase options, including equity-settled SARs, and restricted share units using the treasury stock method when dilutive, and any contingently issuable shares when dilutive. Diluted net income (loss) per common share for the three months ended June 30, 2013 and 2012 is presented below:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands, except per share amounts)	
Diluted Net Income (Loss) Per Common Share:		
Numerator:		
Net income (loss)	$13,617	$(44,200)
Add:		
Interest on convertible notes, net of tax	99	—
Numerator for Diluted Net Income (Loss) Per Common Share	$13,716	$(44,200)
Denominator:		
Weighted average common shares outstanding	136,189	133,234
Effect of dilutive securities:		
Conversion of notes	1,692	—
Share purchase options	2,207	—
Restricted share units	657	—
Adjusted weighted average common shares outstanding	140,745	133,234

Diluted Net Income (Loss) Per Common Share	$0.10	$(0.33)

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As of June 30, 2012, the outstanding common shares issuable presented below were excluded from diluted net loss per common share because their inclusion would have had an anti-dilutive effect due to the net loss incurred in the period.

	June 30, 2012 (Amounts in thousands)
Anti-dilutive shares issuable	
Conversion of notes	14,029
Share purchase options	3,519
Restricted share units	1,539
Contingently issuable restricted share units	593
Total weighted average anti-dilutive shares issuable excluded from Diluted Net Loss Per Common Share	19,680

11. Capital Stock

(a) Common Shares
The Company had 500 million authorized common shares at June 30, 2013 and March 31, 2013. The table below outlines common shares reserved for future issuance:

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Stock options outstanding, average exercise price $16.92 (March 31, 2013 - $13.72)	8,484	6,421
Restricted share units — unvested	2,135	2,077
Share purchase options and restricted share units available for future issuance	5,837	12,341
Shares issuable upon conversion of October 2004 2.9375% Notes at conversion price of $11.50 per share	16	30
Shares issuable upon conversion of April 2009 3.625% Notes at conversion price of $8.25 per share	7,819	7,819
Shares issuable upon conversion of January 2012 4.00% Notes at conversion price of $10.50 per share	4,286	4,286
Shares issuable upon conversion of April 2013 1.25% Notes at conversion price of $30.00 per share	2,000	—
Shares reserved for future issuance	30,577	32,974

In September 2012, the Company adopted the 2012 Performance Incentive Plan (the "2012 Plan"). The 2012 Plan provides for the issuance of up to an additional 18.3 million shares of common shares of the Company, stock options, share appreciation rights, restricted stock, stock bonuses and other forms of awards granted or denominated in common shares or units of common shares, 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.

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(b) Share-based Compensation

The Company recognized the following share-based compensation expense during the three months ended June 30, 2013, and 2012:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Compensation Expense:		
Stock Options	$3,767	$299
Restricted Share Units and Other Share-based Compensation	7,403	7,224
Stock Appreciation Rights	6,577	2,226
Total share-based compensation expense	$17,747	$9,749
Tax impact (1)	(6,566)	—
Reduction in net income	$11,181	$9,749

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

During the three months ended June 30, 2013, the Company granted 2,113,756 and 782,072 stock options and restricted share units, respectively, at a weighted-average grant-date fair value of $12.17 and $25.34, respectively.

The total intrinsic value of options exercised as of each exercise date during the three months ended June 30, 2013 and 2012 was $0.7 million and $0.1 million, respectively.

Total unrecognized compensation cost related to unvested stock options and restricted share unit awards at June 30, 2013 are $53.6 million and $42.7 million, respectively, and are expected to be recognized over a weighted average period of 2.9 and 1.9 years, respectively.

12. Income Taxes

The Company had an income tax expense of $8.0 million, or 37.0%, of income before income taxes in the three months ended June 30, 2013, compared to an expense of $2.2 million, or (5.2)%, of loss before income taxes in the three months ended June 30, 2012. The income tax provision for the three months ended June 30, 2013 is calculated by estimating the Company's annual effective tax rate (estimated annual tax provision divided by estimated annual income before income taxes) and then applying the effective tax rate to income before income taxes for the quarter, along with any items that relate discretely to the quarter. The tax provision in the three months ended June 30, 2012 was significantly impacted by changes in the Company's valuation allowance on its net deferred tax asset, and the provision primarily represents deferred U.S. income taxes and foreign withholding taxes. The Company reversed a substantial portion of its valuation allowance in fiscal 2013. The Company expects that with the utilization of its net operating loss carryforwards and other tax attributes, that its cash tax requirements will not increase significantly in fiscal 2014 compared to fiscal 2013.

13. Segment Information

Accounting guidance requires the Company to make certain disclosures about each reportable segment. 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 June 30, 2013: 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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Segmented information by business unit is as follows:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Segment revenues		
Motion Pictures	$438,646	$406,534
Television Production	131,082	65,286
	$569,728	$471,820
Direct operating expenses		
Motion Pictures	$203,450	$193,682
Television Production	102,995	52,136
	$306,445	$245,818
Distribution and marketing		
Motion Pictures	$165,100	$172,900
Television Production	6,360	5,809
	$171,460	$178,709
Segment contribution before general and administration expenses		
Motion Pictures	$70,096	$39,952
Television Production	21,727	7,341
	$91,823	$47,293
General and administration		
Motion Pictures	$16,425	$16,835
Television Production	3,007	2,713
	$19,432	$19,548
Segment profit		
Motion Pictures	$53,671	$23,117
Television Production	18,720	4,628
	$72,391	$27,745
Acquisition of investment in films and television programs		
Motion Pictures	$122,239	$81,051
Television Production	38,694	79,954
	$160,933	$161,005

Segment contribution before general and administration expenses is defined as segment revenue less segment direct operating and distribution and marketing expenses.

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 (loss) before income taxes is as follows:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Company's total segment profit	$72,391	$27,745
Less:		
Shared services and corporate expenses (1)	(37,338)	(32,796)
Depreciation and amortization	(1,625)	(2,105)
Interest expense	(20,814)	(27,490)
Interest and other income	1,496	950
Loss on extinguishment of debt	(466)	(8,159)
Equity interests income (loss)	7,977	(145)
Income (loss) before income taxes	$21,621	$(42,000)

(1) The following table presents certain charges included in shared services and corporate expenses:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in thousands)	
Share-based compensation expense	$17,747	$9,749
Severance and transaction costs related to the acquisition of Summit	—	1,727
Other shared services and corporate expenses	19,591	21,320
	$37,338	$32,796

The following table sets forth significant assets as broken down by segment and other unallocated assets as of June 30, 2013 and March 31, 2013:

	June 30, 2013			March 31, 2013		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in thousands)					
Significant assets by segment						
Accounts receivable	$572,486	$246,952	$819,438	$551,400	$235,750	$787,150
Investment in films and television programs, net	981,808	203,842	1,185,650	1,002,800	241,275	1,244,075
Goodwill	294,367	28,961	323,328	294,367	28,961	323,328
	$1,848,661	$479,755	$2,328,416	$1,848,567	$505,986	$2,354,553
			380,676			406,316

Other unallocated assets (primarily cash, other assets, and equity method investments)		
Total assets	$2,709,092	$2,760,869

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Purchases of property and equipment amounted to $1.4 million and $0.4 million for the three months ended June 30, 2013 and 2012, respectively.

14. Contingencies
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, the Company does not believe, based on current knowledge, that the outcome of any currently pending claims or legal proceedings in which the Company is currently involved will have a material adverse effect on the Company's financial statements.

15. Consolidating Financial Information — Convertible Senior Subordinated Notes

The October 2004 2.9375% 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.

The following tables present condensed consolidating financial information as of June 30, 2013 and March 31, 2013, and for the three months ended June 30, 2013 and 2012 for (1) the Company, on a stand-alone basis, (2) LGEI, on a stand-alone basis, (3) the non-guarantor subsidiaries of the Company (including the subsidiaries of LGEI), on a combined basis (collectively, the "Non-guarantor Subsidiaries") and (4) the Company, on a consolidated basis.

	As of June 30, 2013				
	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	$1,183	$22,601	$27,235	$—	$51,019
Restricted cash	—	9,010	—	—	9,010
Accounts receivable, net	634	3,687	815,117	—	819,438
Investment in films and television programs, net	238	6,391	1,177,880	1,141	1,185,650
Property and equipment, net	—	8,793	473	—	9,266
Equity method investments	—	6,985	151,176	—	158,161
Goodwill	10,173	—	313,155	—	323,328
Other assets	2,438	55,283	14,833	40	72,594
Deferred tax assets	—	69,118	11,508	—	80,626
Subsidiary investments and advances	415,967	493,916	61,927	(971,810)	—
	$430,633	$675,784	$2,573,304	$(970,629)	$2,709,092
Liabilities and Shareholders' Equity (Deficiency)					
Senior revolving credit facility	$—	$339,474	$—	$—	$339,474
Senior secured second-priority notes	—	428,517	—	—	428,517
Accounts payable and accrued liabilities	2,581	62,383	212,695	(125)	277,534

Participations and residuals	179	3,408	388,784	(132)	392,239
Film obligations and production loans	70	—	508,945	—	509,015
Convertible senior subordinated notes	—	149,080	—	—	149,080
Deferred revenue	—	13,985	219,455	—	233,440
Intercompany payable	48,010	115,424	586,121	(749,555)	—
Shareholders' equity (deficiency)	379,793	(436,487)	657,304	(220,817)	379,793
	$430,633	$675,784	$2,573,304	$(970,629)	$2,709,092

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2013				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
		(Amounts in thousands)			
STATEMENT OF OPERATIONS					
Revenues	$—	$6,534	$563,194	$—	$569,728
EXPENSES:					
Direct operating	—	709	305,736	—	306,445
Distribution and marketing	—	1,568	169,892	—	171,460
General and administration	245	36,702	19,976	(153)	56,770
Depreciation and amortization	—	566	1,059	—	1,625
Total expenses	245	39,545	496,663	(153)	536,300
OPERATING INCOME (LOSS)	(245)	(33,011)	66,531	153	33,428
Other expenses (income):					
Interest expense	—	19,497	1,441	(124)	20,814
Interest and other income	(2)	(833)	(785)	124	(1,496)
Loss on extinguishment of debt	—	466	—	—	466
Total other expenses (income)	(2)	19,130	656	—	19,784
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(243)	(52,141)	65,875	153	13,644
Equity interests income (loss)	13,860	74,141	9,747	(89,771)	7,977
INCOME (LOSS) BEFORE INCOME TAXES	13,617	22,000	75,622	(89,618)	21,621
Income tax provision (benefit)	—	8,140	27,270	(27,406)	8,004
NET INCOME (LOSS)	13,617	13,860	48,352	(62,212)	13,617
Foreign currency translation adjustments	213	6,989	13,685	(20,338)	549
Net unrealized loss on foreign exchange contracts	—	—	(336)	—	(336)
COMPREHENSIVE INCOME (LOSS)	$13,830	$20,849	$61,701	$(82,550)	$13,830

