LIONSGATE®

2019 Annual Report

July 26, 2019

To Our Shareholders:

We're pleased to report that fiscal 2019 was a year in which we refilled our film and television content pipelines with exciting new properties, grew our existing franchises and created new ones, and continued the robust growth of our domestic streaming business at Starz while expanding our STARZPLAY premium branded platform around the world. It was also a year in which we cut costs and reduced overhead Company-wide, streamlining and modernizing our business in order to continue to compete effectively in a changing world. As a result, we believe that all of the building blocks are in place for strong and profitable growth in fiscal 20 and growing recognition of the value we're creating for our shareholders as we move forward.

Financially, we reported fiscal 2019 revenue of $3.68 billion, operating income of $130 million, net loss attributable to shareholders of $284 million or $1.33 diluted net loss per share, adjusted diluted EPS of $0.87 per share, adjusted OIBDA of $520 million and adjusted free cash flow of $638 million, reflecting continued strong free cash flow generation that is expected to enable us to de-lever our balance sheet as we have done in the past.

Investing in the Future — 3 Arts Entertainment

In May 2018 we took a majority stake in 3 Arts Entertainment, a collaboration that is generating strong results with an influx of top-tier talent across our business. We're already partnering with 3 Arts on over two dozen television projects, with the critically-acclaimed *Florida Girls* for Pop, *Mythic Quest: Raven's Banquet* for Apple and Silicon Valley creator Mike Judge's *Qualityland* for HBO leading the way.

To allow us to focus ever more sharply on our core businesses and growth opportunities going forward, we also continued to monetize our non-core assets during the year, selling our 50% stake in Pop to CBS while continuing to supply the network with breakout new series like *Florida Girls*.

Strong Growth at Starz

Fiscal 2019 was a strong growth year at Starz as we grew revenues by 3% and increased overall domestic subscribers from 23.5 million to 24.7 million. During the year, we accelerated the integration of our two companies, widened the creative aperture to add exciting new global properties to Starz's original programming slate, and continued to stand up a vibrant domestic over-the-top business that launched successfully on Apple, Hulu, Roku, YouTube TV and other platforms with over 4 million over-the-top subscribers to date.

It was also a year in which Starz continued its international expansion with global streaming platforms like Apple and Amazon, top local distributors including Bell Media (Canada), Liberty Global's Virgin Media (UK), Vodafone and Orange (Spain), and our Starzplay Arabia joint venture that has become the top subscription video-on-demand service in the Middle East and North Africa, tapping into a nascent and under-served market with enormous growth potential.

With over 7 million new subscribers added to our over-the-top and international businesses in the past 3 years, Starz has been transformed from a domestic linear channel into a modern global platform that has become one of the world's leading pure play subscription services. The combination of Starz original series, Lionsgate films and television shows from our 17,000-title library, exclusive first-run acquired product, unparalleled speed to market and relative freedom from legacy constraints will continue making us a launch partner of choice, and we expect these benefits to translate into 15 to 25 million new international subscribers by 2025, adding enormous value for our Company and our shareholders.

On the programming front, Starz has carved out a unique and resonant identity as the premium pay platform for women, African-American, Latinx, LGBTQ and other historically underserved audiences. We continued to strengthen that identity during the year, readying perennial ratings leader *Power* for a 15-episode sixth season while expanding the Power cinematic universe. The first *Power* spinoff, which continues the stories of several of the franchise's most provocative characters while incorporating exciting new additions like Academy Award® nominee Mary J. Blige, has already been ordered to series. A *Power* prequel and additional spinoffs are in development, all shepherded by *Power* creator and showrunner Courtney A. Kemp.

The epic tale *Outlander*, currently in production on its fifth season, continues to deliver upscale, premium female audiences. *American Gods* returned with its loyal and passionate fan base in March 2019 and has been renewed for a third season. The critically-praised, award-winning series *Vida* has also been picked up for a third season as it continues to build its audience and generate fresh acclaim. The series recently launched on our premium Spanish-language streaming service PANTAYA as we continue to expand our content across our Latinx vertical.

Starz continues to bolster its slate with the recent debut of the supernatural thriller *The Rook* from Lionsgate and Liberty Global, the planned return of the edgy and acclaimed series *The Girlfriend Experience* for a third season, and provocative new shows like *Dangerous Liaisons* from Lionsgate Television, a sexy thriller about seduction and betrayal that heads a line-up of newcomers currently in production. We will continue to invest in bold, original new content and cutting edge marketing to create a diverse and balanced slate year-round, deep in areas of proved strength, one that offers a compelling value proposition for domestic and international, streaming and traditional MVPD partners alike.

John Wick 3 Leads Rebound in the Motion Picture Group

Following a year of transition, our new Motion Picture Group leadership team has refocused our film content strategy and realigned our development slate, streamlined our Motion Picture Group organization to enable it to change more quickly with a changing world, and established major talent partnerships with Seth Rogen, Evan Goldberg and James Weaver's Point Grey Pictures, leading faith-based producers The Erwin Brothers (*I Can Only Imagine*) and filmmaker Jonathan Levine (*Warm Bodies*, *50/50*).

The results are already evident. Our domestic box office revenues for the first six months of calendar 2019 increased 93% from the comparable period last year. In May, we again showed our ability to deliver iconic entertainment to a global audience by launching *John Wick: Chapter 3 — Parabellum* to over $300 million at the worldwide box office, doubling the performance of the last installment, an almost unprecedented feat among movie franchises, and establishing John Wick as one of the premier action franchises in the world.

And in true Lionsgate fashion, we've already expanded the John Wick universe to include an upcoming television spinoff for Starz, *The Continental*, a first-of-its-kind game integration with Fortnite, and the successful virtual reality game *John Wick Chronicles*.

The resurgence of our Motion Picture Group is also evident in an upcoming slate that returns the studio to its roots: a diverse portfolio of bold, original, star-driven films and new and returning franchises that includes Sylvester Stallone's *Rambo: Last Blood*, Roland Emmerich's epic action film *Midway*, *Star Wars* director Rian Johnson's whodunit *Knives Out,* Jay Roach's timely sexual harassment drama starring Nicole Kidman, Charlize Theron and Margot Robbie, *I Still Believe*, the follow-up to the Erwin Brothers' faith-based hit *I Can Only Imagine*, a mind-bending re-imagining of *Saw* starring Chris Rock, *Hitman's Bodyguard 2* and *John Wick 4*.

Television Group Assembles One of its Strongest Development Slates Ever, Several New Series Ordered

As the television landscape continues to evolve, we saw an opportunity to turn to our top-tier production partnerships with 3 Arts, Courtney A. Kemp, Universal Music Group, BBC Studios, the Tannenbaum Company, Point Grey and Paul Feig for new series, leveraging their talent relationships and expertise while reducing our reliance on infrastructure. The strategy has led to our most prolific development slate ever, with 44 of 57 new projects placed with network partners coming from our producer "pods."

Lionsgate Television is in production on a growing roster of high-profile new series for a broad array of streaming, cable and broadcast platforms, including the ground-breaking musical drama *Zoey's Extraordinary Playlist* for NBC, *Mythic Quest: Raven's Banquet,* one of the first original series for Apple, *Love Life*, featuring Anna Kendrick in her first major television role, for the new HBO Max streaming platform, *Chasing the Cure*, a highly-anticipated crowd-solving medical detective series anchored by Ann Curry for Turner, and three original series, *The Rook*, *Dangerous Liaisons* and *Ghost,* for Starz. In an increasingly fragmented television universe, one of our strongest line-ups of new shows in years reflects our ability to create bespoke business models for every platform.

Among our current series, *Manhunt: Lone Wolf* is being readied for its debut season on Charter's Spectrum, *Greenleaf* is entering its fourth season on OWN, and *Step Up: High Water* continues to dance into the hearts of audiences in its second season on YouTube Premium. *Dear White People* and *Orange is the New Black* continue to win rave reviews as they enter their third and seventh seasons, respectively, on Netflix, underscoring our ability to create evergreen content for today's diverse audiences.

New Content Partnerships Reaffirm the Value of Our Films and Television Series

Demand for our content is greater than ever. During the year we entered into a record-breaking pay television agreement with Hulu and FX for Lionsgate theatrical films to be released in 2020 and 2021, the first time a streaming platform and a cable network have partnered to jointly secure the pay television window of a theatrical output deal.

Fiscal 2019 was also one of our most successful years for extending our hit film and television properties into location-based entertainment and interactive games. On July 31, 2019, we'll open Lionsgate Entertainment World in Hengqin, China, a vertically-designed indoor theme park built around multiple Lionsgate properties. It adds to a portfolio of Lionsgate-branded attractions and events that includes the Lionsgate Zone of the Motiongate theme park in Dubai, the Official Saw Escape Room in Las Vegas, The Hunger Games: The Exhibition, the Now You See Me Live stage show and La La Land, Hunger Games and Twilight live-to-film concert tours. We're also adapting two of our most acclaimed intellectual properties, the long-running television series *Nashville* and the film sensation *Wonder*, to the Broadway stage in collaboration with award-winning producers, with more iconic properties in the pipeline.

Our games division is coming off a productive year that featured, in addition to the Fortnite X John Wick crossover, the launch of top-selling virtual reality title *Five Nights at Freddy's VR: Help Wanted,* and two major PC/console game announcements — *Blair Witch* in partnership with Microsoft and the award winning strategy game *John Wick Hex.* We also integrated the character Ash from the Starz original series *Ash vs. Evil Dead* into the popular horror game Dead by Daylight.

Commitment to A Diverse and Inclusive Culture

One of our greatest strengths is a culture that places a premium on innovation, resourcefulness, empowerment, inclusiveness, integrity and collaboration across our businesses — what we call "Lionsgate 360." During the year, we continued to reaffirm these values across our workforce, reinforced by Employee Resource Groups that celebrate multicultural diversity, women's empowerment, LGBTQ Pride and military veterans.

We partnered with the UCLA Anderson School of Management and Howard University on an internship program designed to increase the diversity of our industry, and we're pleased to be recognized for the second year in a row by the Bloomberg Gender Equality Index and to receive a perfect score of 100 from the Human Rights Campaign, ranking as one of the Best Places to Work for LGBTQ+ Inclusion. Diversity and inclusiveness make our Company stronger.

We enter fiscal 2020 with re-energized film and television pipelines, strong talent relationships and a Starz platform that is fulfilling its promise as a premier global streaming service backed by the full content resources of our Company. Though mindful of the competitive challenges and disruption in our operating environment, we continue to play our own game and define success on our own terms. We remain confident in our strategy and committed to its diligent and disciplined execution.

It is a strategy that we believe will maintain our position as a relevant and essential part of our media ecosystem and will create significant long-term value for our shareholders.

Sincerely,

Jon Feltheimer
Chief Executive Officer

Michael Burns
Vice Chairman

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2019

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.)*
250 Howe Street, 20th Floor	**2700 Colorado Avenue**
Vancouver, British Columbia V6C 3R8	**Santa Monica, California 90404**
(877) 848-3866	**(310) 449-9200**

(Address of Principal Executive Offices, Zip Code)
Registrant's telephone number, including area code:
(877) 848-3866
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Voting Common Shares, no par value per share	LGF.A	New York Stock Exchange
Class B Non-Voting Common Shares, no par value per share	LGF.B	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of September 30, 2018 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $4,255,846,171, based on the closing sale price of such shares as reported on the New York Stock Exchange.

As of May 20, 2019, 82,605,121 shares of the registrant's no par value Class A voting common shares were outstanding, and 133,601,545 shares of the registrant's no par value Class B non-voting common shares were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement relating to its 2019 annual meeting of shareholders (the "2019 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2019 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

FORWARD-LOOKING STATEMENTS

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

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

We caution you that forward-looking statements made in this report or anywhere else are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially and adversely from those made in or suggested by the forward-looking statements contained in this report as a result of various important factors, including, but not limited to: the substantial investment of capital required to produce and market films and television series; 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 acquisition and integration of acquired businesses; the effects of dispositions of businesses or assets, including individual films or libraries; the cost of defending our intellectual property; technological changes and other trends affecting the entertainment industry; potential adverse reactions or changes to business or employee relationships; and the other risks and uncertainties discussed under Part I, 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.

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

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.

PART I

ITEM 1. *BUSINESS.*

LIONSGATE®

Overview

Lionsgate (NYSE: LGF.A, LGF.B) is a global content leader whose films, television series, digital products and linear and over-the-top platforms reach next generation audiences around the world. In addition to our filmed entertainment leadership, Lionsgate content drives a growing presence in interactive and location-based entertainment, video games, esports and other new entertainment technologies. Lionsgate's content initiatives are backed by a nearly 17,000-title film and television library and delivered through a global sales and licensing infrastructure.

We manage and report our operating results through three reportable business segments: *Motion Picture*, *Television Production* and *Media Networks*. Financial information for our segments is set forth in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* in this Annual Report.

Motion Picture

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

- *Theatrical*. Theatrical revenues are derived from the domestic theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (distributed by us directly in the United States and through a sub-distributor in Canada).
- *Home Entertainment*. Home Entertainment revenues are derived from the sale or rental of our film productions and acquired or licensed films and certain television programs (including theatrical and direct-to-video releases) on packaged media and through digital media platforms (including pay-per-view and video-on-demand platforms, electronic sell through, and digital rental). In addition, we have revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, we share in the rental or sales revenues generated by the platform on a title-by-title basis.
- *Television*. Television revenues are primarily derived from the licensing of our theatrical productions and acquired films to the linear pay, basic cable and free television markets.
- *International.* International revenues are derived from (i) licensing of our productions, acquired films, our catalog product and libraries of acquired titles to international distributors, on a territory-by-territory basis, and (ii) the direct distribution of our productions, acquired films, and our catalog product and libraries of acquired titles in the United Kingdom.
- *Other*. Other revenues are derived from, among others, the licensing of our film and television content to other ancillary markets, our interactive ventures and games division, our global live and location-based entertainment franchise division, and the sales and licensing of music from the theatrical exhibition of our films and the television broadcast of our productions.

Television Production

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

- *Television.* Television revenues are derived from the licensing to domestic markets (e.g., linear pay, basic cable, free television and syndication) of scripted and unscripted series, television movies, mini-series and non-fiction programming. Television revenues also include revenue from licenses to subscription-video-on-demand ("SVOD") platforms in which the initial license of a television series is to an SVOD platform.