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	Three Months Ended June 30, 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	$9,091	$(68,860)	$30,480	$—	$(29,289)
INVESTING ACTIVITIES:					
Proceeds from the sale of a portion of equity method investee	—	—	9,000	—	9,000
Investment in equity method investees	—	(750)	(3,000)	—	(3,750)
Dividends from equity method investee in excess of earnings			4,169		4,169
Purchases of property and equipment	—	(1,343)	(85)	—	(1,428)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(2,093)	10,084	—	7,991
FINANCING ACTIVITIES:					
Senior revolving credit facility - borrowings	—	173,000	—	—	173,000
Senior revolving credit facility - repayments	—	(172,000)	—	—	(172,000)
Senior secured second-priority notes - repurchases	—	(4,280)	—	—	(4,280)
Convertible senior subordinated notes - borrowings	—	60,000	—	—	60,000
Production loans - borrowings	—	—	108,605	—	108,605
Production loans - repayments	—	—	(82,292)	—	(82,292)
Pennsylvania Regional Center credit facility - repayments	—	—	(65,000)	—	(65,000)
Exercise of stock options	543	—	—	—	543
Tax withholding required on equity awards	(9,019)	—	—	—	(9,019)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(8,476)	56,720	(38,687)	—	9,557
NET CHANGE IN CASH AND CASH EQUIVALENTS	615	(14,233)	1,877	—	(11,741)
FOREIGN EXCHANGE EFFECTS ON CASH	(24)	—	421	—	397
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	592	36,834	24,937	—	62,363
CASH AND CASH EQUIVALENTS — END OF PERIOD	$1,183	$22,601	$27,235	$—	$51,019

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	As of March 31, 2013				
	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	$592	$36,834	$24,937	$—	$62,363
Restricted cash	—	9,903	761	—	10,664
Accounts receivable, net	655	5,017	781,478	—	787,150
Investment in films and television programs, net	246	6,391	1,238,966	(1,528)	1,244,075
Property and equipment, net	—	8,019	511	—	8,530
Equity method investments	—	8,005	162,262	(817)	169,450
Goodwill	10,173	—	313,155	—	323,328
Other assets	49,195	56,544	15,879	(48,999)	72,619
Deferred tax assets	—	69,118	13,572	—	82,690
Subsidiary investments and advances	296,373	451,668	—	(748,041)	—
	$357,234	$651,499	$2,551,521	$(799,385)	$2,760,869
Liabilities and Shareholders' Equity (Deficiency)					
Senior revolving credit facility	$—	$338,474	$—	$—	$338,474
Senior secured second-priority notes	—	432,277	—	—	432,277
Accounts payable and accrued liabilities	449	104,078	209,258	(165)	313,620
Participations and residuals	186	3,411	406,077	89	409,763
Film obligations and production loans	73	—	568,946	—	569,019
Convertible senior subordinated notes	—	87,167	49,000	(49,000)	87,167
Deferred revenue	—	14,899	239,124	—	254,023
Intercompany payable	—	—	320,522	(320,522)	—
Shareholders' equity (deficiency)	356,526	(328,807)	758,594	(429,787)	356,526
	$357,234	$651,499	$2,551,521	$(799,385)	$2,760,869

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2012 Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF OPERATIONS					
Revenues	$—	$399	$471,421	$—	$471,820
EXPENSES:					
Direct operating	—	634	245,186	(2)	245,818
Distribution and marketing	(1)	529	178,181	—	178,709
General and administration	370	31,610	20,495	(131)	52,344
Depreciation and amortization	—	373	1,732	—	2,105
Total expenses	369	33,146	445,594	(133)	478,976
OPERATING INCOME (LOSS)	(369)	(32,747)	25,827	133	(7,156)
Other expenses (income):					
Interest expense	—	17,527	10,204	(241)	27,490
Interest and other income	(2)	(841)	(348)	241	(950)
Loss on extinguishment of debt	—	—	8,159	—	8,159
Total other expenses (income)	(2)	16,686	18,015	—	34,699
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(367)	(49,433)	7,812	133	(41,855)
Equity interests income (loss)	(43,833)	3,551	1,626	38,511	(145)
INCOME (LOSS) BEFORE INCOME TAXES	(44,200)	(45,882)	9,438	38,644	(42,000)
Income tax provision (benefit)	—	357	1,843	—	2,200
NET INCOME (LOSS)	(44,200)	(46,239)	7,595	38,644	(44,200)
Foreign currency translation adjustments	(1,426)	3,120	5,345	(8,960)	(1,921)
Net unrealized gain on foreign exchange contracts	—	—	495	—	495
COMPREHENSIVE INCOME (LOSS)	$(45,626)	$(43,119)	$13,435	$29,684	$(45,626)

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2012 Lions Gate Entertainment Corp. (Amounts in thousands)	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,317	$(182,790)	$330,488	$—	$151,015
INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(358)	(28)	—	(386)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(358)	(28)	—	(386)
FINANCING ACTIVITIES:					
Senior revolving credit facility - borrowings	—	274,700	—	—	274,700
Senior revolving credit facility - repayments	—	(85,000)	—	—	(85,000)
Term Loan - repayments	—	—	(185,504)	—	(185,504)
Production loans - borrowings	—	—	36,969	—	36,969
Production loans - repayments	—	—	(174,519)	—	(174,519)
Change in restricted cash collateral associated with financing activities	—	—	(7,467)	—	(7,467)
Exercise of stock options	52	—	—	—	52
Tax withholding requirements on equity awards	(2,745)	—	—	—	(2,745)
Other financing obligations - repayments	—	—	(3,710)	—	(3,710)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,693)	189,700	(334,231)	—	(147,224)
NET CHANGE IN CASH AND CASH EQUIVALENTS	624	6,552	(3,771)	—	3,405
FOREIGN EXCHANGE EFFECTS ON CASH	(131)	—	11	—	(120)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	561	477	63,260	—	64,298
CASH AND CASH EQUIVALENTS — END OF PERIOD	$1,054	$7,029	$59,500	$—	$67,583

LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

16. Consolidating Financial Information — Senior Secured Second-Priority Notes

In October 2009, the Company issued $236.0 million aggregate principal amount of the Senior Notes, and in May 2011, the Company issued an additional $200.0 million aggregate principal amount of the Senior Notes, in a private offering conducted pursuant to Rule 144A and Regulation S under the Securities Act through LGEI.

The Company has agreed to make available to the trustee and the holders of the Senior Notes the following tables which present condensed consolidating financial information as of June 30, 2013 and March 31, 2013, and for the three months ended June 30, 2013 and 2012 for (1) the Company, on a stand-alone basis, (2) LGEI, on a stand-alone basis, (3) the guarantor subsidiaries of the Company (including the subsidiaries of LGEI), on a combined basis (4) the non-guarantor subsidiaries of the Company (including the subsidiaries of LGEI), on a combined basis and (5) the Company, on a consolidated basis.

	As of June 30, 2013					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries Guarantors	Non-guarantors	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)					
BALANCE SHEET						
Assets						
Cash and cash equivalents	$1,183	$ 22,601	$1,178	$ 26,057	$—	$51,019
Restricted cash	—	9,010	—	—	—	9,010
Accounts receivable, net	634	3,687	759,705	95,333	(39,921)	819,438
Investment in films and television programs, net	238	6,391	1,128,604	533,121	(482,704)	1,185,650
Property and equipment, net	—	8,793	101	372	—	9,266
Equity method investments	—	6,985	62,839	88,519	(182)	158,161
Goodwill	10,173	—	282,957	30,198	—	323,328
Other assets	2,438	55,283	14,107	726	40	72,594
Deferred tax assets	—	69,118	11,508	—	—	80,626
Subsidiary investments and advances	415,967	493,916	—	48,010	(957,893)	—
	$430,633	$ 675,784	$2,260,999	$ 822,336	$(1,480,660)	$2,709,092
Liabilities and Shareholders' Equity (Deficiency)						
Senior revolving credit facility	$—	$ 339,474	$—	$ —	$—	$339,474
Senior secured second-priority notes	—	428,517	—	—	—	428,517
Accounts payable and accrued liabilities	2,581	62,383	188,515	24,180	(125)	277,534
Participations and residuals	179	3,408	374,616	14,036	—	392,239
Film obligations and production loans	70	—	506,037	374,632	(371,724)	509,015
Convertible senior subordinated notes	—	149,080	—	—	—	149,080
Deferred revenue	—	13,985	217,283	2,172	—	233,440
Intercompany payable	48,010	115,424	485,711	100,325	(749,470)	—

Shareholders' equity (deficiency)	379,793	(436,487)	488,837	306,991	(359,341)	379,793
	$430,633	$ 675,784	$2,260,999	$ 822,336	$(1,480,660)	$2,709,092

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2013					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries Guarantors	Other Subsidiaries Non-guarantors	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)					
STATEMENT OF OPERATIONS						
Revenues	$—	$ 6,534	$532,388	$ 38,746	$ (7,940)	$569,728
EXPENSES:						
Direct operating	—	709	297,344	18,210	(9,818)	306,445
Distribution and marketing	—	1,568	159,670	10,222	—	171,460
General and administration	245	36,702	17,494	2,482	(153)	56,770
Depreciation and amortization	—	566	1,011	48	—	1,625
Total expenses	245	39,545	475,519	30,962	(9,971)	536,300
OPERATING INCOME (LOSS)	(245)	(33,011)	56,869	7,784	2,031	33,428
Other expenses (income):						
Interest expense	—	19,497	1,314	127	(124)	20,814
Interest and other income	(2)	(833)	(776)	(9)	124	(1,496)
Loss on extinguishment of debt	—	466	—	—	—	466
Total other expenses (income)	(2)	19,130	538	118	—	19,784
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(243)	(52,141)	56,331	7,666	2,031	13,644
Equity interests income (loss)	13,860	74,141	6,883	2,822	(89,729)	7,977
INCOME (LOSS) BEFORE INCOME TAXES	13,617	22,000	63,214	10,488	(87,698)	21,621
Income tax provision (benefit)	—	8,140	23,389	3,881	(27,406)	8,004
NET INCOME (LOSS)	13,617	13,860	39,825	6,607	(60,292)	13,617
Foreign currency translation adjustments	213	6,989	14,240	(555)	(20,338)	549
Net unrealized gain (loss) on foreign exchange contracts	—	—	(4)	(332)	—	(336)
COMPREHENSIVE INCOME (LOSS)	$13,830	$ 20,849	$54,061	$ 5,720	$ (80,630)	$13,830

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2013					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries Guarantors	Non-guarantors	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)					
STATEMENT OF CASH FLOWS						
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$9,091	$(68,860)	$33,583	$(3,103)	$—	$(29,289)
INVESTING ACTIVITIES:						
Proceeds from the sale of a portion of equity method investee	—	—	—	9,000	—	9,000
Investment in equity method investee	—	(750)	—	(3,000)	—	(3,750)
Dividend payment from equity method investee			4,169			4,169
Purchases of property and equipment	—	(1,343)	(74)	(11)	—	(1,428)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(2,093)	4,095	5,989	—	7,991
FINANCING ACTIVITIES:						
Senior revolving credit facility - borrowings	—	173,000	—	—	—	173,000
Senior revolving credit facility - repayments	—	(172,000)	—	—	—	(172,000)
Senior secured second-priority notes - repurchases	—	(4,280)	—	—	—	(4,280)
Convertible senior subordinated notes - borrowings	—	60,000	—	—	—	60,000
Production loans - borrowings	—	—	108,605	—	—	108,605
Production loans - repayments	—	—	(82,292)	—	—	(82,292)
Pennsylvania Regional Center credit facility - repayments	—	—	(65,000)	—	—	(65,000)
Change in restricted cash collateral associated with financing activities	—	—	—	—	—	—
Exercise of stock options	543	—	—	—	—	543
Tax withholding required on equity awards	(9,019)	—	—	—	—	(9,019)
	—	—	—	—	—	—

Other financing obligations - repayments						
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(8,476)	56,720	(38,687)	—	—	9,557
NET CHANGE IN CASH AND CASH EQUIVALENTS	615	(14,233)	(1,009)	2,886	—	(11,741)
FOREIGN EXCHANGE EFFECTS ON CASH	(24)	—	—	421	—	397
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	592	36,834	2,187	22,750	—	62,363
CASH AND CASH EQUIVALENTS — END OF PERIOD	$1,183	$ 22,601	$1,178	$ 26,057	$—	$51,019

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	As of March 31, 2013					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries Guarantors	Non-guarantors	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)					
BALANCE SHEET						
Assets						
Cash and cash equivalents	$592	$36,834	$2,187	$ 22,750	$—	$62,363
Restricted cash	—	9,903	—	761	—	10,664
Accounts receivable, net	655	5,017	738,748	42,730	—	787,150
Investment in films and television programs, net	246	6,391	1,182,453	55,006	(21)	1,244,075
Property and equipment, net	—	8,019	102	409	—	8,530
Equity method investments	—	8,005	69,972	91,697	(224)	169,450
Goodwill	10,173	—	282,957	30,198	—	323,328
Other assets	49,195	56,544	14,739	1,140	(48,999)	72,619
Deferred tax assets	—	69,118	13,851	—	(279)	82,690
Subsidiary investments and advances	296,373	451,668	3,168	—	(751,209)	—
	$357,234	$651,499	$2,308,177	$ 244,691	$(800,732)	$2,760,869
Liabilities and Shareholders' Equity (Deficiency)						
Senior revolving credit facility	$—	$338,474	$—	$ —	$—	$338,474
Senior secured second-priority notes	—	432,277	—	—	—	432,277
Accounts payable and accrued liabilities	449	104,078	185,421	24,116	(444)	313,620
Participations and residuals	186	3,411	391,226	14,652	288	409,763
Film obligations and production loans	73	—	561,058	7,888	—	569,019
Convertible senior subordinated notes	—	87,167	49,000	—	(49,000)	87,167
Deferred revenue	—	14,899	236,925	2,199	—	254,023
Intercompany payable	—	—	201,900	125,010	(326,910)	—
Shareholders' equity (deficiency)	356,526	(328,807)	682,647	70,826	(424,666)	356,526
	$357,234	$651,499	$2,308,177	$ 244,691	$(800,732)	$2,760,869

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Three Months Ended
June 30, 2012

	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries Guarantors	Other Subsidiaries Non-guarantors (1)	Consolidating Adjustments	Lions Gate Consolidated
			(Amounts in thousands)			
STATEMENT OF OPERATIONS						
Revenues	$—	$ 399	$399,037	$ 104,320	$ (31,936)	$471,820
EXPENSES:						
Direct operating	—	634	214,153	72,789	(41,758)	245,818
Distribution and marketing	(1)	529	156,492	21,689	—	178,709
General and administration	370	31,610	16,687	3,808	(131)	52,344
Depreciation and amortization	—	373	83	1,649	—	2,105
Total expenses	369	33,146	387,415	99,935	(41,889)	478,976
OPERATING INCOME (LOSS)	(369)	(32,747)	11,622	4,385	9,953	(7,156)
Other expenses (income):						
Interest expense	—	17,527	1,434	8,770	(241)	27,490
Interest and other income	(2)	(841)	(233)	(115)	241	(950)
Loss on extinguishment of debt	—	—	—	8,159	—	8,159
Total other expenses (income)	(2)	16,686	1,201	16,814	—	34,699
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	(367)	(49,433)	10,421	(12,429)	9,953	(41,855)
Equity interests income (loss)	(43,833)	3,551	6,639	(5,100)	38,598	(145)
INCOME (LOSS) BEFORE INCOME TAXES	(44,200)	(45,882)	17,060	(17,529)	48,551	(42,000)
Income tax provision (benefit)	—	357	351	1,492	—	2,200
NET INCOME (LOSS)	(44,200)	(46,239)	16,709	(19,021)	48,551	(44,200)
Foreign currency translation adjustments	(1,426)	3,120	5,807	(462)	(8,960)	(1,921)
Net unrealized gain on foreign exchange contracts	—	—	178	317	—	495
COMPREHENSIVE INCOME (LOSS)	$(45,626)	$ (43,119)	$22,694	$ (19,166)	$ 39,591	$(45,626)

(1) Includes Summit for the three months ended June 30, 2012. Subsequent to the termination of the Term Loan in October 2012, Summit and certain of its affiliates became guarantors under the Senior Notes. Accordingly, Summit operations are included in the Guarantors subsequent to the termination of the Term Loan.

LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2012					
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Other Subsidiaries Guarantors	Non-guarantors (1)	Consolidating Adjustments	Lions Gate Consolidated
			(Amounts in thousands)			
STATEMENT OF CASH FLOWS						
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$3,317	$(182,790)	$145,721	$ 184,767	$—	$151,015
INVESTING ACTIVITIES:						
Purchases of property and equipment	—	(358)	(8)	(20)	—	(386)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(358)	(8)	(20)	—	(386)
FINANCING ACTIVITIES:						
Senior revolving credit facility - borrowings	—	274,700	—	—	—	274,700
Senior revolving credit facility - repayments	—	(85,000)	—	—	—	(85,000)
Term Loan - repayments	—	—	—	(185,504)	—	(185,504)
Production loans - borrowings	—	—	36,150	819	—	36,969
Production loans - repayments	—	—	(170,903)	(3,616)	—	(174,519)
Change in restricted cash collateral associated with financing activities	—	—	(7,467)	—	—	(7,467)
Exercise of stock options	52	—	—	—	—	52
Tax withholding required on equity awards	(2,745)	—	—	—	—	(2,745)
Other financing obligations - repayments	—	—	(3,710)	—	—	(3,710)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(2,693)	189,700	(145,930)	(188,301)	—	(147,224)
NET CHANGE IN CASH AND CASH EQUIVALENTS	624	6,552	(217)	(3,554)	—	3,405
FOREIGN EXCHANGE EFFECTS ON CASH	(131)	—	—	11	—	(120)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	561	477	1,525	61,735	—	64,298
	$1,054	$ 7,029	$1,308	$ 58,192	$—	$67,583

CASH AND CASH EQUIVALENTS — END OF PERIOD

(1) Includes Summit for the three months ended June 30, 2012. Subsequent to the termination of the Term Loan in October 2012, Summit and certain of its affiliates became guarantors under the Senior Notes. Accordingly, Summit operations are included in the Guarantors subsequent to the termination of the Term Loan.

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17. Supplementary Cash Flow Statement Information

There were no significant noncash investing or financing activities for the three months ended June 30, 2013 or 2012.

18. Subsequent Events (Unaudited)

5.25% Senior Secured Second Priority Notes Issuance. On July 19, 2013, Lions Gate Entertainment Corp. issued $225.0 million aggregate principal amount of the 5.25% Senior Notes in a private placement. The Notes were issued at 100% of the principal amount, resulting in gross proceeds of $225.0 million.

Interest. Interest on the 5.25% Senior Notes is payable semiannually on February 1 and August 1 of each year at a rate of 5.25% per year, commencing on February 1, 2014.

Maturity. The 5.25% Senior Notes will mature on August 1, 2018.

Guarantees. The Notes will be 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 will be 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 will be structurally subordinated to all existing and future liabilities (including trade payables) and preferred stockholders of the subsidiaries that do not guarantee the Notes.

Optional Redemption. The Company may redeem the 5.25% Senior Notes, in whole or in part, at a price equal to 100% of the principal amount of the 5.25% Senior Notes, plus a “make-whole” premium, plus accrued and unpaid interest, if any, to the date of redemption.

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.

July 2013 Term Loans. Also on July 19, 2013, the Company entered into a Second Lien Credit and Guarantee Agreement (the "Second Lien Credit Agreement"), pursuant to which the Company borrowed term loans in an aggregate amount of $225.0 million (the "July 2013 Term Loans").

Interest. The July 2013 Term Loans bear interest by reference to a base rate or the LIBOR rate, plus an applicable margin of 3.00% in the case of base rate loans and 4.00% in the case of LIBOR loans. The base rate is subject to a floor of 2.0%, and the LIBOR rate is subject to a floor of 1.0%.

Maturity. The Second Lien Credit Agreement will mature on July 19, 2020.

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

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

Optional Prepayment. The Company may voluntarily prepay the July 2013 Term Loans at any time, provided that prior to July 19, 2014, the Company shall pay to the lenders an amount equal to all unpaid interest payable on the principal amount prepaid through July 19, 2014. In addition, the Company shall pay to the lenders a prepayment premium on the principal

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amount prepaid of (i) 2.0%, if such prepayment occurs on or before July 19, 2015 and (ii) 1.0%, if such prepayment occurs after July 19, 2015 and on or before July 19, 2016. No prepayment premium shall be payable if the prepayment occurs on or after July 19, 2016.

Change of Control. The occurrence of a change of control will be a triggering event requiring the Company to offer to prepay some or all of the July 2013 Term Loans at a price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to the date of prepayment. 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 prepay the July 2013 Term Loans at 100% of their principal amount, plus accrued and unpaid interest, if any to the date of prepayment.

Covenants. Substantially similar to the 5.25% Senior Notes described above.

Redemption of 10.25% Senior Notes. The Company used the proceeds from the issuance of the 5.25% Senior Notes and the July 2013 Term Loans (collectively the "New Issuances"), whose principal amount collectively totaled $450.0 million, together with cash on hand and borrowings under its senior revolving credit facility, to fund the discharge by LGEI of its existing 10.25% Senior Notes, which LGEI called for early redemption on July 19, 2013. In conjunction with the early redemption, the Company paid $34 million, representing the present value of interest through the first call date of November 1, 2013 and related call premium as set forth in the indenture governing the 10.25% Senior Notes. This, along with $20 million of deferred financing costs and unamortized debt discount related to the redeemed notes, will be amortized over the life of the New Issuances to the extent deemed to be a modification of terms with creditors participating in both the issuance and redemption. The remaining amount, plus certain New Issuance costs related to the portion of the New Issuances deemed to be a modification, will be expensed as an early extinguishment of debt in the second quarter ending September 30, 2013. The Company estimates the expense for this early extinguishment of debt will be approximately $36 million.

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ITEM 2. 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 leading global entertainment company with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, family entertainment, digital distribution, new channel platforms and international distribution and sales.

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., Australia and other foreign countries. None of the non-U.S. countries individually comprised greater than 10% of total revenues for the three months ended June 30, 2013 and 2012.

Motion Pictures. Motion Pictures includes "Theatrical," "Home Entertainment," "Television," "International," and "Lionsgate UK" revenue.

Theatrical revenues are derived from the theatrical release of motion pictures in the U.S. and Canada which are distributed to theatrical exhibitors on a picture-by-picture basis. The financial terms that we negotiate with our theatrical exhibitors generally provide that we receive a percentage of the box office results and are negotiated on a picture-by-picture basis.

Home Entertainment revenues includes revenues from our own film and television productions and acquired or licensed films, including theatrical and direct-to-video releases, generated from the sale to retail stores and through digital media platforms. In addition, we have revenue sharing arrangements with certain rental stores which generally provide that in exchange for a nominal or no upfront sales price, we share in the rental revenues generated by each such store on a title-by-title basis. We categorized 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 or "EST," and digital rental.

Television revenues are primarily derived from the licensing of our productions and acquired films to the domestic cable, satellite, and free and pay television markets.

International revenues include revenues from our international subsidiaries from the licensing and sale of our productions, acquired films, our catalog product or libraries of acquired titles and revenues from our distribution to international sub-distributors, on a territory-by-territory basis.

Lionsgate UK revenues include revenues from the licensing and sale of our productions, acquired films, our catalog product or libraries of acquired titles from our subsidiary located in the United Kingdom.

Television Production. Television Production includes the licensing and syndication to domestic and international markets of one-hour and half-hour drama series, television movies and mini-series and non-fiction programming, and home entertainment revenues consisting of television production movies or series.

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, etc. 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

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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.