- *International.* International revenues are derived from the licensing and syndication to international markets of scripted and unscripted series, television movies, mini-series and non-fiction programming.
- *Home Entertainment.* Home Entertainment revenues are derived from the sale or rental of television production movies or series on packaged media and through digital media platforms.
- *Other*. Other revenues are derived from, among others, the licensing of our television programs to other ancillary markets, the sales and licensing of music from the television broadcasts of our productions, and from commissions due to our interest in 3 Arts Entertainment related to talent management.

Media Networks

Our *Media Networks* segment includes revenues derived from the following:

- *Starz Networks.* Starz Networks' revenues are derived from the domestic distribution of our STARZ branded premium subscription video services pursuant to affiliation agreements with U.S. multichannel video programming distributors ("MVPDs"), including cable operators, satellite television providers and telecommunications companies, and over-the top ("OTT") (collectively, "Distributors"), and on a direct-to-consumer basis. Starz Networks' revenues also include international revenues from the OTT distribution of the Company's STARZ branded premium subscription video services.
- *STARZPLAY International*. STARZPLAY International revenues are primarily derived from OTT distribution of the Company's STARZ branded premium subscription video services internationally.
- *Streaming Services*. Streaming Services revenues are derived from the Lionsgate legacy start-up direct to consumer streaming services on SVOD platforms.

Segment Revenue

For the year ended March 31, 2019, contributions to the Company's consolidated revenues from its reporting segments included *Motion Picture* 39.8%, *Television Production* 25.0% and *Media Networks* 39.7%, and intersegment revenue eliminations represented (4.5)% of consolidated revenues.

Within the *Motion Picture* segment, revenues were generated from the following:

- Theatrical, 14.7%;
- Home Entertainment, 40.4%;
- Television, 18.7%;
- International, 23.3%; and
- Motion Picture-Other, 2.8%.

Within the *Television Production* segment, revenues were generated from the following:

- Television, 71.2%;
- International, 14.8%;
- Home Entertainment, 8.1%; and
- Television Production-Other, 5.8%.

Within the *Media Networks* segment, revenues were generated from the following:

- Starz Networks, 98.6%;
- STARZPLAY International, 0.1%
- Streaming Services, 1.2%.

Corporate Strategy

We continue to grow and diversify our portfolio of content to capitalize on demand from streaming and traditional platforms throughout the world. We maintain a disciplined approach to acquisition, production and distribution of content, by balancing our financial risks against the probability of commercial success for each project. We also continue to invest in new programming and marshal our resources Company-wide to support the continued robust growth of Starz's direct-to-consumer offering and expansion of the Starz brand around the world. We believe that our strategic focus on content, alignment of our content creation and distribution platforms, and creation of other innovative content distribution strategies will enhance our competitive position in the industry, ensure optimal use of our capital, build a diversified foundation for future growth and create significant incremental long-term value for our shareholders.

MOTION PICTURE

Motion Picture — Theatrical

Production and Acquisition

We take a disciplined approach to theatrical production, with the goal of producing content that can be distributed through various domestic and international platforms. In doing so, we attempt to mitigate the financial risk associated with production by, among other things:

- Negotiating co-financing development and co-production agreements which may provide for joint efforts and cost-sharing with one or more third-party companies;
- Pre-licensing international distribution rights on a selective basis, including through international output agreements (which license rights to distribute a film in one or more media generally for a limited term, and in one or more specific territories prior to completion of the film);
- Structuring agreements that provide for talent participation in the financial success of the film in exchange for reduced guaranteed "up-front payments" that would be paid regardless of the film's success; and
- Utilizing governmental incentives, programs and other structures from state and foreign countries (which typically take the form of sales tax refunds, transferable tax credits, refundable tax credits, low interest loans, direct subsidies or cash rebates, calculated based on the amount of money spent in the particular jurisdiction in connection with the production).

Our approach to acquiring films for theatrical release is similar to our approach to film production. We generally seek to limit our financial exposure in acquiring films while adding films of quality and commercial viability to our release schedule and library.

Distribution

The economic life of a motion picture consists of its exploitation in theaters, on packaged media and on various digital and television platforms in territories around the world.

We distribute motion pictures directly to movie theaters in the U.S. whereby the exhibitor retains a portion of the gross box office receipts and the balance is remitted to the distributor. Concurrent with their release in the U.S., films are generally released in Canada and may also be released in one or more other foreign markets. We construct release schedules taking into account moviegoer attendance patterns and competition from other studios' scheduled theatrical releases. We use either wide (generally, more than 2,000 screens nationwide) or limited initial releases, depending on the film. After the initial theatrical release, distributors seek to maximize revenues by releasing films in sequential release date windows, which may be exclusive against other non-theatrical distribution platforms.

Producing, marketing and distributing films can involve significant risks and costs, and can cause our financial results to vary depending on the timing of a film's release. For instance, marketing costs are generally incurred before and throughout the theatrical release of a film and, to a lesser extent, other distribution windows, and are expensed as incurred. Therefore, we typically incur losses with respect to a particular film prior to and during the film's theatrical exhibition, and profitability for the film may not be realized until after its theatrical release window. Further, we may revise the release date of a film as the production schedule changes or in such a manner as we believe is likely to maximize revenues or for other business reasons. Additionally, there can be no assurance that any of the films scheduled for release will be completed, that completion will occur in accordance with the anticipated schedule or budget, or that the film will ever be released.

Theatrical Releases

In fiscal 2019 (i.e., the twelve-month period ended March 31, 2019), we released 33 films in the U.S. across all our labels, which included the following:

- Fourteen films released through our Lionsgate and Summit Entertainment labels (including films developed and produced in-house, films co-developed and co-produced and films acquired from third parties);
- Six films released through our Lionsgate Premiere label;
- One film released through our Good Universe label;
- Four films released through Pantelion Films, our joint venture with Grupo Televisa; and
- Eight films released through our partnership with Roadside Attractions.

Fiscal 2019 Theatrical Releases

Title	Release Date	Label/Partnership
Dragged Across Concrete	March 22, 2019	Lionsgate Premiere
Five Feet Apart	March 15, 2019	Lionsgate
No Manches Frida 2	March 15, 2019	Pantelion Films
The Kid	March 8, 2019	Lionsgate
Tyler Perry's A Madea Family Funeral	March 1, 2019	Lionsgate
Run The Race	February 22, 2019	Roadside Attractions
Cold Pursuit	February 8, 2019	Summit
Perfectos Desconocidos (Perfect Strangers)	January 11, 2019	Pantelion Films
Backtrace	December 14, 2018	Lionsgate Premiere
Ben Is Back	December 7, 2018	Roadside Attractions
Robin Hood	November 21, 2018	Summit
Hunter Killer	October 26, 2018	Summit
Viper Club	October 26, 2018	Roadside Attractions
The Oath	October 12, 2018	Roadside Attractions
Hell Fest	September 28, 2018	Lionsgate
A Simple Favor	September 14, 2018	Lionsgate
Lizzie	September 14, 2018	Roadside Attractions
Kin	August 31, 2018	Summit
Ya Veremos	August 31, 2018	Pantelion Films
Reprisal	August 31, 2018	Lionsgate Premiere
Down A Dark Hall	August 17, 2018	Summit
Juliet Naked	August 17, 2018	Roadside Attractions/ Lionsgate
The Spy Who Dumped Me	August 3, 2018	Lionsgate
Blindspotting	July 20, 2018	Summit
Bleeding Steel	July 6, 2018	Lionsgate Premiere
Whitney	July 6, 2018	Roadside Attractions

Fiscal 2019 Theatrical Releases

Title	Release Date	Label/Partnership
Uncle Drew	June 29, 2018	Summit
Future World	May 25, 2018	Lionsgate Premiere
Beast	May 11, 2018	Roadside Attractions
Overboard	May 4, 2018	Pantelion Films
Traffik	April 20, 2018	Summit
Blockers	April 6, 2018	Good Universe/Universal
Spinning Man	April 6, 2018	Lionsgate Premiere

In fiscal 2019, we also released the following films 'day-and-date' (where select titles are released on video-on-demand ("VOD") and other digital formats on the same day as they are released theatrically):

Fiscal 2019 Day-and-Date Releases

Title	Release Date
We Die Young	March 1, 2019
The Last Man	January 18, 2019
Norm of The North 2	January 11, 2019
Bernie The Dolphin	December 7, 2018
Blood Brother	November 30, 2018
Time Freak	November 9, 2018
Air Strike	October 26, 2018
I Still See You	October 12, 2018
Little Italy	September 21, 2018
The Row	July 27, 2018
Affairs of State	June 15, 2018
Con Is On	May 4, 2018

Lionsgate and affiliated companies have distributed films that have earned 124 Academy Award® nominations and 30 wins, as well as numerous Golden Globe Awards®, Producers Guild Awards®, Screen Actors Guild Awards®, Directors Guild Awards®, BAFTA Awards and Independent Spirit Awards nominations and wins.

Motion Picture — Home Entertainment

Our U.S. home entertainment distribution operation exploits our film and television content library of nearly 17,000 motion picture titles and television episodes and programs, consisting of titles from, among others, Lionsgate, our subsidiaries, affiliates and joint ventures (such as Starz, Summit Entertainment, Anchor Bay Entertainment, Artisan Entertainment, Grindstone Entertainment Group, Modern Entertainment, Trimark, Pantelion Films and Roadside Attractions), as well as titles from third parties such as A24, A&E, Amazon Studios, AMC, CBS Films, Entertainment Studios, Marvel, Miramax, Saban Entertainment, StudioCanal, and Tyler Perry Studios. Home entertainment revenue consists of packaged media and digital revenue.

Packaged Media

Packaged media distribution involves the marketing, promotion and sale and/or lease of DVDs/Blu-ray discs to wholesalers and retailers who then sell or rent the DVDs/Blu-ray discs to consumers for private viewing. Fulfillment of physical distribution services are substantially licensed to Twentieth Century Fox Home Entertainment.

We distribute or sell content directly to retailers such as Wal-Mart, Best Buy, Target, Amazon, Costco and others who buy large volumes of our DVDs/Blu-ray discs to sell directly to consumers. Sales to Wal-Mart accounted for approximately 53% of net home entertainment packaged media revenue in fiscal 2019. We also directly distribute content to the rental market through Redbox, Netflix and others.

Of these titles, certain are released through our subsidiary, Grindstone Entertainment Group, which acquires and/or produces titles as finished pictures and as "pre-buys" based on script, cast and genres, and creates targeted key art, marketing materials and release plans, which are then distributed direct-to-video, VOD and through other media. In fiscal 2019, Grindstone Entertainment Group released 37 titles.

Additionally, we distribute television product including series such as *American Gods, Ancient Aliens, Ash vs. Evil Dead, Blue Mountain State, Casual, Duck Dynasty*, *Fear the Walking Dead, Grace and Frankie, Graves, Narcos, Knightfall, MacGyver, Into the Badlands, Mad Men, Nurse Jackie, Orange Is The New Black, Power, The Royals*, *The Walking Dead*, *Weeds*, library titles such as *Alf* and *Little House on the Prairie*, certain Disney-ABC Domestic Television series, as well as premier children's brands including Saban Brand's *Power Rangers*, Aardman's *Shaun the Sheep* library, and *Rock Dog*.

Our year included the following:

- In fiscal 2019, one of our theatrical releases, I Can Only Imagine, debuted at number one on DVD/Blu-ray;
- In fiscal 2019, we shipped approximately 65 million DVD/Blu-ray finished units;
- In calendar 2018, we had an approximate 9% market share for home entertainment, making us the number six studio in market share overall;
- In calendar 2018, we maintained a box office-to-home entertainment conversion rate of 22% above the industry average. Box office-to-home entertainment conversion rate is calculated as the ratio of the total of both first cycle DVD release revenues and total digital platform revenues for a theatrical release compared to the total North American box-office revenues from such theatrical release.

Digital Media

Digital media distribution involves delivering content (including certain titles not distributed theatrically or on physical media) by electronic means directly to consumers in-home and on mobile devices. The key distribution methods today include transactional distribution (such as electronic-sell-through ("EST") and transactional video-on-demand ("TVOD")), SVOD, advertiser-supported video-on-demand ("AVOD") and free video-on-demand ("FVOD")), as well as distribution through various linear pay, basic cable and free, over-the-air television platforms.

Digital transactional platforms and networks to which we distribute our content include, among others, iTunes, Amazon, Wal-Mart's Vudu, Google Play, Microsoft's Xbox, and Sony's PlayStation Network. Digital SVOD services to which we license our content include, among others, Netflix, Hulu, and Amazon Prime. AVOD services to which we license our content include, among others, The Roku Channel, Tubi TV, YouTube, IMDb, and Pluto. We also directly distribute digital transactional content to MVPDs including cable operators (such as Comcast and Charter), satellite television providers (such as DIRECTV and DISH Network) and telecommunications companies (such as Verizon).

Linear networks to which we distribute our content include, among others, pay television networks such as Starz, EPIX, HBO and Showtime, and basic cable networks such as USA Network, FX, Turner Entertainment Networks, BET, Pop, A&E, SyFy, Lifetime, MTV, Bravo, Comedy Central, Paramount Network, Audience Network, Spike, AMC Networks, Freeform, Reelz, Nickelodeon, El Rey, HD Net, Bounce, Telemundo and UniMás.

In fiscal 2019, we achieved the following:

- Four titles we distributed, *Tyler Perry's Acrimony*, *Overboard*, *The Spy Who Dumped Me* and *Hunter Killer*, debuted at the number one ranking on the Rentrak On-Demand charts.
- Two titles we distributed, *Hostiles* and *Chappaquiddick*, debuted at the number two and number three rankings, respectively, on the Rentrak On-Demand charts.
- Four of our titles reached the number one ranking on the iTunes' movie charts, including *Sicario, A Simple Favor*, *Hunter Killer* and *Robin Hood*.

Motion Picture — Television

We license our theatrical productions and acquired films to the domestic linear pay, basic cable and free television markets. For additional information regarding such distribution, see *Motion Picture — Home Entertainment — Digital Media* above.

Motion Picture — International

Our international sales operations are headquartered at our offices in London, England. The primary components of our international business are, on a territory by territory basis through third parties or directly through our international divisions:

- The licensing of rights in all media of our in-house feature film product and third party acquisitions on an output basis;
- The licensing of rights in all media of our in-house product and third party acquisitions on a sales basis for non-output territories;
- The licensing of third party feature films on an agency basis; and
- Direct distribution of theatrical and/or ancillary rights licensing.

We license rights in all media on a territory by territory basis (other than the territories where we self-distribute) of (i) our in-house Lionsgate and Summit Entertainment feature film product, and (ii) films produced by third parties such as Black Label Media, CBS Films, Gold Circle Films, Participant Media, River Road Entertainment, Thunder Road Pictures and other independent producers. Films licensed and/or released by us internationally in fiscal 2019 included such in-house productions as *Sicario: Day of the Soldado, Robin Hood*, *Kin*, *A Simple Favor, Down A Dark Hall* and *Spy Who Dumped Me.* Third party films for which we were engaged as exclusive sales agent and/or released by us internationally in fiscal 2019 included *Green Book*, *On the Basis of Sex, Hellfest*, *Captive State* and *Five Feet Apart*.

Through our territory by territory sales and output arrangements, we generally cover a substantial portion of the production budget or acquisition cost of new theatrical releases which we license and distribute internationally. Our output agreements for Lionsgate and Summit feature films currently cover 13 major territories including the following:

- Australia/New Zealand;
- Benelux (Belgium/Netherlands/Luxembourg);
- Canada;
- CIS (Commonwealth of Independent States);
- Ex-Yugoslavia (e.g., Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Kosovo, Macedonia, Montenegro and Albania);
- Eastern Europe (Bulgaria, Czech Republic, Hungary, Romania and Slovak Republic);
- France;
- Italy;
- Middle East;
- Poland;
- Scandinavia;
- Singapore; and
- Spain.

These output agreements generally include all rights for all media (including home entertainment and television rights). We also distribute theatrical titles in Latin America through our partnership with International Distribution Company and certain theatrical titles in China through our relationship with Hunan TV & Broadcast Intermediary Co.

We also self-distribute motion pictures in the United Kingdom and Ireland through Lions Gate International UK (“Lionsgate UK”). Lionsgate UK has established a reputation in the United Kingdom as a leading producer, distributor and acquirer of commercially successful and critically acclaimed product. In fiscal 2019, Lionsgate UK released the following 15 films theatrically:

Fiscal 2019
Theatrical Releases — Lionsgate UK

Title	Release Date
Fighting With My Family	February 27, 2019
Destroyer	January 25, 2019
Colette	January 9, 2019
Robin Hood	November 21, 2018
Kin	November 9, 2018
Hunter Killer	October 19, 2018
Blindspotting	October 5, 2018
A Simple Favor	September 20, 2018
The Spy Who Dumped Me	August 22 2018
Uncle Drew	July 6, 2018
Sicario 2: Soldado	June 29, 2018
The Happy Prince	June 15, 2018
McQueen	June 8, 2018
On Chesil Beach	May 18, 2018
Ghost Stories	April 6, 2018

Additionally, we have established an office in India to manage operations and growth opportunities in the South Asian/Indian sub-continent. Through our local office in Mumbai, we manage the following activities:

- License our feature films, television series and library content to local linear and digital platforms;
- Appoint and work closely with theatrical distribution partners to maximize box office for our films;
- Partner with local production companies, as well as develop in-house, Indian local language original television series and feature films for distribution across other media platforms;
- Continue to expand our Starz’s direct-to-consumer offering in the region (branded as Lionsgate Play), including its launch on the SonyLIV streaming platform in November 2018; and
- Explore investment opportunities throughout the South Asian/Indian media market.

Motion Picture — Other

Interactive Ventures and Games

Our Interactive Ventures and Games division oversees our interactive business which includes multiplatform games based off our and third party intellectual property, esports, augmented and virtual reality, and strategic investments in digital businesses including emerging content platforms, esports franchises and world-class game developers/publishers.

Over the past few years, we have invested in Finnish mobile game developer/publisher Next Games, live-streaming native mobile gaming platform Mobcrush, and leading esports franchise Immortals, which includes the Los Angeles Valiant of *The Overwatch League*. In gaming, we currently have a slate of over 30 projects in varying stages of development, production and release. Our game releases to date have included *Saban's Power Rangers: Legacy Wars*, a top ranked free to play mobile game developed and published by nWay, *Saban's Power Rangers: Battle for the Grid*, a cross platform PC/console fighting game developed and published by nWay, *John Wick Chronicles,* an arcade style shooter game in virtual reality developed and published by Starbreeze, and an *Orange Is The New Black* slot machine game with International Game Technology. We also integrate our intellectual property into some of the world's most popular games including *Hellboy* into Ubisoft's PC/console fighting game *Brawlhalla* and top mobile game *Legendary: Game of Heroes*, *Saw* and *Ash vs. Evil Dead* into popular PC/console multiplayer horror game *Dead by Daylight*, *John Wick* and *Reservoir Dogs* into top ranked FPS *Payday 2*, and *Power Rangers* into mobile game *Family Guy: The Quest for Stuff*.

Global Live and Location-Based Entertainment

Our Global Live and Location Based Entertainment division broadly covers all theatrical and television live and location-based entertainment initiatives. Our goal is to drive incremental revenue and build consumer engagement across our entire portfolio of properties via licensing and launching live shows and location-based entertainment destinations around the world.

Our business currently includes, among others, the following projects:

- Developing musical adaptations of *Nashville*, *Wonder* and other theatrical and television properties into Broadway productions;
- *Now You See Me Live*, a global magic touring show that opened in China in November 2018;
- Global live film-to-concert tours based on Lionsgate theatrical properties, including *La La Land in Concert*, which has held more than 130 performances in 25 major international countries since its debut at the Hollywood Bowl in May 2017;
- A Lionsgate branded theme park zone in Motiongate Dubai, which opened in October 2017;
- Permanent horror attractions in Las Vegas (The Official Saw Escape Experience) and the United Kingdom (SAW-The Ride at Thorpe Park) and multiple seasonal horror activations at various parks around the world; and
- Lionsgate Entertainment World, our first Lionsgate branded indoor theme park in Hengqin, China, expected to open in 2019.

Music

Our music department creatively manages music for our theatrical and television slates, including overseeing songs, scores and soundtracks for all of our theatrical productions, co-productions and acquisitions, as well as music staffing, scores and soundtracks for all of our television productions. Music revenues are derived from the sales and licensing of music from our films, television, and other productions, and the theatrical exhibition of our films and the broadcast and webcast of our productions.

Ancillary Revenues

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

TELEVISION PRODUCTION

Our television business consists of the development, production, syndication and distribution of television programming. We principally generate revenue from the licensing and distribution of such programming to broadcast television networks, pay and basic cable networks, digital platforms and syndicators of first-run programming, which license programs on a station-by-station basis and pay in cash or via barter (i.e., trade of programming for airtime). Each of these platforms may acquire a mix of original and library programming.

After initial exhibition, we distribute programming to subsequent buyers, both domestically and internationally, including basic cable network, premium subscription services or digital platforms (known as "off-network syndicated programming"). Off-network syndicated programming can be sold in successive cycles of sales which may occur on an exclusive or non-exclusive basis. In addition, television programming is sold on home entertainment (packaged media and via digital delivery) and across all other applicable ancillary revenue streams including music publishing, touring and integration.

As with film production, we use tax credits, subsidies, and other incentive programs for television production in order to maximize our returns and ensure fiscally responsible production models.

Television Production — Television

Lionsgate Television

We currently produce, syndicate and distribute nearly 70 television shows on more than 25 networks (including programming produced by Pilgrim Media Group, of which we own a majority interest).

In fiscal 2019, scripted and unscripted programming produced, co-produced or distributed by us and our affiliated entities (see *Starz Original Programming* below for original programming that appears on our Starz services), as well as programming syndicated by our wholly-owned subsidiary, Debmar-Mercury, included the following:

Fiscal 2018
Scripted — Lionsgate

Title	Network
Casual	Hulu
Dear White People	Netflix
Greenleaf	OWN
MacGyver	CBS
Nashville	CMT/Hulu
Orange Is The New Black	Netflix
Step Up	YouTube
Florida Girls	Pop
Get Christie Love	ABC
LA Confidential	CBS
The Rook	Starz

Fiscal 2019
Unscripted — Lionsgate

Title	Network
Young Guns	Go90
The Joel McHale Show	Netflix
Lyft Legends	LOL
Mad Dog Knives	Discover
Music City	CMT
The Norm Show	Netflix
Model Squad	E!
In Fashion	Starz
Revenge Body	E!
Selling Sunset	Netflix
What The Fit?	YouTube
You Kidding Me	Facebook

Fiscal 2019
Unscripted — Pilgrim Media Group

Title	Network
Battlefish	Netflix
Bring It	Lifetime
Chopper	Discovery
Fast & Loud	Discovery
Garage Rehab	Discovery
Heavy Hitters	FS1
Love at First Flight	FYI
Mega Race Clip Show	Discovery Go
Misfits Garage	Discovery
My Big Fat Fab Life	TLC
Street Outlaws	Discovery
Street Outlaws Memphis	Discovery
Street Outlaws New Orleans	Discovery
Sweetie Pies	OWN
Switching Gears	Discovery
Ultimate Fighter	FS1
Wicked Tuna	Nat Geo
Wicked Tuna OB	Nat Geo
Zombie Flippers	FYI

Fiscal 2019
Syndication — Debmar-Mercury

Title
Family Feud
Wendy Williams
Caught In Providence
Anger Management
Are We There Yet?
Bojack Horseman
House of Payne
Meet The Browns
Ambitions

Starz Original Programming

For information regarding production of Starz original programming, see *Media Networks — Starz Networks — Starz Original Programming.*

Television Production — International

We continue to expand our television business through international sales and distribution of original Lionsgate television series, Starz original programming, third party television programming and format acquisitions via packaged media and various digital platforms.

Lionsgate UK also continues to build a robust television business alongside its premier film brand through in-house production/development, as well as through its various joint ventures and investments. Lionsgate UK holds interests in, and has strategic partnerships with, television and film production company Kindle Entertainment, non-scripted television production company Primal Media, television drama company Potboiler Television, and film and television production company Bonafide Films. Additionally, Lionsgate UK has enhanced its television production efforts with nearly twenty (20) projects currently being developed in-house.

In fiscal 2019, Lionsgate UK television programming (developed in-house and through Lionsgate UK's interest and partnerships) included the following:

Fiscal 2019
Television — Lionsgate UK

Title	Network	Partner(s)
Kiss Me First	Channel 4/Netflix	Kindle Entertainment, Balloon Entertainment
Carnage	Sky One	Primal Media, Motion Content Group
The A-List	BBC3	Kindle Entertainment
Jerk	BBC3	Primal Media, Roughcut TV

Additionally, Lionsgate UK television programming currently in production includes the following:

Fiscal 2019
Television — In Production — Lionsgate UK

Title	Network	Partner(s)
Motherland Series 2	BBC	BBC, Merman, Delightful
The Goes Wrong Show	BBC	Mischief Screen, Big Talk, BBC
Cold Courage	Viaplay	Luminoir

Television Production — Home Entertainment

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

Television Production — Other

Other revenues are derived from, among others, the licensing of our television programs to other ancillary markets, the sales and licensing of music from the television broadcasts of our productions, and from our interest in 3 Arts Entertainment, a talent management company. 3 Arts Entertainment receives commission revenue from talent representation and are producers on a number of television shows and films (including *It's Always Sunny in Philadelphia*, *The Office*, *Silicon Valley*, *The Good Place*, and *Unbreakable Kimmy Schmidt)*, where they receive an executive producer fee and back-end participations.

MEDIA NETWORKS

Media Networks — Starz Networks

Starz is a leading provider of premium subscription video programming to U.S. MVPDs, including cable operators (such as Comcast and Charter), satellite television providers (such as DIRECTV and DISH Network), telecommunications companies (such as AT&T and Verizon), OTT providers (such as Amazon) and on a direct-to-consumer basis.

Our flagship premium service STARZ had 24.7 million subscribers as of March 31, 2019 (not including subscribers who receive programming free as part of a promotional offer). STARZ offers original series and recently released and library movies without advertisements. Our other services, STARZ ENCORE and MOVIEPLEX, offer theatrical and independent library movies as well as original and older television series also without advertisements. Our services include 17 linear networks, on-demand and online viewing platforms, and a stand-alone direct-to-consumer service. The linear networks air over 1,000 movies per month from studio partners, including first-run content from Sony Pictures Entertainment, and have a growing line-up of successful original programming. Our services are offered by Distributors to their subscribers either at a fixed monthly price as part of a programming tier or package or on an a la carte basis, or directly to consumers via the STARZ app at www.starz.com or through our retail partners (such as Apple and Google) for a monthly fee.

The table below depicts our 17 existing linear services, the respective on-demand service, the STARZ app service and highlights some of their key attributes.

STARZ	STARZ; STARZ CINEMA; STARZ ON DEMAND; STARZ COMEDY; STARZ EDGE; STARZ IN BLACK; STARZ KIDS & FAMILY	• Flagship network with 6 premium channels • All 6 channels offered in HD • Powerful original series and big hit movies • First-run output and library films • STARZ ON DEMAND: offers more than 3,200 monthly selections, with over 500 movies and approximately 2,700 series episodes
STARZENCORE	STARZ ENCORE; STARZ ENCORE ACTION; STARZ ENCORE BLACK; STARZ ENCORE CLASSIC; STARZ ENCORE ESPAÑOL; STARZ ENCORE FAMILY; STARZ ENCORE SUSPENSE; STARZ ENCORE WESTERNS; STARZ ENCORE ON DEMAND	• 8 premium channel offerings • Favorite films and series across genre-themed channels • First-run and classic favorites • STARZ ENCORE ON DEMAND: offers more than 3,900 monthly selections, with 500 movies and select series
movieplex	movieplex; indieplex; movieplex On Demand HD; retroplex	• 3 premium channel offerings • All 3 channels offered in HD • Variety of art house, independent films and classic movie library content • MOVIEPLEX ON DEMAND: offers more than 200 movies every month
THESTARZAPP	STARZ. STREAM IT DOWNLOAD IT WATCH IT	• On-demand streaming and downloadable access to STARZ, STARZ ENCORE and MOVIEPLEX networks' content in a single destination app • The Starz app offers more than 7,500 monthly movies and series episodes including: ◦ Over 1,300 movies ◦ Approximately 500 Starz Original series episodes ◦ Over 5,600 other series episodes

Demographics and Strategy

Our services deliver Obsessable™ original series and hit movies that appeal to a wide range of audiences, attracting both die hard and casual viewers and serving a variety of fandoms. We are focused on developing and delivering content to meet the needs of engaged viewers, including underserved audiences such as African Americans, LatinX, LGBTQIA and female audiences.