Recent Developments

5.25% Senior Secured Second Priority Notes Issuance. On July 19, 2013, Lions Gate Entertainment Corp. issued $225.0 million aggregate principal amount of Senior Secured Second-Priority Notes (the "5.25% Senior Notes") in a private placement. The 5.25% Senior Notes were issued at 100% of the principal amount, resulting in gross proceeds of $225.0 million. Interest on the 5.25% Senior Notes is payable semiannually on February 1 and August 1 of each year at a rate of 5.25% per year, commencing on February 1, 2014. The 5.25% Senior Notes will mature on August 1, 2018. See Note 18 to our consolidated financial statements for further detail and additional key terms.

July 2013 Term Loans. Also on July 19, 2013, the Company entered into a Second Lien Credit and Guarantee Agreement (the "Second Lien Credit Agreement"), pursuant to which the Company borrowed term loans in an aggregate amount of $225.0 million (the "July 2013 Term Loans"). The July 2013 Term Loans bear interest by reference to a base rate or the LIBOR rate, plus an applicable margin of 3.00% in the case of base rate loans and 4.00% in the case of LIBOR loans. The base rate is subject to a floor of 2.0%, and the LIBOR rate is subject to a floor of 1.0%. The Second Lien Credit Agreement will mature on July 19, 2020. See Note 18 to our consolidated financial statements for further detail and additional key terms.

Redemption of 10.25% Senior Notes. The Company used the proceeds from the issuance of the 5.25% Senior Notes and the July 2013 Term Loans (collectively the "New Issuances"), whose principal amount collectively totaled $450.0 million, together with cash on hand and borrowings under its senior revolving credit facility, to fund the discharge by LGEI of its existing 10.25% Senior Notes, which LGEI called for early redemption on July 19, 2013. In conjunction with the early redemption, the Company paid $34 million, representing the present value of interest through the first call date of November 1, 2013 and related call premium as set forth in the indenture governing the 10.25% Senior Notes. This, along with $20 million of deferred financing costs and unamortized debt discount related to the redeemed notes, will be amortized over the life of the New Issuances to the extent deemed to be a modification of terms with creditors participating in both the issuance and redemption. The remaining amount, plus certain New Issuance costs related to the portion of the New Issuances deemed to be a modification, will be expensed as an early extinguishment of debt in the second quarter ending September 30, 2013. The Company estimates the expense for this early extinguishment of debt will be approximately $36 million.

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 attached to 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. For example, accounting for films and television programs requires us to estimate future revenue and expense amounts which, due to the inherent uncertainties involved in making such estimates, are likely to differ to some extent from actual results. 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 audited consolidated financial statements in our Annual Report on Form 10-K filed with the SEC on May 30, 2013.

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 year expected to be recognized from exploitation, exhibition or sale of such film or television program over a period not to exceed ten years from

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the date of initial release. For previously released film or television programs acquired as part of a library, ultimate revenue includes estimates over a period not to exceed 20 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 its 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 8 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/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, rental revenue is recognized when we are entitled to receipts and such receipts are determinable. Revenues from television licensing 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 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 requiring the most subjectivity and judgment 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

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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 $1.7 million and $1.4 million on our total revenue in the three months ended June 30, 2013 and 2012, 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, when the impact of such change is material, is disclosed in our discussion on direct operating expenses elsewhere in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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, net of applicable reserves, related to net operating loss carryforwards and certain temporary differences. We recognize a future tax benefit to the extent that realization of such benefit is more likely than not or 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. Because of our historical operating losses, in previous years, we have historically provided a full valuation allowance against our net deferred tax assets. However, 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 due to 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. 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.

Goodwill. Goodwill is reviewed annually 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, 2013 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, 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.

Convertible Senior Subordinated Notes. We account for our convertible senior subordinated notes by separating the liability and equity components. The liability component is recorded at the date of issuance based on its fair value which is generally determined in a manner that will reflect an interest cost equal to our nonconvertible debt borrowing rate at the convertible senior subordinated notes issuance date. The amount of the proceeds, less the amount recorded as the liability component, is recorded as an addition to shareholders' equity reflecting the equity component (i.e., conversion feature). The difference between the principal amount and the amount recorded as the liability component represents the debt discount. The carrying amount of the liability is accreted up to the principal amount through the amortization of the discount, using the effective interest method, to interest expense over the expected life of the note. The determination of the fair value of the liability component is an estimate dependent on a number of factors, including estimates of market rates for similar nonconvertible debt instruments at the date of issuance. A higher value attributable to the liability component results in a lower value attributed to the equity component and therefore a smaller discount amount and lower interest cost as a result of amortization of the smaller discount. A lower value attributable to the liability component results in a higher value attributed to the equity component and therefore a larger discount amount and higher interest cost as a result of amortization of the larger discount.

Business Acquisitions. We account for business acquisitions as a purchase, whereby the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair value. The excess of the purchase price over estimated fair value of the net identifiable assets is allocated to goodwill. Determining the fair value of assets and liabilities requires various assumptions and estimates. These estimates and assumptions are refined with adjustments recorded to goodwill as information is gathered and final appraisals are completed over a one-year measurement period. The changes in these estimates or different assumptions used in determining these estimates could impact the amount of assets, including goodwill and liabilities,

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ultimately recorded on our balance sheet and could impact our operating results subsequent to such acquisition. We believe that our assumptions and estimates have been materially accurate in the past.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that requires companies to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amounts are required to be reclassified in their entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference to other required disclosures that provide additional detail about those amounts. This guidance is effective for the Company's fiscal year beginning April 1, 2013. We adopted the new guidance effective April 1, 2013. During the three months ended June 30, 2013, we did not have any significant amounts reclassified out of accumulated other comprehensive income. As of June 30, 2013, our accumulated other comprehensive income represents currency translation adjustments.

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RESULTS OF OPERATIONS

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

The following table sets forth the components of consolidated revenue by segment for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Increase (Decrease) Amount	Percent
		(Amounts in millions)		
Consolidated Revenue				
Motion Pictures	$438.6	$406.5	$32.1	7.9 %
Television Production	131.1	65.3	65.8	100.8 %
	$569.7	$471.8	$97.9	20.8 %

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 three months ended June 30, 2013 and 2012:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Increase (Decrease) Amount	Percent
		(Amounts in millions)		
Home Entertainment Revenue				
Motion Pictures	$162.2	$132.6	$29.6	22.3 %
Television Production	7.2	12.9	(5.7)	(44.2)%
	$169.4	$145.5	$23.9	16.4 %

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 three months ended June 30, 2013 and 2012.

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Increase (Decrease) Amount	Percent
	(Amounts in millions)			
Motion Pictures				
Theatrical	$88.9	$137.6	$(48.7)	(35.4)%
Home Entertainment	162.2	132.6	29.6	22.3 %
Television	36.8	37.1	(0.3)	(0.8)%
International	79.1	48.6	30.5	62.8 %
Lionsgate UK	32.4	32.6	(0.2)	(0.6)%
Other	39.2	18.0	21.2	117.8 %
	$438.6	$406.5	$32.1	7.9 %

Motion Pictures — Theatrical Revenue

The following table sets forth the titles contributing significant theatrical revenue by fiscal years theatrical slate and the month of their release for the three months ended June 30, 2013 and 2012:

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Three Months Ended June 30, 2013		2012	
	Theatrical Release Date		Theatrical Release Date
Fiscal 2014 Theatrical Slate:		Fiscal 2013 Theatrical Slate:	
Now You See Me	May 2013	Madea's Witness Protection	June 2012
The Big Wedding	April 2013	What To Expect When You're Expecting	May 2012
Fiscal 2013 Theatrical Slate:		Cabin In The Woods	April 2012
Temptation: Confessions of a Marriage Counselor	May 2013	Fiscal 2012 Theatrical Slate:	
Managed Brands:		The Hunger Games	March 2012
Mud (released through Roadside Attractions)	May 2013		

Theatrical revenue of $88.9 million decreased $48.7 million in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The decrease in theatrical revenue is due largely to the performance of the titles from our Fiscal 2014 and Fiscal 2013 Theatrical Slates in the three months ended June 30, 2013, as compared to the performance of the titles from our Fiscal 2013 and Fiscal 2012 Theatrical Slates in the three months ended June 30, 2012, and in particular, the successful performance of The Hunger Games in the three months ended June 30, 2012.

Motion Pictures — Home Entertainment Revenue

The following table sets forth the titles contributing approximately two percent or more of motion pictures home entertainment revenue for the three months ended June 30, 2013 and 2012:

Three Months Ended June 30, 2013		2012	
	DVD Release Date		DVD Release Date
Fiscal 2013 Theatrical Slate:		Fiscal 2012 Theatrical Slate:	
Snitch	June 2013	Good Deeds	June 2012
Warm Bodies	June 2013	Gone	May 2012
The Last Stand	May 2013	Man On A Ledge	May 2012
Texas Chainsaw 3D	May 2013	One For The Money	May 2012
The Impossible	April 2013	Abduction	January 2012
The Twilight Saga: Breaking Dawn Part 2	March 2013		
Sinister	February 2013	Summit Titles Released Theatrically Pre-Acquisition:	
The Perks of Being a Wallflower	February 2013	The Darkest Hour	April 2012
Alex Cross	February 2013	The Three Musketeers	March 2012
The Expendables 2	November 2012	The Twilight Saga: Breaking Dawn - Part 1	February 2012
Other:		Managed Brands:	
Stand Up Guys	May 2013	Haywire	May 2012
		50/50	January 2012

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The following table sets forth the components of home entertainment revenue by product category for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30,					
	2013			2012		
	Packaged Media	Digital Media (1)	Total	Packaged Media	Digital Media (1)	Total
			(Amounts in millions)			
Home entertainment revenues						
Fiscal 2013 Theatrical Slate	$58.0	$41.0	$99.0	$—	$—	$—
Fiscal 2012 Theatrical Slate	2.3	2.1	4.4	34.3	7.7	42.0
Fiscal 2011 Theatrical Slate	1.8	0.4	2.2	1.1	0.3	1.4
Fiscal 2010 & Prior Theatrical Slates	2.8	1.2	4.0	2.8	1.3	4.1
Total Theatrical Slates	64.9	44.7	109.6	38.2	9.3	47.5
Summit Titles Released Theatrically Pre-Acquisition	3.0	2.1	5.1	8.9	22.1	31.0
Managed Brands (2)	30.4	12.3	42.7	43.2	9.9	53.1
Other	3.9	0.9	4.8	0.4	0.6	1.0
	$102.2	$60.0	$162.2	$90.7	$41.9	$132.6

(1) Digital media revenue consists of revenues generated from pay-per-view and video-on-demand platforms, electronic sell-through or “EST,” and digital rental.

(2) Managed Brands consists of Direct-to-DVD, acquired and licensed brands, acquired library and other product.

Home entertainment revenue of $162.2 million increased $29.6 million, or 22.3%, in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The increase in home entertainment revenue is primarily due to a larger theatrical slate in fiscal 2013 as compared to fiscal 2012, which resulted in five DVD and digital releases in the three months ended June 30, 2013, as compared to two DVD and digital releases in the three months ended June 30, 2012.