Built to serve both our traditional MVPDs as well as the OTT community, the STARZ app is a best-in-class subscription video app designed with fans in mind. In addition to targeting MVPD subscribers, the STARZ app targets audiences who are looking for an alternative to a traditional subscription package. The primary audience for the app consists of a balanced mix of individuals, who are cost-conscious, heavy consumers of video content and likely have at least one OTT subscription service. Other important segments consist of households with children and frequent travelers looking for the ability to download and watch blockbuster theatricals, STARZ original series and favorite TV and movies without an internet connection.

We also intend to ensure that our Starz Networks' services are available in formats and platforms that meet the needs of our Distributors as well as subscribers. We seek to monetize the digital rights we control for our Starz Networks' exclusive original series and those under our programming licensing agreements with Hollywood studios by licensing the digital rights to Starz Networks' services to our traditional distributors and online video providers as well as using these rights for the STARZ app.

We believe that this strategy, combined with a proven management team, positions Starz Networks for continued success. We look forward to making our Starz Networks services "must haves" for subscribers and a meaningful margin driver for our Distributors, thereby driving value for our stockholders.

Affiliation agreements

Our services are distributed pursuant to affiliation agreements with Distributors. These agreements require delivery of programming that meets certain standards. We earn revenue under these agreements either (i) based on the total number of subscribers who receive our services multiplied by rates specified in the affiliation agreements or (ii) based on amounts or rates which are not tied solely to the total number of subscribers who receive our services. Our affiliation agreements expire at various dates through 2023.

We work with Distributors to increase the number of subscribers to our services. To accomplish this, we may help fund the Distributors' efforts to market these services or may permit Distributors to offer limited promotional periods without payment of subscriber fees. We believe these efforts enhance our relationship with Distributors, improve the awareness of our services and ultimately increase subscribers and revenue over the term of these affiliation agreements.

Distributors report the number of subscribers to our services and pay for services, generally, on a monthly basis. The agreements are generally structured to be multi-year agreements with staggered expiration dates and generally provide for annual contractual rate increases of a fixed percentage or a fixed amount, or rate increases tied to annual increases in the Consumer Price Index.

For the fiscal year ended March 31, 2019, revenue earned under Starz Networks' affiliation agreements with AT&T (including DIRECTV) accounted for at least 10% of Lionsgate's revenue.

OTT service

The STARZ app is the single destination for both Distributor authenticated and direct OTT subscribers to stream or download our original series and movie content. The STARZ app:

- Is available on a wide array of platforms and devices;
- Includes on-demand streaming and downloadable access to our content in a single destination app;
- Offers instant access to approximately 7,500 selections each month (including original series and commercial free movies);
- Is available for purchase as a standalone OTT service for $8.99/month; and
- Is available as an additional benefit to paying MVPD subscribers of the Starz Networks' linear premium services.

Starz Original Programming

Starz Networks contracts with our *Television Production* segment and other independent production companies to produce original programming that appears on our Starz services.

Starz's currently announced fiscal 2020 STARZ Originals line-up is as follows:

Title	Number of Episodes
Spanish Princess	8
Vida Season 2	10
The Rook Season 1	8
Sweetbitter Season 2	8
Power Season 6	15
TBD Documentary Series	5
Dublin Murders	8
P-Valley Season 1	TBD
TBD Documentary Series	4
Wrong Man Season 2 (documentary series)	TBD
	TBD

Starz's fiscal 2019 STARZ Originals line-up was as follows:

Title	Number of Episodes
Howard's End (limited series)	4
Sweetbitter Season 1	6
Vida Season 1	6
Wrong Man Season 1 (documentary series)	6
Power Season 5	10
America to Me (documentary series)	10
Warriors of Liberty City (documentary series)	6
Outlander Season 4	13
Counterpart Season 2	10
American Gods Season 2	8
Now Apocalypse Season 1	10
	89

Lionsgate and Starz television programming have earned 235 Emmy® Award nominations including 37 wins, as well as numerous Golden Globe® Awards, NAACP Awards, GLAAD Awards, Screen Actors Guild Awards nomination and wins.

Output and Content License Agreements

The majority of content on our services consists of movies that have been released theatrically. Starz has an exclusive long-term output licensing agreement with Sony for all qualifying movies released theatrically in the U.S. by studios owned by Sony through December 31, 2021. The Sony agreement, which began in 2001, includes all titles released under the Columbia, Screen Gems, Sony Pictures Classics and TriStar labels. Starz does not license movies produced by Sony Pictures Animation. Under this agreement, Starz has valuable exclusive rights to air new movies on linear television services, on-demand or online during two separate windows over a period of approximately three to seven years from their initial theatrical release. Generally, except on a VOD or pay-per-view basis, no other linear service, online streaming or other video service may air or stream these recent releases during Starz's windows, and no other premium subscription service may air or stream these releases between the two windows.

Starz also licenses library content comprised of older, previously released theatrical movies from many of Hollywood's major studios. In addition to theatrical movies, Starz licenses made for television movies, television series and other content from studios, production companies or other rights holders. The rights agreements for library content are of varying duration and generally permit Starz's services to exhibit these movies, series and other programming during certain window periods.

A summary of significant output and library programming agreements (including a library agreement with Lionsgate) are as follows:

Significant output programming agreements	
Studio	**Term(1)**
Sony	12/2021

Significant library programming agreements	
Studio	**Term**
Paramount	08/2022
Warner Bros	12/2022
Miramax	02/2023
Twentieth Century Fox	02/2025
MGM	04/2025
Sony Pictures	12/2025
Lionsgate	01/2026
Universal	03/2027

(1) Dates based on initial theatrical release.

The Sony output agreement requires Starz to pay for movies at rates calculated on a pricing grid that is based on each film's domestic box office performance (subject to maximum amounts payable per movie and a cap on the number of movies that can be put to Starz each year). The amounts Starz pays for library content vary based on each specific agreement, but generally reflect an amount per movie, series or other programming commensurate with the quality (e.g., utility and perceived popularity) of the content being licensed.

Transmission

We uplink our programming to four non-pre-emptible, protected transponders on two satellites positioned in geo-synchronous orbit. These satellites feed our signals to various swaths of the Americas. We lease these transponders under long-term lease agreements. These transponder leases have termination dates in 2023. We transmit to these satellites from our uplink center in Englewood, Colorado. We have made arrangements at a third party facility to uplink our linear channels to these satellites in the event we are unable to do so from our uplink center.

Regulatory Matters

In the U.S., the Federal Communications Commission (the "FCC") regulates several aspects of our, and our distribution ecosystem's operations and programming. This includes FCC oversight in connection with communications satellites and related uplink/downlink equipment and transmissions, content-specific requirements such as closed captioning, messaging during children's programming, loudness of commercials, and program access requirements in connection with certain Distributors and programmer services with shared attributable interests. Additionally, as part of the FCC's 2008 order approving the acquisition by Liberty Media Corporation (now known as Qurate Retail, Inc.) ("Liberty Media") of a controlling interest in DIRECTV, the FCC imposed program access conditions on Liberty Media and its affiliated entities, which may remain applicable to Starz.

Online Services

To the extent that our programming services are distributed through online based platforms, we must comply with various federal and state laws and regulations applicable to online communications and commerce. Congress and individual states may consider additional legislation addressing online privacy and other issues.

Proposed Changes in Regulation

The regulation of programming services, cable television systems, direct broadcast satellite providers, broadcast television licensees and online distributed services is subject to the political process and has been in constant flux historically. Further material changes in the law and regulatory requirements must be anticipated and there can be no assurance that our business will not be materially adversely affected by future legislation, new regulation or deregulation.

Media Networks — STARZPLAY International

STARZ, through its international premium branded SVOD service, STARZPLAY, is currently available in five countries and expected to launch in additional countries over the next several years.

The service is anchored by Starz and Lionsgate programming, as well as content from third party providers. Most content available on STARZPLAY is English-language, may include certain seasons of STARZ original series exclusively and may often air day-and-date with the U.S. STARZPLAY also includes access to a rich and diverse Lionsgate library of television series, feature films and documentaries, and, to amplify content from the Starz domestic slate, may include first-run, exclusive access to unique third party programming, including locally produced television shows that align with the STARZ brand.

STARZPLAY is distributed through global wholesale partners, local IPTV or Telco partners, and is expected to be offered through retail partners over the next year. We believe that this multi-faceted approach to distribution will allow STARZPLAY to scale across multiple countries through new and existing distribution partners and supported platforms.

STARZ also expands its international footprint through the following: STARZPLAY Arabia, a service that provides access to 19 different countries in the Middle East and North Africa (see Joint Ventures, Partnerships and Ownership Interests below); Celestial Tiger Entertainment, a service that provides access to China and Southeast Asia; and Bell Media, which has the exclusive rights to distribute the STARZ service in Canada across linear, on-demand and streaming platforms.

Media Networks — Streaming Services

Streaming services represent revenues derived from the Lionsgate legacy start-up direct to consumer streaming service initiatives on SVOD platforms including PANTAYA, our joint venture with Hemisphere Media Group. PANTAYA is the first-ever premium streaming destination for world-class movies in Spanish offering the largest selection of current and classic, commercial-free blockbusters and critically acclaimed titles from Latin America and the U.S. In February 2019, PANTAYA announced its first-ever original scripted series "El Juego de las Llaves" (The Game of Keys) which is expected to debut in the U.S. exclusively on PANTAYA in fall 2019, and will stream internationally in more than 200 countries and territories on Amazon Prime Video.

JOINT VENTURES, PARTNERSHIPS AND OWNERSHIP INTERESTS

Our joint ventures, partnerships and ownership interests support our strategy of being a multiplatform global industry leader in entertainment. We regularly evaluate our existing properties, libraries and other assets and businesses in order to determine whether they continue to enhance our competitive position in the industry, have the potential to generate significant long-term returns, represent an optimal use of our capital and are aligned with our goals. When appropriate, we discuss potential strategic transactions with third parties for purchase of our properties, libraries or other assets or businesses that factor into these evaluations. As a result, we may, from time to time, determine to sell individual properties, libraries or other assets or businesses or enter into additional joint ventures, strategic transactions and similar arrangements for individual properties, libraries or other assets or businesses. Certain of the Company's joint ventures, partnerships and ownership interests include the following:

3 Arts Entertainment	In May 2018, we acquired a majority stake in 3 Arts Entertainment, a leading talent management and television/film production company.
Atom Tickets	In August 2014, we acquired an interest in Atom Tickets, a first-of-its-kind social movie ticketing app.
Celestial Tiger Entertainment	In January 2012, we formed Celestial Tiger Entertainment, a joint venture with Saban Capital Group and Celestial Pictures, a company wholly-owned by Astro Overseas Limited. Celestial Tiger Entertainment is a leading independent media company dedicated to entertaining audiences in Asia and beyond that creates and distributes branded pay television channels and services targeted at Asian consumers.

Immortals	In January 2017, we acquired an interest in Immortals, an esports franchise.
Pantelion Films	In September 2010, we launched Pantelion Films, a joint venture with Videocine, an affiliate of Televisa, which produces, acquires and distributes a slate of English and Spanish language feature films that target Hispanic moviegoers in the U.S.
Pilgrim Media Group	In November 2015, we acquired an interest in Pilgrim Media Group, a leader in unscripted programming.
Roadside Attractions	In July 2007, we acquired an interest in Roadside Attractions, an independent theatrical distribution company.
STARZPLAY Arabia	Launched in 2015, STARZPLAY Arabia is a personalized OTT entertainment service that operates in 19 Middle East/North African countries. STARZPLAY Arabia offers a deep selection of Hollywood movies and television series with English, Arabic and French language options, along with local Arabic and Bollywood content.

Intellectual Property

We currently use and own or license a number of trademarks, service marks, copyrights, domain names and similar intellectual property in connection with our businesses and own registrations and applications to register them both domestically and internationally. We believe that ownership of, and/or the right to use, such trademarks, service marks, copyrights, domain names and similar intellectual property is an important factor in our businesses and that our success depends, in part, on such ownership.

Motion picture and television piracy is extensive in many parts of the world, including South America, Asia and certain Eastern European countries, and is made easier by technological advances and the conversion of content into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of content on packaged media and through digital formats. The proliferation of unauthorized copies of these products has had and will likely continue to have an adverse effect on our business, because these products may reduce the revenue we receive from our products. Our ability to protect and enforce our intellectual property rights is subject to certain risks and from time to time, we encounter disputes over rights and obligations concerning intellectual property. We cannot provide assurance that we will prevail in any intellectual property disputes.

Competition

Our businesses operate in highly competitive markets. We compete with companies within the entertainment and media business and from alternative forms of leisure entertainment, such as travel, sporting events, outdoor recreation and other cultural related activities. We compete with the major studios, numerous independent motion picture and television production companies, television networks, pay television services and digital media platforms for the acquisition of literary and film properties, the services of performing artists, directors, producers and other creative and technical personnel and production financing, all of which are essential to the success of our businesses. In addition, our motion pictures compete for audience acceptance and exhibition outlets with motion pictures produced and distributed by other companies. Likewise, our television product faces significant competition from independent distributors as well as major studios. Moreover, our networks compete with other programming networks for viewing and subscribership by each distributor’s customer base, as well as for carriage by such distributors. As a result, the success of any of our motion picture, television or networks business is dependent not only on the quality and acceptance of a particular film or program, but also on the quality and acceptance of other competing content released into the marketplace at or near the same time as well as on the ability to license and produce content for the networks that is adequate in quantity and quality and will generate satisfactory subscriber levels.

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

Social Responsibility and Employee Engagement

Lionshares

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

Employee Resource Groups

We provide our employees with an opportunity to enhance cross-cultural awareness, develop leadership skills and network across the Company's various business units and levels through resource groups including Lionsgate Multicultural Group, Lionsgate Pride, Lionsgate Vets and Lionsgate Women's Empowerment Group.

- Lionsgate Multicultural Group engages in partnerships that promote diversity, equity and inclusion within the Company and the industry, allowing for an exchange of ideas and resources that contribute to overall innovation.
- Lionsgate Pride supports, develops and inspires future LGBTQ leaders within the Company and the industry.
- Lionsgate Vets creates a community of veterans and their supporters working together to enhance veteran presence and engage the industry from the unique perspective of a military background.
- Lionsgate Women's Empowerment Group creates a community that improves the prominence of female leaders and empowers women at all levels within the Company and the industry.

Employees

As of May 20, 2019, we had 1,415 full-time employees in our worldwide operations. We also utilize many consultants in the ordinary course of our business and hire additional employees on a project-by-project basis in connection with the production of our motion pictures and television programming.

Corporate History

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

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available, free of charge, on our website at investors.lionsgate.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and

Exchange Commission (the "SEC"). The Company's *Disclosure Policy, Corporate Governance Guidelines, Standards for Director Independence, Code of Business Conduct and Ethics for Directors, Officers and Employees, Policy on Shareholder Communications, Related Person Transaction Policy, Charter of the Audit & Risk Committee, Charter of the Compensation Committee* and *Charter of the Nominating and Corporate Governance Committee* and any amendments thereto are also available on the Company's website, as well as in print to any shareholder who requests them. The information posted on our website is not incorporated into this Annual Report on Form 10-K. We will disclose on our website waivers of, or amendments to, our *Code of Business Conduct and Ethics* that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or persons performing similar functions.

The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov.

ITEM 1A. *RISK FACTORS.*

You should carefully consider the risks described below as well as other information included in, or incorporated by reference into this Form 10-K. The risk and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any these risks and uncertainties occur, they could adversely affect our business, financial condition, operating results, liquidity and prospects.

Risks Related to Our Business

We face substantial capital requirements and financial risks.

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

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

Budget overruns may adversely affect our business. While our business model requires that we be efficient in the production of motion picture and television content, actual production costs may exceed their budgets. The production, completion and distribution of such content can be subject to a number of uncertainties, including delays and increased expenditures due to disruptions or events beyond our control. As a result, if production incurs substantial budget overruns, we may have to seek additional financing or fund the overrun ourselves. We cannot make assurances regarding the availability of such additional financing on terms acceptable to us, or that we will recoup these costs. For instance, increased costs incurred with respect to a particular film may result in a delayed release and the postponement to a potentially less favorable date, all of which could cause a decline in box office performance, and, thus, the overall financial success of such film. Budget overruns could also prevent a picture from being completed or released. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

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

Changes in our business strategy, plans for growth or restructuring of our businesses may increase our costs or otherwise affect the profitability of our businesses.

As changes in our business environment occur, we may adjust our business strategies to meet these changes, which may include growing a particular area of business or restructuring a particular business or asset. In addition, external events including changing technology, changing consumer patterns, acceptance of our theatrical and television offerings and changes in macroeconomic conditions may impair the value of our assets. When these changes or events occur, we may incur costs to change our business strategy and may need to write down the value of assets. We may also make investments in existing or new businesses, including investments in the international expansion of our business and in new business lines. Such investments have and continue to be made in our interactive ventures and games business, and in our global live and location-based entertainment business. More recently, we have also increased investments related to our direct-to-consumer and licensed offerings (specifically, the international rollout of our STARZPLAY service). Some of these investments may have short-term returns that are negative or low and the ultimate prospects of the businesses may be uncertain, or, in international markets, may not develop at a rate that supports our level of investment. In any of these events, our costs may increase, we may have significant charges associated with the write-down of assets, or returns on new investments may be lower than prior to the change in strategy, plans for growth or restructuring.

We have entered into output licensing agreements that require Starz to make substantial payments.

Starz has an output licensing agreement with Sony to acquire theatrical releases that will expire on December 31, 2021. Starz is required to pay Sony for films released at rates calculated on a pricing grid that is based on each film's domestic box office performance (subject to maximum amounts payable per film and a cap on the number of films that can be put to Starz each year), and the amounts payable pursuant to such agreement will be substantial. We believe that the theatrical performance of the films Starz will receive under the agreements will perform at levels consistent with the performance of films Starz has received from Sony in the past. We also assume a certain number of annual releases of first run films by Sony's studios consistent with the number Starz received in prior years. Should the films perform at higher levels across the slate of films Starz receives or the quantity of films increase, then our payment obligations would increase and would have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects.

Our revenues and results of operations may fluctuate significantly.

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

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

Low ratings for television programming produced by us may lead to the cancellation of a program and can negatively affect future license fees for the cancelled program. If we decide to no longer air programming due to low ratings or other factors, we could incur significant programming impairments, which could have a material adverse effect on our results of operations in a given period.

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

Our operating results also fluctuate due to our accounting practices (which are standard for the industry) which may cause us to recognize the production and marketing expenses in different periods than the recognition of related revenues, which may occur in later periods. For example, in accordance with generally accepted accounting principles and industry practice, we are required to expense film advertising costs as incurred, but are also required to recognize the revenue from any motion picture or television program over the entire revenue stream expected to be generated by the individual picture or television program. In addition, we amortize film and television programming costs using the "individual-film-forecast" method. Under this accounting method, we amortize film and television programming costs for each film or television program based on the following ratio:

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

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

In addition, the comparability of our results may be affected by changes in accounting guidance or changes in our ownership of certain assets and businesses. Accordingly, our results of operations from year to year may not be directly comparable to prior reporting periods.

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

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

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

We depend on distributors that carry our Starz programming, and no assurance can be given that we will be able to maintain and renew these affiliation agreements on favorable terms or at all. Starz currently distributes programming through affiliation agreements with many distributors, including Altice, Amazon, AT&T, Charter, Comcast, Cox, DISH Network, Hulu and Verizon. These agreements are scheduled to expire at various dates through 2023. The largest distributors have significant leverage in their relationship with certain programmers, including Starz. For the fiscal year ended March 31, 2019, revenue earned under Starz's affiliation agreements with AT&T (including DIRECTV) accounted for at least 10% of Lionsgate's revenue.

The renewal negotiation process for affiliation agreements is typically lengthy. In certain cases, renewals are not agreed upon prior to the expiration of a given agreement, while the programming typically continues to be carried by the relevant distributor pursuant to the other terms and conditions in the affiliation agreement. We may be unable to obtain renewals with our current distributors on acceptable terms, if at all. We may also be unable to successfully negotiate affiliation agreements with new distributors to carry our programming. The failure to renew affiliation agreements on acceptable terms, or the failure to negotiate new affiliation agreements at all, in each case covering a material portion of multichannel television households, could result in a discontinuation of carriage, or could otherwise materially adversely affect our subscriber growth, revenue and earnings which could materially adversely affect our business, financial condition, operating results, liquidity and prospects.

In some cases, if a distributor is acquired, the affiliation agreement of the acquiring distributor will govern following the acquisition. In those circumstances, the acquisition of a distributor that is party to affiliation agreements with us that are more favorable to us may adversely impact our business, financial condition, operating results, liquidity and prospects.

Increasing rates paid by distributors to other programmers may result in increased rates charged to their subscribers for their services, making it more costly for subscribers to purchase our STARZ services. The amounts paid by distributors to certain programming networks for the rights to carry broadcast networks and sports networks have increased substantially in recent years. As a result, distributors have passed on some of these increases to their subscribers. The rates that subscribers pay for programming from distributors continue to increase each year and these increases may impact our ability, as a premium subscription video provider, to increase or even maintain our subscriber levels and may adversely impact our revenue and earnings which could have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects.

We depend on distributors to market Starz's networks and other services, the lack of which may result in reduced customer demand. At times, certain of our distributors do not allow us to participate in cooperative marketing campaigns to market Starz's networks and services. Our inability to participate in the marketing of our networks and other services may put us at a competitive disadvantage. Also, our distributors are often focused more on marketing their bundled service offerings (video, Internet and telephone) than premium video services. If our distributors do not sign up new subscribers to our networks, we may lose subscribers which would have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects.

We must respond successfully to ongoing changes in the U.S. television industry and consumer viewing patterns to remain competitive. We derive revenues and profits from our Starz networks and the production and licensing of television programming to broadcast and cable networks and other premium pay television services. The U.S. television industry is continuing to evolve rapidly, with developments in technology leading to new methods for the distribution of video content and changes in when, where and how audiences consume video content. These changes pose risks to the traditional U.S. television industry including the disruption of the traditional television content distribution model by OTT services, which are increasing in number and some of which have significant and growing subscriber/user bases. Over the past few years, the number of subscribers to traditional services in the U.S. has declined each year. Developments in technology and new content delivery products and services have also led to an increasing amount of video content that is available through OTT services and consumers spending an increased amount of time viewing such content, as well as changes in consumers' expectations regarding the availability and packaging of video content, their willingness to pay for access to such content, their perception of what quality entertainment is and how much it should cost, and the ease for a consumer to unsubscribe or switch. We are engaged in efforts to respond to and mitigate the risks from these changes, including launching the Starz service on these OTT services and on a direct-to-consumer basis and making our STARZ OTT service available on an authenticated basis as an additional benefit to paying subscribers of our premium services. Growth in OTT service subscribers may be slower than the decline of service subscribers on traditional services in the U.S., and we may incur significant costs to implement our strategy and initiatives, and if we are not successful, our competitive position, businesses and results of operations could be adversely affected.

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

The directional guidance we provide from time to time is subject to several factors that we may not be successful in achieving. From time to time, we provide directional guidance for certain financial periods which depends on a number of factors that we may not be successful in achieving, including, but not limited to, the timing and commercial success of content that we distribute, which cannot be accurately predicted. In particular, underperformance at the box office of one or more motion pictures in any period may cause our revenue and earnings results for that period (and potentially, subsequent periods) to be less than anticipated, in some instances significantly. Accordingly, our results of operations may fluctuate significantly from period to period, and the results of any one period may not be indicative of the results for future periods. Management prepares directional guidance on the basis of available information at such time, and believes such estimates are prepared on a reasonable basis. However, such estimates should not be relied on as necessarily indicative of our actual financial results. Our inability to achieve directional guidance could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

A significant portion of our library revenues comes from a small number of titles, a portion of which we may be limited in our ability to exploit.

We depend on a limited number of titles in any given fiscal quarter for the majority of the revenues generated by our library. In addition, many of the titles in our library are not presently distributed and generate substantially no revenue. Additionally, our rights to the titles in our library vary; in some cases, we have only the right to distribute titles in certain media and territories for a limited term. If we cannot acquire new product and the rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures or other strategic alliances, or renew expiring rights to titles generating a significant portion of our revenue on acceptable terms, any such failure could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Failure to manage future growth may adversely affect our business.

We are subject to risks associated with possible acquisitions, business combinations, or joint ventures. From time to time, we engage in discussions and activities with respect to possible acquisitions, sale of assets, business combinations, or joint ventures intended to complement or expand our business. We may not realize the anticipated benefit from any of the transactions we pursue.

Regardless of whether we consummate any such transaction, the negotiation of a potential transaction and the integration of the acquired business could require us to incur significant costs and cause diversion of management's time and resources. Any such transaction could also result in impairment of goodwill and other intangibles, development write-offs and other related expenses. Such transaction may pose challenges in the consolidation and integration of information technology, accounting systems, personnel and operations. We may also have difficulty managing the combined entity in the short term if we experience a significant loss of management personnel during the transition period after a significant acquisition. No assurance can be given that expansion or acquisition opportunities will be successful, completed on time, or that we will realize expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits. Any of the foregoing could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

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

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

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

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

Our success depends on attracting and retaining key personnel.

Our success depends upon the continued efforts, abilities and expertise of our executive teams and other key employees, including production, creative and technical personnel. Our success also depends on our ability to identify, attract, hire, train and retain such personnel. We have entered into employment agreements with top executive officers and production executives but do not currently have significant "key person" life insurance policies for any employee. Although it is standard in the industry to rely on employment agreements as a method of retaining the services of key employees, these agreements cannot assure us of the continued services of such employees. In addition, competition for the limited number of business, production and creative personnel necessary to create and distribute our entertainment content is intense and may grow in the future. We cannot assure you that we will be successful in identifying, attracting, hiring, training and retaining such personnel in the future, and our inability to do so could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

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

Our business depends on the appeal of our content to distributors and subscribers, which is difficult to predict. Our business depends in part upon viewer preferences and audience acceptance of Starz's network programming. These factors are difficult to predict and are subject to influences beyond our control, such as the quality and appeal of competing programming, general economic conditions and the availability of other entertainment activities. We may not be able to anticipate and react effectively to shifts in tastes and interests in markets. A change in viewer preferences could cause Starz's programming to decline in popularity, which could jeopardize renewal of affiliation agreements with distributors. In addition, our competitors may have more flexible programming arrangements, as well as greater amounts of available content, distribution and capital resources and may be able to react more quickly than we can to shifts in tastes and interests.

To an increasing extent, the success of our business depends on exclusive original programming and our ability to accurately predict how audiences will respond to our original programming. Because original programming often involves a greater degree of financial commitment, as compared to acquired programming that we license from third parties, and because our branding strategies depend significantly on a relatively small number of original series, a failure to anticipate viewer preferences for such series could be especially detrimental to our business.

In addition, theatrical feature films constitute a significant portion of the programming on our Starz networks. In general, the popularity of feature-film content on linear television is declining, due in part to the broad availability of such content through an increasing number of distribution platforms prior to our linear window. Should the popularity of feature-film programming suffer significant further declines, Starz may lose subscribership or be forced to rely more heavily on original programming, which could increase our costs.

If Starz's programming does not gain the level of audience acceptance we expect, or if we are unable to maintain the popularity of Starz's programming, we may have a diminished negotiating position when dealing with distributors, which could reduce our revenue and earnings. We cannot ensure that we will be able to maintain the success of any of Starz's current programming, or generate sufficient demand and market acceptance for Starz's new original programming. This could materially adversely impact our business, financial condition, operating results, liquidity and prospects.

Starz's success depends upon the availability of programming that is adequate in quantity and quality, and we may be unable to secure or maintain such programming. Starz's success depends upon the availability of quality programming, particularly original programming and films that is suitable for its target markets. While we produce some of Starz's original programming, we obtain most of Starz's programming (including some of Starz's original series, films and other acquired programming) through agreements with third parties that have produced or control the rights to such programming. These agreements expire at varying times and may be terminated by the other party if we are not in compliance with their terms.

We compete with other programming services, including cable programming, national broadcast television, local broadcast television stations and SVOD to secure desired programming, the competition for which has increased as the number of programming services has increased. Other programming services that are affiliated with programming sources such as movie or television studios or film libraries may have a competitive advantage over us in this area. Some of these competitors have exclusive contracts with motion picture studios or independent motion picture distributors or own film libraries.