Motion Pictures — Television Revenue

The following table sets forth the titles contributing significant motion pictures television revenue for the three months ended June 30, 2013 and 2012:

Three Months Ended June 30,	
2013	2012
Fiscal 2013 Theatrical Slate:	Fiscal 2012 Theatrical Slate:
Dredd	Abduction
The Possession	Conan the Barbarian
Summit Titles Released Theatrically Pre-Acquisition:	Warrior
Red	Fiscal 2010 Theatrical Slate:
Managed Brands:	Tyler Perry's I Can Do Bad All By Myself
Arbitrage	Summit Titles Released Theatrically Pre-Acquisition:
	Source Code

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The following table sets forth the components of television revenue by product category for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30,	
	2013	2012
	(Amounts in millions)	
Television revenues		
Fiscal 2013 Theatrical Slate	$11.3	$—
Fiscal 2012 Theatrical Slate	0.2	15.0
Fiscal 2011 Theatrical Slate	2.5	0.1
Fiscal 2010 & Prior Theatrical Slates	5.7	9.5
Total Theatrical Slates	19.7	24.6
Summit Titles Released Theatrically Pre-Acquisition	9.8	7.4
Managed Brands	6.9	5.0
Other	0.4	0.1
	$36.8	$37.1

Television revenue included in motion pictures revenue of $36.8 million decreased $0.3 million, or 0.8%, in the three months ended June 30, 2013, as compared to the three months ended June 30, 2012. The decrease in television revenue in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, is mainly due to the revenues generated by the titles and product categories listed above.

Motion Pictures — International Revenue

The following table sets forth the titles contributing significant motion pictures international revenue for the three months ended June 30, 2013 and 2012:

Three Months Ended June 30,	
2013	2012
Fiscal 2014 Theatrical Slate:	Fiscal 2013 Theatrical Slate:
Now You See Me	Cabin In The Woods
Fiscal 2013 Theatrical Slate:	Cold Light of Day
The Impossible	What To Expect When You're Expecting
The Last Stand	Fiscal 2012 Theatrical Slate:
The Twilight Saga: Breaking Dawn 2	The Hunger Games
Warm Bodies	Man On A Ledge
Summit Titles Released Theatrically Pre-Acquisition:	Summit Titles Released Theatrically Pre-Acquisition:
The Twilight Saga: Eclipse	Twilight
	The Twilight Saga: Eclipse
	The Twilight Saga: New Moon
	The Twilight Saga: Breaking Dawn - Part 1

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The following table sets forth the components of international revenue by product category for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30,	
	2013	2012
	(Amounts in millions)	
International revenues		
Fiscal 2014 Theatrical Slate	$13.2	$—
Fiscal 2013 Theatrical Slate	47.6	13.6
Fiscal 2012 Theatrical Slate	1.0	9.0
Fiscal 2011 Theatrical Slate	2.5	1.3
Fiscal 2010 & Prior Theatrical Slates	1.8	0.8
Total Theatrical Slates	66.1	24.7
Summit Titles Released Theatrically Pre-Acquisition	10.8	20.4
Managed Brands	2.1	3.2
Other	0.1	0.3
	$79.1	$48.6

International revenue included in motion pictures revenue of $79.1 million increased $30.5 million, or 62.8%, in the three months ended June 30, 2013, as compared to the three months ended June 30, 2012. The increase in international revenue in the three months ended June 30, 2013 compared to the three months ended June 30, 2012, is mainly due to the revenues generated by the titles and product categories listed above.

Motion Pictures — Lionsgate UK Revenue

The following table sets forth the titles contributing significant Lionsgate UK revenue for the three months ended June 30, 2013 and 2012:

Three Months Ended June 30,	
2013	2012
Fiscal 2013 Theatrical Slate:	Fiscal 2013 Theatrical Slate:
Cabin In The Woods	Cabin In The Woods
The Expendables 2	What To Expect When You're Expecting
The Last Stand	Fiscal 2012 Theatrical Slate:
What To Expect When You're Expecting	Conan the Barbarian
Lionsgate UK and third party product:	The Hunger Games
Keith Lemon: The Film	Lionsgate UK and third party product:
Magic Mike	Drive
Olympus Has Fallen	Horrid Henry
Top Cat: The Movie	Salmon Fishing In The Yemen

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The following table sets forth the components of Lionsgate UK revenue by product category for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30,	
	2013	2012
	(Amounts in millions)	
Lionsgate UK revenues		
Fiscal 2014 Theatrical Slate	$0.4	$—
Fiscal 2013 Theatrical Slate	12.3	4.0
Fiscal 2012 Theatrical Slate	1.4	12.1
Fiscal 2011 Theatrical Slate	0.6	0.7
Fiscal 2010 & PriorTheatrical Slate	0.5	0.7
Total Theatrical Slates	15.2	17.5
Summit Titles Released Theatrically Pre-Acquisition	0.2	0.5
Lionsgate UK and third party product	13.5	11.6
Managed Brands	3.5	3.0
	$32.4	$32.6

Lionsgate UK revenue of $32.4 million decreased $0.2 million, or 0.6%, in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The decrease in Lionsgate UK revenue in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 is mainly due to the revenue generated by the titles and product categories listed above.

Television Production Revenue

Television production revenue of $131.1 million increased $65.8 million, or 100.8%, in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. The following table sets forth the components and the changes in the components of revenue that make up television production revenue for the three months ended June 30, 2013 and 2012:

	Three Months Ended	Three Months Ended	Increase (Decrease)	
	June 30, 2013	June 30, 2012	Amount	Percent
		(Amounts in millions)		
Television Production				
Domestic television	$101.1	$40.8	$60.3	147.8 %
International	22.4	10.8	11.6	107.4 %
Home entertainment revenue from television production	7.2	12.9	(5.7)	(44.2)%
Other	0.4	0.8	(0.4)	(50.0)%
	$131.1	$65.3	$65.8	100.8 %

Television production revenue increased in the three months ended June 30, 2013, mainly due to higher revenue from domestic television and international revenue, slightly offset by a decrease in the home entertainment category of television production in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012, respectively.

Television Production - Domestic Television

The following table sets forth the titles contributing approximately two percent or more of domestic television revenue for the three months ended June 30, 2013 and 2012:

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Three Months Ended June 30,	
2013	2012
Anger Management	Anger Management
Are We There Yet?	Boss - Season 2
Family Feud - Season 6	Family Feud - Seasons 4 & 5
House of Payne	House of Payne
Mad Men - Season 6	The Jeremy Kyle Show - Season 1
Meet the Browns	Meet the Browns
Nashville - Season 1	South Park
Orange Is the New Black	Weeds - Seasons 7 & 8
The Wendy Williams Show - Season 4	The Wendy Williams Show - Season 3

Domestic television revenue of $101.1 million increased $60.3 million, or 147.8%, in the three months ended June 30, 2013, as compared to the three months ended June 30, 2012. The contribution of television revenue from the titles listed above was $92.5 million in the three months ended June 30, 2013, compared to $38.9 million in the three months ended June 30, 2012, largely due to an increase in the number of television episodes delivered in the three months ended June 30, 2013, as compared to the three months ended June 30, 2012. The contribution of television revenue from titles not listed above was $8.6 million in the three months ended June 30, 2013, compared to $1.9 million in the three months ended June 30, 2012.

Television Production - International Revenue

International revenue in the three months ended June 30, 2013 increased as compared to the three months ended June 30, 2012. International revenue in the three months ended June 30, 2013 primarily included revenue from Anger Management, Mad Men (Seasons 5 & 6), Weeds (Seasons 7 & 8), and Nashville (Season 1). International revenue in the three months ended June 30, 2012 primarily included revenue from Boss (Season 1) and Mad Men (Seasons 4 & 5).

Television Production - Home Entertainment Revenue from Television Production

The decrease in home entertainment revenue from television production is primarily due to a decrease in digital media revenue, offset in part by a slight increase in packaged media revenue. Digital media revenue was $3.2 million in the three months ended June 30, 2013, as compared to $10.5 million in the three months ended June 30, 2012, while packaged media revenue was $4.0 million in the three months ended June 30, 2013, as compared to $2.4 million in the three months ended June 30, 2012. The decrease in digital media revenue is due to a licensing contract in the three months ended June 30, 2012 which resulted in digital media revenue for Weeds (Season 6), with no comparable revenue in the three months ended June 30, 2013.

Direct Operating Expenses

The following table sets forth direct operating expenses by segment for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30, 2013			Three Months Ended June 30, 2012		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Direct operating expenses						
Amortization of films and television programs	$142.4	$77.0	$219.4	$133.3	$33.8	$167.1
Participation and residual expense	60.2	25.6	85.8	60.4	18.2	78.6
Other expenses	0.8	0.4	1.2	—	0.1	0.1
	$203.4	$103.0	$306.4	$193.7	$52.1	$245.8

Direct operating expenses as a percentage of segment revenues	46.4	%	78.6	%	53.8	%	47.7	%	79.8	%	52.1	%

Direct operating expenses of the motion pictures segment of $203.4 million for the three months ended June 30, 2013 were 46.4% of motion pictures revenue, compared to $193.7 million, or 47.7% of motion pictures revenue for the three months ended June 30, 2012. The increase in direct operating expenses is due to an increase in motion pictures revenue for the three

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months ended June 30, 2013 as compared to the three months ended June 30, 2012. Investment in film write-downs of the motion pictures segment during the three months ended June 30, 2013 totaled approximately $3.3 million, compared to $1.5 million for the three months ended June 30, 2012. In the three months ended June 30, 2013, there was one write-down that individually exceeded $1.0 million, and in the three months ended June 30, 2012, there were no write-downs that individually exceeded $1.0 million.

Direct operating expenses of the television production segment of $103.0 million for the three months ended June 30, 2013 were 78.6% of television revenue, compared to $52.1 million, or 79.8%, of television revenue for the three months ended June 30, 2012. The increase in direct operating expenses is due to an increase in television production revenue in the three months ended June 30, 2013 as compared to the three months ended June 30, 2012. In the three months ended June 30, 2013, $4.9 million of charges for write-downs of television film costs were included in the amortization of television programs, compared to charges of $2.1 million in the three months ended June 30, 2012. In the three months ended June 30, 2013, there was one write-down that individually exceeded $1.0 million, and in the three months ended June 30, 2012, there were no write-downs that individually exceeded $1.0 million.

Distribution and Marketing Expenses

The following table sets forth distribution and marketing expenses by segment for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30, 2013			Three Months Ended June 30, 2012		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Distribution and marketing expenses						
Theatrical	$110.1	$0.1	$110.2	$116.1	$—	$116.1
Home Entertainment	38.2	1.2	39.4	34.7	0.9	35.6
Television	0.4	3.1	3.5	1.4	3.3	4.7
International	4.2	1.8	6.0	2.3	1.4	3.7
Lionsgate UK	10.0	0.2	10.2	16.3	0.1	16.4
Other	2.2	—	2.2	2.1	0.1	2.2
	$165.1	$6.4	$171.5	$172.9	$5.8	$178.7

The majority of distribution and marketing expenses relate to the motion pictures segment. Theatrical prints and advertising (“P&A”) in the motion pictures segment in the three months ended June 30, 2013 of $110.1 million decreased $6.0 million, compared to $116.1 million in the three months ended June 30, 2012, primarily due to a decrease in the P&A incurred on the theatrical releases in the three months ended June 30, 2013, offset in part by an increase in P&A incurred in advance for films to be released in subsequent quarters. Domestic theatrical P&A from the motion pictures segment in the three months ended June 30, 2013 included P&A incurred on the release of Mud, Now You See Me, The Big Wedding, and Peeples. Approximately $27.0 million of P&A was incurred in advance for films to be released in subsequent quarters, such as Ender's Game, Kevin Hart: Let Me Explain, Red 2, The Hunger Games: Catching Fire, and You're Next. Domestic theatrical P&A from the motion pictures segment in the three months ended June 30, 2012 included P&A incurred on the release of Cabin In The Woods, Madea's Witness Protection, Safe, and What to Expect When You're Expecting. Approximately $18.0 million of P&A was incurred in advance for films to be released in subsequent quarters, such as Step Up Revolution, The Expendables 2, and The Twilight Saga: Breaking Dawn - Part 2 in the three months ended June 30, 2012. We currently expect that distribution and marketing expenses of the motion pictures segment for fiscal 2014 will decrease as compared to fiscal 2013 due to the lower number of pictures we expect to release in fiscal 2014.