We cannot assure you that we will ultimately be successful in negotiating renewals of Starz's programming rights agreements or in negotiating adequate substitute agreements. In the event that these agreements expire or are terminated and are not replaced by programming content, including additional original programming, acceptable to Starz's distributors and subscribers, it would have a materially adverse impact on our business, financial condition, operating results, liquidity and prospects.

Global economic turmoil and regional economic conditions in the U.S. could adversely affect our business. Global economic turmoil may cause a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, levels of intervention from the U.S. federal government and other foreign governments, decreased consumer confidence, overall slower economic activity and extreme volatility in credit, equity and fixed income markets. A decrease in economic activity in the U.S. or in other regions of the world in which we do business could adversely affect demand for our content, thus reducing our revenues and earnings. A decline in economic conditions could reduce performance of our theatrical, television and home entertainment releases. In addition, an increase in price levels generally could result in a shift in consumer demand away from the entertainment we offer, which could also adversely affect our revenues and, at the same time, increase our costs. For instance, lower household income and decreases in U.S. consumer discretionary spending, which is sensitive to general economic conditions, may affect cable television and other video service subscriptions, in particular with respect to digital programming packages on which our networks are typically carried and premium video programming packages and premium a la carte services on which our networks are typically carried. A reduction in spending may cause a decrease in subscribers to our networks, which could have a materially adverse impact on our business, financial condition, operating results, liquidity and prospects. Moreover, financial institution failures may cause us to incur increased expenses or make it more difficult to finance any future acquisitions, or engage in other financing activities. We cannot predict the timing or the duration of any downturn in the economy and we are not immune to the effects of general worldwide economic conditions.

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

Business interruptions could adversely affect our operations. Our operations are vulnerable to outages and interruptions due to fire, floods, power loss, telecommunications failures and similar events beyond our control. Our headquarters are located in Southern California, which is subject to earthquakes. Although we have developed certain plans to respond in the event of a disaster, there can be no assurance that they will be effective in the event of a specific disaster. In the event of a short-term power outage, we have installed uninterrupted power source equipment designed to protect our equipment. A long-term power outage, however, could disrupt our operations. Although we currently carry business interruption insurance for potential losses (including earthquake-related losses), there can be no assurance that such insurance will be sufficient to compensate us for losses that may occur or that such insurance may continue to be available on affordable terms. Any losses or damages incurred by us could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

We face substantial competition in all aspects of our business.

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

The motion picture industry is highly competitive. The number of motion pictures released by our competitors may create an oversupply of product in the market, reduce our share of box office receipts and make it more difficult for our films to succeed commercially. The limited supply of motion picture screens compounds this product oversupply problem, which may be most pronounced during peak release times such as holidays, when theater attendance is expected to be highest. As a result of changes in the theatrical exhibition industry, including reorganizations and consolidations, and major studio releases occupying more screens, the number of screens available to us when we want to release a picture may decrease. If the number of motion picture screens decreases, box office receipts, and the correlating future revenue streams, such as from home entertainment and pay and free television, of our motion pictures may also decrease. Moreover, we cannot guarantee that we can release all of our films when they are otherwise scheduled due to production or other delays, or a change in the schedule of a major studio. Any such change could adversely impact a film’s financial performance. In addition, if we cannot change our schedule after such a change by a major studio because we are too close to the release date, the major studio’s release and its typically larger promotion budget may adversely impact the financial performance of our film.

The home entertainment industry is highly competitive. We compete with all of the major U.S. studios which distribute their theatrical, television and titles acquired from third parties on DVDs/Blu-ray discs and other media and have marketing budgets greater than ours. We not only compete for ultimate consumer sales, but also with these parties and independent home entertainment distributors for location and shelf space placement at retailers and other distributors. The quality and quantity of titles as well as the quality of our marketing programs determines how much shelf space we are able to garner at any given time as retailers and other distributors look to maximize sales.

We also compete with U.S. studios and other distributors that may have certain competitive advantages over us to acquire the rights to sell or rent DVDs/Blu-ray discs and other media. Our ability to license and produce quality content in sufficient quantities has a direct impact on our ability to acquire shelf space at retail locations and on websites. In addition, certain of our content is obtained through agreements with other parties that have produced or own the rights to such content, while other U.S studios may produce most of the content they distribute.

Our DVDs/Blu-ray discs sales and other media sales are also impacted by myriad choices consumers have to view entertainment content, including over-the-air broadcast television, cable television networks, online services, mobile services, radio, print media, motion picture theaters and other sources of information and entertainment. The increasing availability of content from these varying media outlets may reduce our ability to sell DVDs/Blu-ray discs and other media in the future, particularly during difficult economic conditions.

We are subject to intense competition for marketing and carriage of our Starz networks. The subscription video programming industry is highly competitive. Our Starz networks compete with other programming networks and other video programming services for marketing and distribution by distributors. We face intense competition from other providers of programming networks for the right to be carried by a particular distributor and for the right to be carried by such distributor on a particular “tier” or in a particular “package” of service. Certain programming networks affiliated with broadcast networks like ABC, CBS, Fox or NBC or other programming networks affiliated with sports and certain general entertainment networks with strong viewer ratings have a competitive advantage over our networks in obtaining distribution through the “bundling” of carriage agreements for such programming networks with a distributor’s right to carry the affiliated broadcasting network. The inability of our programming networks to be carried by one or more distributors, or the inability of our programming networks to be placed on a particular tier or programming package could have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

The entertainment industry continues to undergo significant developments as advances in technologies and new methods of product delivery and storage (including the emergence of alternative distribution platforms), and certain changes in consumer behavior driven by these developments emerge. New technologies affect the demand for our content, the manner in which our content is distributed to consumers, the sources and nature of competing content offerings and the time and manner in which consumers acquire and view our content. New technologies also may affect our ability to maintain or grow our business and may increase our capital expenditures. We and our distributors must adapt our businesses to shifting patterns of content consumption and changing consumer behavior and preferences through the adoption and exploitation of new technologies.

For instance, such changes may impact the revenue we are able to generate from traditional distribution methods by decreasing the viewership of our networks on systems of cable operators, satellite television providers and telecommunication companies, or by decreasing the number of households subscribing to services offered by those distributors. If we cannot successfully exploit these and other emerging technologies, our appeal to targeted audiences might decline which could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Any extended inability to transmit Starz's programming via satellite would result in lost revenue and could result in lost subscribers.

Our success is in the U.S. dependent upon our continued ability to transmit Starz's programming to distributors through Starz's satellite uplink facility. Starz has entered into long-term satellite transponder leases that expire in 2023 for carriage of the Starz networks' programming. These leases provide for replacement transponders and/or replacement satellites, as applicable, throughout the term of the leases to ensure continued carriage of Starz programming in the event of transponder or satellite failures. Although we believe that we take reasonable and customary measures to ensure continued satellite transmission capability, termination or interruption of satellite transmissions may occur and could have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects.

Despite Starz's efforts to secure transponder capacity with long-term satellite transponder leases, there is a risk that when these leases expire, we may not be able to secure capacity on a transponder on the same or similar terms, if at all. This may result in an inability to transmit content and could result in significant lost revenue and lost subscribers and would have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects.

If Starz's technology facilities fail or their operations are disrupted, our business also could be damaged.

Starz's programming is transmitted from Starz's uplink center in Englewood, Colorado. Starz uses this center for a variety of purposes, including signal processing, satellite uplinking, program editing, on-air promotions, creation of programming segments (i.e., interstitials) to fill short gaps between featured programs, quality control and live and recorded playback. Starz's uplink center is equipped with backup generator power and other redundancies. However, like other facilities, this facility is subject to interruption from fire, lightning, adverse weather conditions and other natural causes. Equipment failure, employee misconduct or outside interference could also disrupt the facility's services. Starz has made arrangements at a third-party facility to uplink Starz's linear channels and services to Starz's satellites in the event Starz is unable to do so from this facility. Additionally, Starz has direct fiber connectivity to certain of Starz's distributors, which would allow continuous operation with respect to a significant segment of Starz's subscriber base in the event of a satellite transmission interruption. Notwithstanding these precautions, any significant or prolonged interruption of operations at Starz's facility, and any failure by Starz's third-party facility to perform as intended, would have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects. Further, if the FCC adopted rules in an ongoing rulemaking for the flexible use of the 3.7-4.2 GHz Band proceeding to reassign a portion of the 3700-4200 MHz band ("C-band") to mobile terrestrial operations, it is possible that there will be an increase in interference of the downlink of our satellite transmission, which could have a materially adverse effect on our business, financial conditions, operating results, liquidity and prospects.

We face risks from doing business internationally.

We distribute content outside the U.S. and derive revenues from international sources. As a result, our business is subject to certain risks inherent in international business, many of which are beyond our control. These risks may include:

- laws and policies affecting trade, investment and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws;
- anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the U.K. Bribery Act that impose strict requirements on how we conduct our foreign operations and changes in these laws and regulations;
- changes in local regulatory requirements including restrictions on content, differing cultural tastes and attitudes;
- international jurisdictions where laws are less protective of intellectual property and varying attitudes towards the piracy of intellectual property;
- laws and policies relating to data privacy and security such as the European Union General Data Protection Regulation;
- establishing and protecting a new brand identity in competitive markets;
- financial instability and increased market concentration of buyers in foreign television markets, including in European pay television markets;
- the instability of foreign economies and governments;
- fluctuating foreign exchange rates;
- the spread of communicable diseases in such jurisdictions, which may impact business in such jurisdictions; and
- war and acts of terrorism.

Additionally, with respect to our direct-to-consumer offerings, these risks may include:

- differing technical architectural and payment processing systems as well as consumer use and acceptance of electronic payment methods, such as credit cards;
- availability of reliable broadband connectivity and wide area networks in targeted areas for expansion;
- low usage and/or penetration of internet-connected consumer electronic devices;
- new and different sources of competition; and
- laws and policies relating to consumer protection.

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

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

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

Litigation may also be necessary to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation, infringement or invalidity claims could result in substantial costs and the diversion of resources and could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Our more successful and popular film or television products or franchises may experience higher levels of infringing activity, particularly around key release dates. Alleged infringers have claimed and may claim that their products are permitted under fair use or similar doctrines, that they are entitled to compensatory or punitive damages because our efforts to protect our intellectual property rights are illegal or improper, and that our key trademarks or other significant intellectual property are invalid. Such claims, even if meritless, may result in adverse publicity or costly litigation. We vigorously defend our copyrights and trademarks from infringing products and activity, which can result in litigation. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurance that a favorable final outcome will be obtained in all cases. Additionally, one of the risks of the film and television production business is the possibility that others may claim that our productions and production techniques misappropriate or infringe the intellectual property rights of third parties with respect to their previously developed films and televisions series, stories, characters, other entertainment or intellectual property. 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.

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

As a distributor of media content, we may face potential liability for defamation, invasion of privacy, negligence, copyright or trademark infringement (as discussed above), and other claims based on the nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of media content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects.

Piracy of films and television programs could adversely affect our business over time.

Piracy is extensive in many parts of the world and is made easier by the availability of digital copies of content and technological advances allowing conversion of films and television content into digital formats. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of motion pictures and television content. The proliferation of unauthorized copies of these products has had and will likely continue to have an adverse effect on our business, because these products reduce the revenue we receive from our products. In order to contain this problem, we may have to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and losses of revenue. We cannot assure you that even the highest levels of security and anti-piracy measures will prevent piracy.

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

Service disruptions or failures of the Company's or our vendors' information systems and networks as a result of computer viruses, misappropriation of data or other bad acts, natural disasters, extreme weather, accidental releases of information or other similar events, may disrupt our businesses, damage our reputation or have a negative impact on our results of operations.

Shutdowns or service disruptions of our information systems or networks or to vendors that provide information systems, networks or other services to us pose increasing risks. Such disruptions may be caused by third-party hacking of computers and systems; dissemination of computer viruses, worms and other destructive or disruptive software; denial of service attacks and other bad acts, as well as power outages, natural disasters, extreme weather, terrorist attacks, or other similar events. Shutdowns or disruption from such events could have an adverse impact on us and our customers, including degradation or disruption of service, loss of data, release or threatened release of data publicly, misuse or threatened misuse of data, and damage to equipment and data. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover everything that could happen. Significant events could result in a disruption of our operations, reduced revenues, the loss of or damage to the integrity of data used by management to make decisions and operate our business, damage to our reputation or brands or a loss of customers. We may not have adequate insurance coverage to compensate it for any losses associated with such events.

We are also subject to risks caused by the misappropriation, misuse, falsification or intentional or accidental release or loss of data maintained in our information systems and networks or of our vendors, including sensitive or confidential personnel, customer or vendor data, business information or other sensitive or confidential information (including our content). The number and sophistication of attempted and successful information security breaches have increased in recent years and, as a result, the risks associated with such an event continue to increase. We expect that outside parties will attempt to penetrate our systems and those of our vendors or fraudulently induce our employees or customers or employees of our vendors to disclose sensitive or confidential information to obtain or gain access to our data, business information or other sensitive or confidential information. If a material breach of our information systems or those of our vendors occurs, the market perception of the effectiveness of our information security measures could be harmed, we could lose customers, our revenues could be adversely affected and our reputation, brands and credibility could be damaged. In addition, if a material breach of our information systems occurs, we could be required to expend significant amounts of money and other resources to review data and systems to determine the extent of any breach, repair or replace information systems or networks or to comply with notification requirements. We also could be subject to actions by regulatory authorities and claims asserted in private litigation in the event of a breach of our information systems or our vendors.

Although we develop and maintain information security practices and systems designed to prevent these events from occurring, the development and maintenance of these systems are costly and require ongoing monitoring and updating as technologies change and tactics to overcome information security measures become more sophisticated. Despite our efforts, the possibility of these events occurring cannot be eliminated entirely. Moreover, the techniques used by parties seeking to evade the information security practices and systems to infiltrate, disrupt, or for some other hostile purpose change rapidly and often are not recognized until launched against some targets. Information security risks will continue to increase, and we will need to expend additional resources to protect our information systems, networks, data, business information and other sensitive or confidential information as we distribute more of our content digitally, engage in more electronic transactions directly with consumers, acquire more consumer data, including information about consumers' viewing behavior, their credit card information and other personal data, increase the number of information technology systems used in our business operations, rely on cloud-based services and information systems and increases our use of third-party service providers to perform information technology services.

Protection of electronically stored data is costly and if our data is compromised in spite of this protection, we may incur additional costs, lost opportunities and damage to our reputation.

We maintain information in digital form as necessary to conduct our business, including confidential and proprietary information, copies of films, television programs and other content and personal information regarding our employees. Data maintained in digital form is subject to the risk of intrusion, tampering and theft. We develop and maintain systems to prevent this from occurring, but it is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Moreover, despite our efforts, the possibility of intrusion, tampering and theft cannot be eliminated entirely, and risks associated with each of these remain. In addition, we provide confidential information, digital content and personal information to third parties when it is necessary to pursue business objectives. While we obtain assurances that these third parties will protect this information and, where appropriate, monitor the protections employed by these third parties, there is a risk that data systems of these third parties may be compromised. If our data systems or data systems of these third parties are compromised, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished and we may lose revenue as a result of unlicensed use of our intellectual property. A breach of our network security or other theft or misuse of confidential and proprietary information, digital content or personal employee information could subject us to business, regulatory, litigation and reputation risk, which could have a materially adverse effect on our business, financial condition and results of operations.

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

In addition to our company websites and applications, we use third-party applications, websites, and social media platforms to promote our projects and engage consumers, as well as monitor and collect certain information about users of our online forums. A variety of laws, rules and regulations have been adopted in recent years aimed at protecting all individuals, including children who use the internet such as the Children's Online Privacy and Protection Act of 1998 ("COPPA"). COPPA sets forth, among other things, a number of restrictions on what website operators can present to children under the age of 13 and what information can be collected from them. There are also a variety of laws and regulations governing individual privacy with respect to the acquisition, storage, disclosure, use and protection of personal data, including under the European Union General Data Protection Regulation and various other domestic and international privacy and data security laws and regulations, which are continually evolving. If our activities were to violate any applicable current or future laws and regulations, we could be subject to litigation and regulatory actions, including fines and other penalties. Additionally, as we grow our STARZ direct-to-consumer business, we may be subject to consumer legal claims and state and local consumer protection regulation.

Our Starz networks business is limited by regulatory constraints which may adversely impact our operations.

Although our Starz networks business generally is not directly regulated by the FCC, under the Communications Act of 1934 and the 1992 Cable Act, there are certain FCC regulations that govern our network business. Furthermore, to the extent that regulations and laws, either presently in force or proposed, hinder or stimulate the growth of the cable television and satellite industries, our network business will be affected. As we continue to expand internationally, we also may be subject to varying degrees of local government regulations.

Regulations governing our network businesses are subject to the political process and have been in constant flux historically. Further material changes in the law and regulatory requirements must be anticipated. We cannot assure you that we will be able to anticipate material changes in laws or regulatory requirements or that future legislation, new regulation or deregulation will not have a materially adverse effect on our business, financial condition, operating results, liquidity and prospects.

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

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

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

Our Board of Directors assesses relevant factors when considering the declaration of a dividend on or repurchases of our common stock. Our payment of quarterly cash dividends and repurchases of our common shares pursuant to our share purchase program will be subject to, among other things, our financial position and results of operations, available cash and cash flow, capital requirements, and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends or repurchases of our common shares pursuant to our share repurchase program could cause the market price of our common shares to decline. Moreover, in the event our payment of quarterly cash dividends or repurchases of our common shares are reduced or discontinued, our failure or inability to resume paying cash dividends or repurchasing our common shares at historical levels could result in a lower market valuation of our common shares. In November 2018, our Board of Directors suspended our quarterly cash dividend to focus on driving long-term shareholder value by investing in global growth opportunities for Starz, while also strengthening the Company's balance sheet.

Risks Related Our Indebtedness

We have incurred significant indebtedness that could adversely affect our operations and financial condition.

We currently have a substantial amount of indebtedness. As of March 31, 2019, we and our subsidiaries have corporate debt of approximately $2,927.5 million, capitalized lease obligations of approximately $45.4 million and production loan obligations of approximately $386.4 million, and the Senior Credit Facilities provide for unused commitments of $1.5 billion. On the same basis, approximately $1,902.9 million of such indebtedness is secured (including all of our capital lease obligations but excluding all of our production loan obligations).

Our high level of debt could have adverse consequences on our business, such as:

- making it more difficult for us to satisfy our obligations with respect to our notes and our other debt;
- limiting our ability to refinance such indebtedness or to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to economic downturns and adverse developments in our business;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under the Senior Credit Facilities, are at variable rates of interest;
- limiting our flexibility in planning for, and reducing our flexibility in reacting to, changes in the conditions of the financial markets and our industry;
- placing us at a competitive disadvantage compared to other, less leveraged competitors;
- increasing our cost of borrowing; and

- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our existing and future indebtedness and exposing us to potential events of default (if not cured or waived) under covenants contained in our debt instruments.

In addition, the Senior Credit Facilities and the indentures that govern our 6.375% Senior Notes due 2024 issued in February 2019 (the "6.375% Senior Notes"), our 5.875% Senior Notes due 2024 issued in October 2016 (the "2016 5.875% Senior Notes") and our new 5.875% Senior Notes due 2024 issued in March 2018 (the "2018 5.875% Senior Notes" and, together with the 2016 5.875% Senior Notes, the "5.875% Senior Notes") each contain restrictive covenants limiting our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in acceleration of all our debt.

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

A significant portion of our cash flows from operations is expected to be dedicated to the payments of principal and interest obligations under the Senior Credit Facilities, the 6.375% Senior Notes and the 5.875% Senior Notes. Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The Senior Credit Facilities and the indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes restrict our ability to dispose of assets and use the proceeds from those dispositions, and also restrict our ability to raise debt or certain types of equity to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, we conduct a substantial portion of our operations through our subsidiaries, certain of which are not guarantors of the 6.375% Senior Notes, the 5.875% Senior Notes or our other indebtedness. Accordingly, repayment of our indebtedness, including the 6.375% Senior Notes and the 5.875% Senior Notes, is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the 6.375% Senior Notes, the 5.875% Senior Notes or other indebtedness, our subsidiaries do not have any obligation to pay amounts due on the 6.375% Senior Notes, the 5.875% Senior Notes or our other indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the 6.375% Senior Notes and the 5.875% Senior Notes. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the senior credit facilities and the indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations under our notes.

If we cannot make scheduled payments on our debt, we will be in default and holders of the 6.375% Senior Notes and/or the 5.875% Senior Notes could declare all outstanding principal and interest under such notes to be due and payable, the lenders under the Senior Credit Facilities could terminate their commitments to loan money, the lenders under our secured debt could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

Despite our current level of indebtedness, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks to our financial condition described above.

We and our subsidiaries may be able to incur significant additional indebtedness in the future. Although the Senior Credit Facilities and the indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness under the indentures governing the notes, such as certain qualified receivables financings. If new debt is added to our current debt levels, the related risks that we and the guarantors now face could intensify.

The terms of the Senior Credit Facilities and the indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The Senior Credit Facilities and the indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes, contain a number of restrictive covenants that impose significant operating and financial restrictions on us and limits our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to:

- incur, assume or guarantee additional indebtedness;
- issue certain disqualified stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt that is junior in right of payment to the notes;
- make loans or investments;
- incur liens;
- restrict dividends, loans or asset transfers from our restricted subsidiaries;
- sell or otherwise dispose of assets, including capital stock of subsidiaries and sale/leaseback transactions;
- enter into transactions with affiliates; and
- enter into new lines of business.

The indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes also limit the ability of Lions Gate and our guarantors to consolidate or merge with or into, or sell substantially all of our assets to, another person.

In addition, the restrictive covenants in the Senior Credit Facilities require us to maintain specified financial ratios, tested quarterly. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we may be unable to meet them.

A breach of the covenants or restrictions under the Senior Credit Facilities or the indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Senior Credit Facilities would permit the lenders to terminate all commitments to extend further credit pursuant to the revolving facility thereunder. Furthermore, if we were unable to repay the amounts due and payable under the Senior Credit Facilities, the lenders thereof could proceed against the collateral granted to them to secure the Senior Credit Facilities. In the event our lenders or noteholders accelerate borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

As a result of these restrictions, we may be:

- limited in how we conduct our business;

- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy. In addition, our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing.

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

Borrowings under the Senior Credit Facilities are at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease.

An increase in the ownership of our Class A voting common shares by certain shareholders could trigger a change in control under the agreements governing our 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 of in excess of a certain percentage of the total voting power of our Class A voting common shares, no par value per share (the “Class A voting shares”).

Upon the occurrence of certain change of control events, the holders of the 6.375% Senior Notes and the 5.875% Senior Notes may require us to repurchase all or a portion of such notes. Dr. Mark H. Rachesky, M.D. and his affiliates, who collectively currently hold over 19% of our voting stock and 11% of our non-voting common stock, are “Permitted Holders” for purposes of the indentures that govern the 6.375% Senior Notes and the 5.875% Senior Notes. Accordingly, certain increases of ownership or other transactions involving Dr. Rachesky and his affiliates would not constitute a change of control under the indentures that govern the 6.375% Notes and the 5.875% Senior Notes (in which case holders of the 6.375% Notes and the 5.875% Senior Notes would not have a right to have their respective notes, as applicable, repurchased), but could constitute a change of control under the other existing or future indebtedness of us and our subsidiaries.

We may not be able to repurchase outstanding debt upon a qualifying change of control for such debt because we may not have sufficient funds. Further, we may be contractually restricted under the terms of the Senior Credit Facilities from repurchasing all of the 6.375% Senior Notes and the 5.875% Senior Notes tendered by holders upon a change in control. Our failure to repurchase the 6.375% Senior Notes and the 5.875% Senior Notes upon a change in control would cause a default under the indentures that governs such notes and a cross-default under the Senior Credit Facilities.

The Senior Credit Facilities will also provide that certain change of control events will result in an event of default that permits lenders to accelerate the maturity of borrowings thereunder and, in the case of the Senior Credit Facilities, to enforce security interests in the collateral securing such debt, thereby limiting our ability to raise cash to purchase outstanding 6.375% Senior Notes and 5.875% Senior Notes, and reducing the practical benefit of the offer-to-purchase provisions to the holders of the 6.375% Senior Notes and the 5.875% Senior Notes. Any of our future debt agreements may contain similar provisions.

Risk Related to Tax Rules and Regulations

The Internal Revenue Service may not agree that we should be treated as a non-U.S. corporation for U.S. federal tax purposes and may not agree that our U.S. affiliates should not be subject to certain adverse U.S. federal income tax rules.

Under current U.S. federal tax law, a corporation is generally considered for U.S. federal tax purposes to be a tax resident in the jurisdiction of its organization or incorporation. Because we are incorporated in Canada, we would generally be classified as a non-U.S. corporation (and, therefore, a non-U.S. tax resident) under these rules. However, Section 7874 of the Code ("Section 7874") provides an exception to this general rule under which a non-U.S. incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal tax purposes.

Under Section 7874, if (a) the Starz stockholders held (within the meaning of Section 7874) 80% or more (by vote or value) of our post-reclassification shares after the Starz merger by reason of holding Starz common stock (the "80% ownership test," and such ownership percentage the "Section 7874 ownership percentage"), and (b) our "expanded affiliated group" did not have "substantial business activities" in Canada when compared to the total business activities of such expanded affiliated group (the "substantial business activities test"), we will be treated as a U.S. corporation for U.S. federal tax purposes. If the Section 7874 ownership percentage of the Starz stockholders in Lions Gate after the merger was less than 80% but at least 60% (the "60% ownership test"), and the substantial business activities test was not met, Starz and its U.S. affiliates (including the U.S. affiliates historically owned by us) may, in some circumstances, be subject to certain adverse U.S. federal income tax rules (which, among other things, could limit our ability to utilize certain U.S. tax attributes to offset U.S. taxable income or gain resulting from certain transactions).

Based on the terms of the merger, the rules for determining share ownership under Section 7874 and certain factual assumptions, Starz stockholders are believed to have held (within the meaning of Section 7874) less than 60% (by both vote and value) of our post-reclassification shares after the merger by reason of holding shares of Starz common stock. Therefore, under current law, it is expected that we should not be treated as a U.S. corporation for U.S. federal tax purposes and that Section 7874 should otherwise not apply to us or our affiliates as a result of the merger.

However, due to the issuance by the Internal Revenue Service (the "IRS") of a series of notices and proposed, temporary, and final regulations, many of the rules under Section 7874 are relatively new and complex. In particular, stock ownership for purposes of computing the Section 7874 ownership percentage is subject to various adjustments under the Code and the Treasury regulations promulgated thereunder. Some of the relevant determinations must be made based on facts as they existed at the time of closing of the merger and the specific set of rules that were in effect on that date, making the determination of the Section 7874 ownership percentage complex and subject to factual and legal uncertainties. Thus, there can be no assurance that the IRS will agree with the position that we should not be treated as a U.S. corporation for U.S. federal tax purposes or that Section 7874 does not otherwise apply as a result of the merger.

In particular, on April 4, 2016, the IRS issued temporary and proposed Treasury regulations under Section 7874 (the "2016 Section 7874 Regulations"), which, among other things, require certain adjustments that generally increase, for purposes of the Section 7874 ownership tests, the percentage of the stock of a foreign acquiring corporation deemed owned (within the meaning of Section 7874) by the former shareholders of an acquired U.S. corporation by reason of holding stock in such U.S. corporation. On January 13, 2017, the IRS published regulations which finalized with some modifications certain portions of the 2016 Section 7874 Regulations and which included new temporary and proposed regulations. Further, on July 11, 2018, the IRS published final regulations (along with the final regulations published on January 13, 2017, the "Final Regulations") adopting with some modifications the remaining 2016 Section 7874 Regulations.

For example, the Final Regulations disregard, for purposes of determining the Section 7874 ownership percentage, (a) any "non-ordinary course distributions" (within the meaning of the temporary regulations) made by the acquired U.S. corporation (such as Starz) during the 36 months preceding the acquisition, including certain dividends and share repurchases, (b) potentially any cash consideration received by the shareholders of such U.S. corporation in the acquisition to the extent such cash is, directly or indirectly, provided by the U.S. corporation, (c) certain stock of the foreign acquiring corporation that was issued as consideration in a prior acquisition of another U.S. corporation (or U.S. partnership) during the 36 months preceding the signing date of a binding contract for the acquisition being tested, as well as (d) adopted rules addressing certain post-inversion tax avoidance transactions. Taking into account the effect of the Final Regulations, it is currently believed that the Section 7874 ownership percentage of the Starz stockholders in Lions Gate after the merger is less than 60%. However, the Final Regulations are new and complex, there is limited guidance regarding their application and some of the relevant determinations must be made based on facts as they existed at the time of the closing of the acquisition. Accordingly, there can be no assurance that the Section 7874 ownership percentage of the Starz stockholders after the merger will be less than 60% as determined under the 2016 Section 7874 Regulations or the Final Regulations, as applicable,, or that the IRS will not otherwise successfully assert that either the 80% ownership test or the 60% ownership test were met after the merger.