Home entertainment distribution and marketing costs on motion pictures and television product in the three months ended June 30, 2013 of $39.4 million increased $3.8 million, or 10.7%, compared to $35.6 million in the three months ended June 30, 2012. Home entertainment distribution and marketing costs as a percentage of home entertainment revenues were 23.3% in the three months ended June 30, 2013, and were comparable to home entertainment distribution and marketing costs as a percentage of home entertainment revenues of 24.5% in the three months ended June 30, 2012.

Lionsgate UK distribution and marketing expenses in the motion pictures segment in the three months ended June 30, 2013 of $10.0 million decreased from $16.3 million in the three months ended June 30, 2012.

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General and Administrative Expenses

The following table sets forth general and administrative expenses by segment for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Increase (Decrease) Amount	Percent
	(Amounts in millions)			
General and administrative expenses				
Motion Pictures	$16.4	$16.8	$(0.4)	(2.4)%
Television Production	3.0	2.7	0.3	11.1%
Shared services and corporate expenses, excluding items below	19.7	21.4	(1.7)	(7.9)%
Total general and administrative expenses before share-based compensation expense, shareholder activist matter expenses, and acquisition related expenses	39.1	40.9	(1.8)	(4.4)%
Share-based compensation expense	17.7	9.7	8.0	82.5%
Severance and transaction costs related to the acquisition of Summit Entertainment, LLC	—	1.7	(1.7)	100.0%
	17.7	11.4	6.3	55.3%
Total general and administrative expenses	$56.8	$52.3	$4.5	8.6%
Total general and administrative expenses as a percentage of revenue	10.0%	11.1%		
General and administrative expenses excluding share-based compensation expense, shareholder activist matter expenses, and acquisition related expenses, as a percentage of revenue	6.9%	8.7%		

Total General and Administrative Expenses

General and administrative expenses increased by $4.5 million, or 8.6%, as reflected in the table above and further discussed below.

Motion Pictures

General and administrative expenses of the motion pictures segment decreased $0.4 million, or 2.4%. In the three months ended June 30, 2013, $2.1 million of motion pictures production overhead was capitalized compared to $3.4 million in the three months ended June 30, 2012.

Television Production

General and administrative expenses of the television production segment increased $0.3 million, or 11.1%. In the three months ended June 30, 2013, $1.7 million of television production overhead was capitalized compared to $1.4 million in the three months ended June 30, 2012.

Shared Services and Corporate Expenses

Shared services and corporate expenses excluding share-based compensation expense and severance and transaction costs related to the acquisition of Summit, decreased $1.7 million, or 7.9%, mainly due to a decrease in legal and professional fees.

Share-Based Compensation Expense. The following table sets forth share-based compensation expense included in shared services and corporate expenses for the three months ended June 30, 2013 and 2012:

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	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Increase (Decrease) Amount	Percent	
	(Amounts in millions)				
Share-based compensation expense:					
Stock options	$3.8	$0.3	$3.5	NM	
Restricted share units and other share-based compensation	7.4	7.2	0.2	2.8	%
Stock appreciation rights	6.5	2.2	4.3	195.5	%
	$17.7	$9.7	$8.0	82.5	%

NM - Percentage not meaningful

Depreciation, Amortization and Other Expenses (Income)

Depreciation and amortization of $1.6 million for the three months ended June 30, 2013 decreased $0.5 million from $2.1 million in the three months ended June 30, 2012.

Interest expense of $20.8 million for the three months ended June 30, 2013 decreased $6.7 million, or 24.4%, from $27.5 million in the three months ended June 30, 2012. The following table sets forth the components of interest expense for the three months ended June 30, 2013 and 2012:

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
	(Amounts in millions)	
Interest Expense		
Cash Based:		
Senior revolving credit facility	$2.5	$1.8
Convertible senior subordinated notes	1.2	1.3
Senior secured second-priority notes	11.2	11.2
Term loan	—	7.3
Other	1.4	1.1
	16.3	22.7
Non-Cash Based:		
Amortization of discount (premium) on:		
Liability component of convertible senior subordinated notes	2.1	1.8
Senior secured second-priority notes	0.2	0.2
Term loan	—	0.3
Amortization of deferred financing costs	2.2	2.5
	4.5	4.8
	$20.8	$27.5

Interest and other income was $1.5 million in the three months ended June 30, 2013, compared to $1.0 million in the three months ended June 30, 2012.

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The following table represents our portion of the income or (loss) of our equity method investees based on our percentage ownership for the three months ended June 30, 2013 and 2012:

	June 30, 2013 Ownership Percentage	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012
		(Amounts in millions)	
Horror Entertainment, LLC (“FEARnet”)	34.5%	$0.1	$0.1
NextPoint, Inc. (“Break Media”)	42.0%	(1.6)	(1.7)
Roadside Attractions, LLC	43.0%	(0.1)	(0.1)
Studio 3 Partners, LLC (“EPIX”) (1)	31.2%	6.7	6.6
TVGN (1) (2)	50.0%	2.9	(5.0)
		$8.0	$(0.1)

(1) We license certain of our theatrical releases and other films and television programs to EPIX and TVGN. 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 3 to our consolidated financial statements).

(2) On May 31, 2013, the Company sold its 50% interest in TVGuide.com, a wholly-owned subsidiary of TVGN. As a result of this transaction, the Company has recorded a gain of $4.0 million that is included in our equity interest income (loss) for TVGN for the three months ended June 30, 2013.

Loss on Extinguishment of Debt

Loss on extinguishment of debt was $0.5 million for the three months ended June 30, 2013 resulting from the $4.0 million repurchase of Senior Notes, compared to $8.2 million for the three months ended June 30, 2012, primarily resulting from the accelerated pay-off of our Term Loan, which resulted in the write-off of a proportionate amount of the related unamortized deferred financing costs and debt discount.

Income Tax Provision

We had an income tax expense of $8.0 million, or 37.0%, of income before income taxes in the three months ended June 30, 2013, compared to an expense of $2.2 million, or (5.2%), of loss before income taxes in the three months ended June 30, 2012. The income tax provision for the three months ended June 30, 2013 is calculated by estimating the Company's annual effective tax rate (estimated annual tax provision divided by estimated annual income before income taxes) and then applying the effective tax rate to income before income taxes for the quarter, along with any items that relate discretely to the quarter. The tax provision in the three months ended June 30, 2012 is significantly impacted by changes in the Company's valuation allowance on its net deferred tax asset, and the provision primarily represents deferred U.S. income taxes and foreign withholding taxes. The Company reversed a substantial portion of its valuation allowance in fiscal 2013. We expect that with the utilization of our net operating loss carryforwards and other tax attributes, that our cash tax requirements will not increase significantly in fiscal 2014 as compared to fiscal 2013.

Net Income (Loss)

Net income for the three months ended June 30, 2013 was $13.6 million, or basic net income per common share of $0.10 on 136.2 million weighted average common shares outstanding and diluted net income per common share of $0.10 on 140.7 million weighted average common shares outstanding. This compares to net loss for the three months ended June 30, 2012 of $44.2 million, or basic and diluted net loss per common share of $0.33 on 133.2 million weighted average common shares outstanding.

Liquidity and Capital Resources

Our liquidity and capital resources have been provided principally through cash generated from operations, corporate debt, and our production loans. Our corporate debt at June 30, 2013 primarily consisted of our senior revolving credit facility, senior secured second-priority notes ("Senior Notes"), convertible senior subordinated notes, and our production loans.

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

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any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Corporate Debt

The principal amounts outstanding under our corporate debt as of June 30, 2013 and March 31, 2013 were as follows:

	Maturity Date or Next Holder Redemption Date	Conversion Price Per Share	Principal Amounts Outstanding	
			June 30, 2013	March 31, 2013
			(Amounts in thousands)	
Senior revolving credit facility	May 2016 (1)	N/A	$339,474	$338,474
Senior secured second-priority notes	November 2016 (2)	N/A	432,000	436,000
Principal amounts of convertible senior subordinated notes				
October 2004 2.9375% Notes	October 2014	$11.50	185	348
April 2009 3.625% Notes	March 2015	$8.25	64,505	64,505
January 2012 4.00% Notes	January 2017	$10.50	45,000	45,000
April 2013 1.25% Notes	April 2018	$30.00	60,000	—
			$941,164	$884,327

(1) The senior revolving credit facility expires the earlier of (i) September 27, 2017 or (ii) six (6) months prior to the maturity of our Senior Notes.

(2) The Senior Notes were redeemable, in whole but not in part, 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, and accrued and unpaid interest to the date of redemption. The Senior Notes were redeemable, in whole or in part, by us at 105.125% of the principal amount if redeemed between November 1, 2013 and November 1, 2014, at 102.563% of the principal amount if redeemed between November 1, 2014 and November 1, 2015, and 100.0% of the principal amount if redeemed on or after November 1, 2015. The Senior Notes paid interest semi-annually on May 1 and November 1 of each year at a rate of 10.25% per year. See the Recent Developments section for a discussion of the July 19, 2013 issuance of new 5.25% Senior Notes and the July 2013 Term Loans, the net proceeds of which, together with cash on hand and borrowings under our senior revolving credit facility, were used to fund the discharge of our existing 10.25% Senior Notes, which were called for redemption on July 19, 2013. Also see Note 18 to our consolidated financial statements for further detail.

Senior Revolving Credit Facility

Availability of Funds. At June 30, 2013, there was $302.0 million available (March 31, 2013 — $303.0 million). On September 27, 2012 we amended and restated our senior revolving credit facility which previously provided for borrowings and letters of credit up to an aggregate of $340 million. The amended and restated senior revolving credit facility provides for borrowings and letters of credit up to an aggregate of $800 million, subject to a borrowing base and other restrictions. Prior to July 19, 2013, due to restrictions in our senior secured second-priority notes indenture, the maximum borrowing allowed under the senior revolving credit facility was $650 million (previously $340 million), unless certain ratios are met. See the Recent Developments section and Note 18 to our consolidated financial statements for a discussion of the July 19, 2013 issuance of new 5.25% Senior Notes and the July 2013 Term Loan, the net proceeds of which, together with cash on hand and borrowings under our senior revolving credit facility, were used to fund the discharge of the existing 10.25% Senior Notes, which were called for redemption on July 19, 2013. With the discharge of the 10.25% Senior Notes, the Company is able to access the full amount of $800 million on its senior revolving credit facility, beginning July 19, 2013. The availability of funds is limited by a borrowing base and also reduced by outstanding letters of credit which amounted to $8.5 million at June 30, 2013 (March 31, 2013 — $8.5 million).

Maturity Date. The senior revolving credit facility expires the earlier of (i) September 27, 2017 or (ii) six (6) months prior
to the maturity of the our senior secured second-priority notes.
Interest. Interest is payable at an alternative base rate, as defined, plus 1.5% or LIBOR plus 2.5% as designated by us. As of June 30, 2013, the senior revolving credit facility bore interest of 2.5% over the LIBOR rate (effective interest rate of 2.70% and 2.70% on borrowings outstanding as of June 30, 2013 and March 31, 2013, respectively).
Commitment Fee. We are 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 quarter, on the total senior revolving credit facility of $800 million

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less the amount drawn.

Security. Obligations under the senior revolving credit facility 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.

Covenants. The senior revolving credit facility contains a number of affirmative and negative covenants that, among other things, require us to satisfy certain financial covenants and restrict our ability to incur additional debt, pay dividends and make distributions, make certain investments and acquisitions, repurchase its stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of our business, enter into sale-leaseback transactions, transfer and sell material assets and merge or consolidate. As of June 30, 2013, we were in compliance with all applicable covenants.

Change in Control. Under the senior revolving credit facility, we 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% (amended from 20% on June 22, 2010) of our common shares.

Senior Secured Second-Priority Notes

Transactions. On October 15, 2012, we amended the indenture governing our senior secured second-priority notes (the "Senior Notes") to, among other things, enable us to incur additional secured indebtedness under our amended and restated senior revolving credit facility, in an aggregate principal amount not to exceed $650 million (an increase from the previous limit of $340 million).

In June 2013, LGEI paid $4.3 million to repurchase $4.0 million of aggregate principal amount (carrying value - 4.0 of the Senior Notes. The Company recorded a loss on extinguishment in the quarter ended June 30, 2013 of $0.5 million, which included $0.2 million of deferred financing costs written off.

See the Recent Developments section for a discussion of the July 19, 2013 issuance of new 5.25% Senior Notes and the July 2013 Term Loans, the net proceeds of which, together with cash on hand and borrowings under our senior revolving credit facility, were used to fund the discharge of our existing 10.25% Senior Notes, which were called for redemption on July 19, 2013. Also see Note 18 to our consolidated financial statements for further detail.

Covenants. The Senior Notes contained certain restrictions and covenants that, subject to certain exceptions, limit our ability to incur additional indebtedness, pay dividends or repurchase our common shares, make certain loans or investments, and sell or otherwise dispose of certain assets subject to certain conditions, among other limitations. As of June 30, 2013, we were in compliance with all applicable covenants.

Under the terms of the Senior Notes, there were certain covenants which restricted our ability to incur certain additional indebtedness, make certain “restricted payments” as defined, and other items. These covenants require certain ratios, such as the Secured Leverage Ratio and Consolidated Leverage Ratio (as defined in the indenture), to meet certain specified thresholds before such additional indebtedness, restricted payments or other items are permitted under the terms of the indenture. These ratios are partially based on the net borrowing base amount, as calculated pursuant to the indenture. The following table sets forth the total gross and net borrowing base and certain components of the borrowing base as prescribed by the indenture to the Senior Notes:

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Borrowing Base Definition Clause (2)	Category Name	June 30, 2013			
		Gross (1)		Rate	Net (1)
		(Amounts in millions)			
(i)	Eligible Major Domestic Receivables	$417.0	@	100%	$417.0
(ii)	Eligible Acceptable Domestic Receivables	224.9	@	90%	202.4
(iii)	Eligible Acceptable Foreign Receivables	62.1	@	85%	52.8
(iv)	Acceptable Tax Credits	59.3	@	85%/75%	45.2
(v)	Other Receivables	29.1	@	50%	14.6
	Borrowing Base from Receivables	$792.4			$732.0
(vii)	Unsold Rights Valuation	648.7	@	50%	324.3
(viii)	Eligible Video Cassette Inventory	38.7		lesser of 50% or $10 million	10.0
(ix)	Total Home Video, Pay Television, Free Television Credits	391.5		Misc.	320.1
(xiii)	Cash Collateral Accounts	3.2	@	100%	3.2
(xiv)	P&A Credit	2.6	@	50%	1.3
	Borrowing Base at June 30, 2013 (3)	$1,877.1			$1,390.9

(1) Gross amount represents the amount as of each applicable category and the net amount represents the acceptable portion of that amount permitted to be counted in the Borrowing Base (as defined) under the indenture.

(2) The following numbered clauses from the Borrowing Base definition were either not applicable or not material as of June 30, 2013: (x) Direct to Video Credit; (xi) Foreign Rights Credit; (xii) Eligible L/C Receivables.

(3) Subsequent to the termination of the Term Loan, the assets of Summit and certain of its affiliates became guarantors under the Senior Notes, and therefore are included in the Borrowing Base as of June 30, 2013.

Term Loan

In connection with the acquisition of Summit, we entered into a new $500.0 million principal amount term loan agreement (the "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 to pay off Summit's existing term loan. The Term Loan was to mature on September 7, 2016 and was secured by collateral consisting of the assets of Summit. The Term Loan carried interest at a reference to a base rate or the LIBOR rate (subject to a LIBOR floor of 1.25%), in either case plus an applicable margin of 4.50% in the case of base rate loans and 5.50% in the case of LIBOR loans. The Term Loan was repayable in quarterly installments equal to $13.75 million, with the balance payable on the final maturity date. During the year ended March 31, 2013, we made accelerated payments on the Term Loan and paid off all amounts outstanding under the Term Loan, as well as accrued but unpaid interest.

In connection with the payoff of the Term Loan, we arranged for Summit and certain of its affiliates to become guarantors of our senior credit facility and our Senior Notes due 2016, and pledge their assets in support of such guaranties, in accordance with their respective terms.

Convertible Senior Subordinated Notes

Fiscal 2013 and 2014 Transactions:

February 2005 3.625% Notes: In July 2012, we completed the optional redemption of the February 2005 3.625% Notes. Of the $23.5 million of February 2005 3.625% notes called for redemption, $7.7 million were redeemed for cash at 100% of their principal amount, plus accrued and unpaid interest, and $15.8 million were converted into common shares at a conversion rate of 70.0133 common shares per $1,000 in principal amount, or a conversion price of approximately $14.28 per share for an aggregate of 1,107,950 common shares (plus cash in lieu of fractional shares). Following the redemption, the February 2005 3.625% Notes are no longer outstanding.

April 2009 3.625% Notes: In September 2012, $1.0 million of the principal amount of the April 2009 3.625% Notes were converted into common shares at a conversion rate of 121.2121 common shares per $1,000 in principal amount, or a conversion price of approximately $8.25 per share for an aggregate of 122,060 common shares (plus cash in lieu of fractional shares). In March 2013, $1.1 million of the principal amount of the April 2009 3.625% Notes were converted into common shares at a

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conversion rate of 121.2121 common shares per $1,000 in principal amount, or a conversion price of approximately $8.25 per share for an aggregate of 129,090 common shares (plus cash in lieu of fractional shares).

January 2012 4.00% Notes: In January 2012, LGEI sold $45.0 million in aggregate principal amount of 4.00% Convertible Senior Subordinated Notes with a maturity date of January 11, 2017. The proceeds were used to fund a portion of the acquisition of Summit.

April 2013 1.25% Notes: In April 2013, LGEI issued $60.0 million in aggregate principal amount of 1.25% Convertible Senior Subordinated Notes with a maturity date of April 15, 2018 (the "April 2013 1.25% Notes").

Production Loans

The amounts outstanding under our production loans as of June 30, 2013, and March 31, 2013 were as follows:

	June 30, 2013	March 31, 2013
	(Amounts in thousands)	
Production loans		
Individual production loans (1)	$430,654	$404,341
Pennsylvania Regional Center production loans (2)	—	65,000
	$430,654	$469,341

(1) Individual productions loans represent individual loans for the production of film and television programs that we produce. Individual 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. Individual production loans of $415.7 million incur interest at rates ranging from 2.78% to 4.03%, and approximately $15.0 million of production loans are non-interest bearing.

(2) The Pennsylvania Regional Center facility matured on April 11, 2013, and was fully repaid at that time. Amounts borrowed under the agreement carried an interest rate of 1.5%, payable semi-annually.

Discussion of Operating, Investing, Financing Cash Flows

The following table sets forth the net change in cash and cash equivalents for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012:

	Three Months Ended June 30, 2013	2012	Net Change
	(Amounts in thousands)		
Cash provided by (used in) operating activities	$(29,289)	$151,015	$(180,304)
Cash provided by (used in) investing activities	7,991	(386)	8,377
Cash provided by (used in) financing activities	9,557	(147,224)	156,781
Foreign exchange effects on cash	397	(120)	517
Increase/ (decrease) in cash and cash equivalents	$(11,344)	$3,285	$(14,629)

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Cash Flows Provided By/Used In Operating Activities. Cash flows provided by (used in) operating activities for the three months ended June 30, 2013 and 2012 were as follows:

	Three Months Ended June 30, 2013	2012	Net Change
	(Amounts in thousands)		
Operating Activities:			
Operating income (loss)	$33,428	$(7,156)	$40,584
Amortization of films and television programs	219,364	167,097	52,267
Non-cash stock-based compensation	13,220	6,173	7,047
Dividend payment from equity method investee	9,849	—	9,849
Contractual cash based interest	(16,273)	(22,728)	6,455
Interest and other income	1,496	950	546
Current income tax provision	(5,941)	(2,200)	(3,741)
Other non-cash charges included in operating activities	1,625	2,105	(480)
Cash flows from operations before changes in operating assets and liabilities	256,768	144,241	112,527
Changes in operating assets and liabilities:			
Investment in films and television programs	(160,933)	(161,005)	72
Other changes in operating assets and liabilities	(125,124)	167,779	(292,903)
Changes in operating assets and liabilities	(286,057)	6,774	(292,831)
Net Cash Flows Provided By (Used In) Operating Activities	$(29,289)	$151,015	$(180,304)

Cash flows used in operating activities for the three months ended June 30, 2013 were $29.3 million compared to cash flows provided by operating activities for the three months ended June 30, 2012 of $151.0 million. The decrease in cash provided by operating activities for the three months ended June 30, 2013 as compared to the three months ended June 30, 2012 was primarily due to an increase in cash used for other changes in operating assets and liabilities, offset by higher cash flows generated from operations before changes in operating assets and liabilities.

Cash Flows Provided by/Used in Investing Activities. Cash flows provided by investing activities of $8.0 million for the three months ended June 30, 2013 consisted of $9.0 million of proceeds from the sale of investments, a $4.2 million dividend payment from an equity method investee, offset by $3.8 million of capital contributions to companies accounted for as equity method investments and $1.4 million for purchases of property and equipment. Cash flows used in investing activities of $0.4 million for the three months ended June 30, 2012 consisted of purchases of property and equipment.

Cash Flows Provided by/Used in Financing Activities. Cash flows provided by financing activities of $9.6 million for the three months ended June 30, 2013 primarily consisted of net cash provided of $1.0 million from borrowings and repayments under our senior revolving credit facility of $173.0 million and $172.0 million, respectively, $60.0 million from the issuance of our April 2013 1.25% Notes, $0.5 million from the exercise of stock options, and borrowings of $108.6 million under our production loans offset by repayments of $82.3 million of production loans. In addition, cash used in financing activities for the three months ended June 30, 2013 included $65.0 million repayment of our Pennsylvania Regional Center facility, $9.0 million of payments for tax withholding requirements associated with our equity awards, and $4.3 million for repurchases of our Senior Notes.

Cash flows used in financing activities of $147.2 million for the three months ended June 30, 2012 primarily consisted of net cash provided of $189.7 million from borrowings and repayments under our senior revolving credit facility of $274.7 million and $85.0 million, respectively, cash used of $0.1 million for repayments of our Term Loan obtained in connection with the fiscal 2012 acquisition of Summit, and borrowings of $37.0 million under our production loans offset by repayments of $174.5 million of production loans. In addition, cash used in financing activities for the three months ended June 30, 2012 included a $7.5 million increase in restricted cash collateral requirement associated with

financing activities, $3.7 million repayment of certain other financing obligations, and $2.7 million of payments for tax withholding requirements associated with our equity awards.
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 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, and future equity method investment funding requirements. 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.

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 June 30, 2013 and March 31, 2013 was $1.1 billion and $1.1 billion, respectively.

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Table of Debt and Contractual Commitments

The following table sets forth our future annual repayment of debt, and our contractual commitments as of June 30, 2013:

	Nine Months Ended March 31,	Year Ended March 31,					
	2014	2015	2016	2017	2018	Thereafter	Total
Future annual repayment of debt recorded as of June 30, 2013							
Senior revolving credit facility	$—	$—	$—	$339,474	$—	$—	$339,474
Principal amount of senior secured second-priority notes, due November 2016 (carrying value of $428.5 million at June 30, 2013)	—	—	—	432,000	—	—	432,000
Film obligations (1)	30,184	22,020	16,680	6,000	6,000	1,000	81,884
Individual production loans (1)	321,592	109,062	—	—	—	—	430,654
Principal amounts of convertible senior subordinated notes and other financing obligations (2)							
October 2004 2.9375% Notes (carrying value of $0.2 million at June 30, 2013)	—	185	—	—	—	—	185
April 2009 3.625% Notes (carrying value of $51.5 million at June 30, 2013)	—	64,505	—	—	—	—	64,505
January 2012 4.00% Notes (carrying value of $37.4 million at June 30, 2013)	—	—	—	45,000	—	—	45,000
April 2013 1.25% Notes (carrying value of $60.0 million at June 30, 2013)	—	—	—	—	—	60,000	60,000
	351,776	195,772	16,680	822,474	6,000	61,000	1,453,702
Contractual commitments by expected repayment date							
Distribution and marketing commitments (3)	95,687	60,835	—	—	—	—	156,522
Minimum guarantee commitments (4)	139,143	186,695	8,427	—	—	—	334,265
Production loan commitments (4)	12,369	137,389	11,066	—	—	—	160,824
Cash interest payments on subordinated notes	4,524	4,899	2,550	2,550	750	—	15,273
Cash interest payments on senior secured second priority notes	22,140	44,280	44,280	44,280	—	—	154,980
Operating lease commitments	7,872	9,156	4,313	752	775	1,735	24,603
Other contractual obligations	2,161	2,308	576	—	—	—	5,045

Employment and consulting contracts	39,536	12,895	3,329	2,821	—	—	58,581
	323,432	458,457	74,541	50,403	1,525	1,735	910,093
Total future commitments under contractual obligations (5)	$675,208	$654,229	$91,221	$872,877	$7,525	$62,735	$2,363,795

(1) Film obligations include minimum guarantees and theatrical marketing obligations. Individual 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.

(2) The future repayment dates of the convertible senior subordinated notes represent the next possible redemption date by the holder for each note respectively.

(3) 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.

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(4) 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) Excludes the interest payments on the senior revolving credit facility as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

Undistributed Foreign Earnings

Deferred taxes are not provided on undistributed earnings of our foreign subsidiaries because we do not intend to repatriate the funds. Should we repatriate the funds in the future, we would have to record and pay taxes on those earnings; however, these subsidiaries do not currently have undistributed earnings.

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 above table.

Item 3. 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 June 30, 2013, we had no outstanding forward foreign exchange contracts.

Interest Rate Risk. Certain of our borrowings, primarily borrowings under our amended and restated senior revolving credit facility, 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 $650 million (as was permitted by the indenture governing our Senior Notes, as amended, as discussed in Note 5 to our consolidated financial statements and prior to the increase of this amount to $800 million, following the discharge of our 10.25% Senior Notes on July 19, 2013), based on the applicable LIBOR in effect as of June 30, 2013, each quarter point change in interest rates would result in a $1.6 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 2.78% to 4.03% and applicable margins ranging from 2.50% over the one, three, or six-month LIBOR to 3.25% 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 $1.0 million in additional costs capitalized to the respective film or television asset.

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 June 30, 2013:

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	Nine Months Ended March 31,	Year Ended March 31,						Fair Value
	2014	2015	2016	2017	2018	Thereafter	Total	June 30, 2013
Variable Rates:								
Senior Revolving Credit Facility (1)	$—	$—	$—	$339,474	$—	$—	$339,474	$339,474
Average Interest Rate	—	—	—	2.70 %	—	—		
Individual production loans (2)	306,592	109,062	—	—	—	—	415,654	415,654
Average Interest Rate	3.37 %	3.38 %	—	—	—	—		
Fixed Rates:								
Principal Amount of Senior Secured Second-Priority Notes (3)	—	—	—	432,000	—	—	432,000	461,160
Average Interest Rate	—	—	—	10.25 %	—	—		
Principal Amounts of Convertible Senior Subordinated Notes (4):								
October 2004 2.9375% Notes	—	185	—	—	—	—	185	167
Average Interest Rate	—	2.94 %	—	—	—	—		
April 2009 3.625% Notes	—	64,505	—	—	—	—	64,505	62,697
Average Interest Rate	—	3.63 %	—	—	—	—		
January 2012 4.00% Notes	—	—	—	45,000	—	—	45,000	42,267
Average Interest Rate	—	—	—	4.00 %	—	—		
April 2013 1.25% Notes	—	—	—	—	—	60,000	60,000	46,208
Average Interest Rate	—	—	—	—	—	1.25 %		
	$306,592	$173,752	$—	$816,474	$—	$60,000	$1,356,818	$1,367,627

(1) Amended and restated senior revolving credit facility, which expires the earlier of (i) September 27, 2017 or (ii) six (6) months prior to the maturity of the senior secured second-priority notes and bears interest of 2.50% over the Adjusted LIBOR rate.

(2) Amounts owed to film production entities on anticipated delivery date or release date of the titles or the contractual due dates of the obligation. Individual production loans of $415.7 million incur interest at rates ranging from approximately 2.78% to 4.03%. Not included in the table above are approximately $15.0 million of production loans which are non-interest bearing.

(3) Senior secured second-priority notes with a fixed interest rate equal to 10.25%. On July 19, 2013, in connection with new financing transactions, the Company called the senior secured second-priority notes for redemption. See the Recent Developments section and Note 18 to our consolidated financial statements for further detail.

(4) The future repayment dates of the convertible senior subordinated notes represent the next possible redemption date by the holder for each note respectively.

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Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as amended (the “Exchange Act”). These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within required 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.

As of June 30, 2013, the end of the period covered by this report, the Company 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 Rule 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 June 30, 2013.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) of the Exchange Act, the Company, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, also evaluated whether any changes occurred to the Company’s internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, such control. Based on that evaluation, there has been no such change during the period covered by this report.

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PART II

Item 1. 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.

Item 1A. Risk Factors.

Other than as set forth below, there were no other material changes to the risk factors previously reported in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

Our level of indebtedness 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.

Historically, we have been highly leveraged and may be highly leveraged in the future. As of June 30, 2013, our consolidated total indebtedness was $1,460.9 million (carrying value - $1,436.8 million). On July 19, 2013, we called for redemption of $432.0 million of our 10.25% Senior Notes, issued $225.0 million of our 5.25% Senior Notes and incurred $225.0 million of our July 2013 Term Loans. Our 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 substantial 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 secured 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 amended and restated $800.0 million senior secured credit facility. Prior to July 19, 2013, due to restrictions in the Company's indenture governing the Company's 10.25% Senior Notes, the maximum borrowing allowed under our senior secured credit facility was $650.0 million. With the discharge of the 10.25% Senior Notes on

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July 19, 2013, we may now borrow up to $800 million under the senior secured credit facility. At June 30, 2013, we have borrowed approximately $339.5 million under our senior secured credit facility, and have approximately $8.5 million in 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 high 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 July 19, 2013, three of our shareholders, Mark H. Rachesky, M.D., FMR LLC and Capital Research Global Investors and their respective affiliates, beneficially owned approximately 37.6%, 9.3% and 8.9%, 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.

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 secured credit facilities 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. The applicable margin with respect to loans under our senior secured credit facility and second lien credit facility are a percentage per annum equal to 2.50% plus an adjusted rate based on LIBOR and a percentage per annum equal to 4.0% plus an adjusted rate based on LIBOR, respectively.

Assuming that our senior secured credit facility is fully drawn, based on the applicable LIBOR in effect as of June 30, 2013, each quarter point change in interest rates would result in a $1.6 million change in annual interest expense. Under our Second Lien Credit Agreement, based on the applicable LIBOR in effect as of June 30, 2013, each quarter point change in interest rates would result in a $0.6 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.

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. We also distribute our products in other countries where copyright and trademark protections are very limited. 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.

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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 is invalid. Such claims, even if meritless, may result in adverse publicity or costly litigation. Some smaller producers with limited marketing resources may see an opportunity to raise the profile of their products by making dramatic claims against us. 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.

Certain shareholders own a majority of our outstanding common shares.

As of July 19, 2013, three of our shareholders beneficially owned an aggregate of 76,065,515 of our common shares, or approximately 55.8% of the outstanding shares. In addition, one of these shareholders, Mark H. Rachesky, M.D., the beneficial owner of approximately 37.6% of our outstanding common shares, currently serves as the Chairman of our Board of Directors. Accordingly, these three 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 July 19, 2013, over 61.8% of our common shares were held beneficially by certain individuals and institutional investors who each had ownership of greater than 5% of our common shares. We also filed resale registration statements to enable certain shareholders who received our common shares in connection with our acquisition of Summit 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Securities

On May 31, 2007, our Board of Directors authorized the repurchase of up to $50 million of our common shares. Thereafter, on each of May 29, 2008 and November 6, 2008, as part of its regularly scheduled meetings, our Board of Directors authorized the repurchase up to an additional $50 million of our common shares, subject to market conditions. The additional resolutions increased the total authorization to $150 million. The common shares may be purchased, from time to time, at the Company's discretion, including the quantity, timing and price thereof. Such purchases will be structured as permitted by securities laws and other legal requirements. During the period from the authorization date through June 30, 2013, 6,787,310 shares have been repurchased at a cost of approximately $65.2 million (including commission costs). The share repurchase program has no expiration date.

There were no purchases of shares of our common stock by us during the three months ended June 30, 2013.

During the three months ended June 30, 2013, 357,251 shares were withheld upon the vesting of restricted share units and share issuances to satisfy minimum statutory federal, state and local tax withholding obligations.

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Item 3. Defaults Upon Senior Securities.
None

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.
None

Item 6. Exhibits.

Exhibit Number	Description of Documents
3.1(1)	Articles
3.2(2)	Notice of Articles
3.3(3)	Vertical Short Form Amalgamation Application
3.4(3)	Certificate of Amalgamation
4.1(4)	Indenture, dated April 15, 2013 by and among Lions Gate Entertainment Inc., Lions Gate Entertainment Corp., and U.S. Bank National Association, as Trustee
10.97(5)	Executive Annual Bonus Program
10.98(6)	Employment Agreement, dated May 30, 2013, between the Company and Jon Feltheimer
10.99	Second Lien Credit and Guarantee Agreement dated as of July 19, 2013 among Lions Gate Entertainment Corp., as Borrowers and the Guarantors and Lenders referred to therein, U.S. Bank National Association, as Administrative Agent, J.P. Morgan Securities LLC, Bank of America, N.A., Barclays Bank PLC, RBC Capital Markets and Wells Fargo Bank, National Association, as Co-Syndication Agents and Jefferies Finance LLC as Documentation Agent.
31.1	Certification of CEO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1	Certification of CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements

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(1) 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.

(2) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2010 as filed on February 9, 2011.

(3) 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.

(4) Incorporated by reference as Exhibit 4.3 to the Company's Registration Statement on Form S-3 as filed on June 6, 2013.

(5) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on May 31, 2013.

(6) Incorporated by reference as Exhibit 10.1 to the Company's Current Report on Form 8-K as filed on June 3, 2013.

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SIGNATURES

Pursuant to the requirements 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.

LIONS GATE ENTERTAINMENT CORP.

By: /s/ James Keegan
Name: James Keegan
Title: Duly Authorized Officer and Chief Financial Officer

DATE: August 8, 2013