If the 80% ownership test has been met after the merger and we were accordingly treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, we would be subject to substantial additional U.S. tax liability. In addition, non-U.S. shareholders of Lions Gate would be subject to U.S. withholding tax on the gross amount of any dividends paid by us to such shareholders (subject to an exemption or reduced rate available under an applicable tax treaty). Regardless of any application of Section 7874, we are expected to be treated as a Canadian tax resident for Canadian tax purposes. Consequently, if we were to be treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, we could be liable for both U.S. and Canadian taxes, which could have a material adverse effect on our financial condition and results of operations.

If the 60% ownership test has been met, several adverse U.S. federal income tax rules could apply to our U.S. affiliates (including Starz and its U.S. affiliates). In particular, in such case, Section 7874 could limit the ability of such U.S. affiliates to utilize certain U.S. tax attributes (including net operating losses and certain tax credits) to offset any taxable income or gain resulting from certain transactions, including any transfers or licenses of property to a foreign related person during the 10-year period following the merger. The 2016 Section 7874 Regulations and the Final Regulations generally expand the scope of these rules. In addition, the 2016 Section 7874 Regulations and Final Regulations include rules that would apply if the 60% ownership test has been met, which, in such situation, may limit our ability to restructure or access cash earned by certain of its non-U.S. subsidiaries, in each case, without incurring substantial U.S. tax liabilities. Moreover, in such case, Section 4985 of the Code and rules related thereto would impose an excise tax on the value of certain stock compensation held directly or indirectly by certain "disqualified individuals" at a rate currently equal to 15%.

Recent and proposed changes to the tax laws could result in Lions Gate being treated as a U.S. corporation for U.S. federal tax purposes or in Starz and its U.S. affiliates (including the U.S. affiliates historically owned by us) being subject to certain adverse U.S. federal income tax rules on financing and other activities.

As discussed above, under current law, we are expected to be treated as a non-U.S. corporation for U.S. federal tax purposes and Section 7874 is not otherwise expected to apply as a result of the merger. However, changes to Section 7874, or the U.S. Treasury regulations promulgated thereunder, could affect our status as a non-U.S. corporation for U.S. federal tax purposes or could result in the application of certain adverse U.S. federal income tax rules to Starz and its U.S. affiliates (including the U.S. affiliates historically owned by us). Any such changes could have prospective or retroactive application. If we were to be treated as a U.S. corporation for federal tax purposes or if Starz and its U.S. affiliates (including the U.S. affiliates historically owned by us) were to become subject to such adverse U.S. federal income tax rules, we and our U.S. affiliates could be subject to substantially greater U.S. tax liability than currently contemplated.

Recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence, including in such a way as would cause us to be treated as a U.S. corporation if the management and control of Lions Gate were determined to be located primarily in the U.S. In addition, recent legislative rules have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. Such rules, if applicable on or prior to the date of the closing of the merger, could cause us to be treated as a U.S. corporation for U.S. federal tax purposes or cause our affiliates to be subject to adverse U.S. tax rules, in which case, we would be subject to substantially greater U.S. tax liability than currently contemplated.

Recent legislative changes enacted as part of the Tax Cuts and Jobs Act (discussed in more detail below), including the limitations on deduction of interest expense and the adoption of the base erosion and anti-abuse tax, contain provisions intended to broaden the tax base and could affect our financing arrangements. Further, additional legislative and other proposals (including the final Treasury regulations under Section 385 of the Code issued by the IRS on October 13, 2016 (the "Final Section 385 Regulations"), if permitted to go into full effect, could cause us and our affiliates to be subject to certain intercompany financing limitations, including with respect to their ability to deduct certain interest expense. These recent and proposed legislative changes could cause us and our affiliates to recognize additional taxable income and could have a significant adverse effect on us and our affiliates.

It is presently uncertain whether any such proposals or other legislative action relating to the scope of U.S. tax residence, Section 7874 or so-called inversion transactions and inverted groups will be enacted into law and/or how new laws will be interpreted or applied.

Future changes to U.S. and non-U.S. tax laws could adversely affect us.

The U.S. Congress, the Organisation for Economic Co-operation and Development ("OECD") and other government agencies in jurisdictions where we and our affiliates will conduct business have had an extended focus on issues related to the taxation of multinational corporations. For the past several years, the primary focus has been in the area of "base erosion and profit shifting," including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As part of its so-called Base Erosion and Profit Shifting project, OECD and the G-20 developed changes to numerous long-standing international tax principles. More recently, countries are increasingly seeking ways to tax what is sometimes referred to as the digitalized economy.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. As discussed in more detail below, the U.S. recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. In addition, governmental tax authorities are increasingly scrutinizing the tax positions of companies. Many countries in the European Union, as well as a number of other countries and organizations such as OECD, are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in countries where we do business. If U.S. or other foreign tax authorities change applicable tax laws, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted

Changes in foreign, state and local tax incentives may increase the cost of original programming content to such an extent that they are no longer feasible.

Original programming requires substantial financial commitment, which can occasionally be offset by foreign, state or local tax incentives. However, there is a risk that the tax incentives will not remain available for the duration of a series. If tax incentives are no longer available or reduced substantially, it may result in increased costs for us to complete the production, or make the production of additional seasons more expensive. If we are unable to produce original programming content on a cost effective basis our business, financial condition and results of operations would be materially adversely affected.

Changes to Tax Treaties could adversely affect us.

Over ninety jurisdictions have signed, or committed to sign, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. The Multilateral Convention modifies tax treaties signed by Canada and many jurisdictions where we or our affiliates may operate. Although the United States is not a signatory to the Multilateral Convention, the U.S. Treasury has revised the U.S. model income tax convention (the "model"), which is the baseline text used by the U.S. Treasury to negotiate tax treaties. The revisions made to the model address certain aspects of the model by modifying existing provisions and introducing entirely new provisions. Specifically, the new provisions target

(a) permanent establishments subject to little or no foreign tax, (b) special tax regimes, (c) expatriated entities subject to Section 7874, (d) the anti-treaty shopping measures of the limitation on benefits article and (e) subsequent changes in treaty partners' tax laws.

With respect to new model provisions pertaining to expatriated entities, because it is expected that the Starz merger will not result in the creation of an expatriated entity as defined in Section 7874, payments of interest, dividends, royalties and certain other items of income by or to Starz and/or its U.S. affiliates to or from non-U.S. persons would not be expected to be subject to such provisions (which, if applicable, could cause such payments to become subject to full withholding tax), even if applicable treaties were subsequently amended to adopt the new model provisions. However, as discussed above, the rules under Section 7874 are relatively new, complex and are the subject of current and future legislative and regulatory changes. In addition, because each tax treaty is a result of negotiation, the language used in a particular treaty often departs from the model. Accordingly, even if we are not impacted by the language of the current model, there can be no assurance that we will not be affected by the language agreed to in a particular treaty.

Our tax rate is uncertain and may vary from expectations.

There is no assurance that we will be able to maintain any particular worldwide effective corporate tax rate because of uncertainty regarding the tax policies jurisdictions in which we and our affiliates operate. Our actual effective tax rate may vary from our expectations, and such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have an adverse impact on us and our affiliates.

Legislative or other governmental action in the U.S. could adversely affect our business.

Legislative action may be taken by the U.S. Congress that, if ultimately enacted, could limit the availability of tax benefits or deductions that we currently claim, override tax treaties upon which we rely, or otherwise increase the taxes that the U.S. imposes on our worldwide operations. Such changes could materially adversely affect our effective tax rate and/or require us to take further action, at potentially significant expense, to seek to preserve our effective tax rate. In addition, if proposals were enacted that had the effect of limiting our ability as a Canadian company to take advantage of tax treaties with the U.S., we could incur additional tax expense and/or otherwise incur business detriment.

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

We are subject to income taxes in the U.S. and foreign tax jurisdictions. We also conduct business and financing activities between our entities in various jurisdictions and we are subject to complex transfer pricing regulations in the countries in which we operate. Although uniform transfer pricing standards are emerging in many of the countries in which we operate, there is still a relatively high degree of uncertainty and inherent subjectivity in complying with these rules. In addition, due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our future effective tax rates could be affected by changes in tax laws or regulations or the interpretation thereof (including those affecting the allocation of profits and expenses to differing jurisdictions), by changes in the amount of revenue or earnings that we derive from international sources in countries with high or low statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, by changes in the expected timing and amount of the release of any tax valuation allowance, or by the tax effects of stock-based compensation. Unanticipated changes in our effective tax rates could affect our future results of operations.

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

Based on our current assessment, we believe that substantially all of our deferred tax assets will be realized. There is no assurance that we will attain our future expected levels of taxable income or that a valuation allowance against new or existing deferred tax assets will not be necessary in the future.

Guidance, regulations, or technical corrections issued in connection with the Tax Cuts and Jobs Act could adversely impact our effective tax rate and profile.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into law, making significant changes to the taxation of U.S. business entities. The changes included in the Tax Act are broad and complex. Among other things, the Tax Act contains significant changes to U.S. federal corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), a new base erosion anti-abuse tax, limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the Tax Act on us is uncertain and our business and financial condition could be adversely affected. The impact of the Tax Act on holders of our stock could also be adverse. Further, the Tax Act may reduce the appeal of a foreign corporation acquiring a U.S. corporation if the 60% or greater ownership test (discussed above) is met post-merger, as it can now result in a recapture by the U.S. corporation of its one time taxation of offshore earnings at a full 35% rate without foreign tax credits (as opposed to a 15.5% or lower rate with such credits), an increased base erosion anti-abuse tax liability, and the taxation of shareholders on distributions at ordinary income (as opposed to qualified dividend) rates.

The impacts of the Tax Act may differ from the estimates provided elsewhere in this report, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, any changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates we have utilized to calculate the impacts, including impacts from changes to current year earnings estimates. Given the unpredictability of possible changes and their potential interdependency, it is very difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for our earnings and cash flow, but such changes could adversely impact our financial results. In addition, it is uncertain if and to what extent various states will conform to the newly enacted federal tax law. We urge our shareholders to consult with their legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our stock.

Economic conditions and regulatory changes leading up to and following the United Kingdom's likely exit from the European Union could have a material adverse effect on our business and results of operations.

In June 2016, voters in the United Kingdom, or U.K., approved the country's exit from the European Union, and the U.K. government has commenced the legal process of leaving the European Union, typically referred to as Brexit. While the full effects of Brexit will not be known for some time, Brexit could cause disruptions to, and create uncertainty surrounding, our business and results of operations. The most immediate effect has been significant volatility in global equity and debt markets and currency exchange rate fluctuations. Ongoing global market volatility and a deterioration in economic conditions due to uncertainty surrounding Brexit could disrupt the markets in which we operate and lead our customers to closely monitor their costs and delay financial spending decisions.

The effects of Brexit will depend on any agreements the U.K. makes to retain access to E.U. markets, either during a transitional period or more permanently. The measures could potentially disrupt the markets we serve and may cause us to lose customers and employees. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate. Any of these effects of Brexit could materially adversely affect our business, results of operations and financial condition.

ITEM 1B. *UNRESOLVED STAFF COMMENTS.*

Not applicable.

ITEM 2. *PROPERTIES.*

Our corporate office is located at 250 Howe Street, 20th Floor, Vancouver, BC V6C 3R8. Our principal executive offices are located at 2700 Colorado Avenue, Santa Monica, California, 90404, where we occupy 192,584 square feet (per a lease that expires in August 2023).

In addition, we lease the following properties used by our *Motion Picture, Television Production* and *Media Networks* segments:

- 280,000 square feet at 8900 Liberty Circle, Englewood, Colorado (per a lease that expires in December 2023);
- 93,670 square feet at 12020 Chandler Blvd., Valley Village, California (per a lease that expires in December 2027);
- 60,116 square feet at 1647 Stewart Street, Santa Monica, California (per a lease that expires in December 2028);
- 34,332 square feet at 530 Fifth Avenue, New York, New York (per a lease that expires in August 2028);
- 22,992 square feet at 2600 Colorado Avenue, Santa Monica, California (per a lease that expires in January 2020);
- 11,907 square feet at 2401 W. Big Beaver Road, Troy, Michigan (per a lease that expires in September 2019);
- 11,243 square feet at 45 Mortimer Street, London, United Kingdom (per a lease that expires in July 2029);
- 8,794 square feet at 9777 Wilshire Blvd., Beverly Hills, California (per a lease that expires in March 2020);
- 1,968 square feet at 1235 Bay Street, Toronto, Ontario (per a lease that expires in December 2020);
- 1,645 square feet at A6 Gonti Road, Beijing, China (per a lease that expires in June 2020);
- 1,200 square feet at 205, Landmark Building, New Link Road, Mumbai, India (per a lease that expires in October 2020);
- 975 square feet at 3 Boulevard Royal, Luxembourg City, Luxembourg (per a lease that expires in May 2021); and
- 620 square feet at Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Hong Kong (per a lease that expires in October 2019).

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

ITEM 3. *LEGAL PROCEEDINGS.*

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

For a discussion of certain claims and legal proceedings, see Note 17 — Commitments and Contingencies to our consolidated financial statements, which discussion is incorporated by reference into this Part I, Item 3, Legal Proceedings.

ITEM 4. *MINE SAFETY DISCLOSURES.*

Not Applicable.

PART II

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

Market Information

Our common shares were previously listed on the NYSE under the symbols "LGF." Effective December 9, 2016, each then existing Lionsgate common share was converted into 0.5 shares of a newly issued class of Class A voting shares and 0.5 shares of a newly issued class of Lionsgate Class B non-voting shares, no par value per share (the "Class B non-voting shares"). Our Class A voting shares are listed on the NYSE under the symbol "LGF.A". Our Class B non-voting shares are listed on the NYSE under the symbol "LGF.B".

Holders

As of May 20, 2019, there were approximately 529 and 708 shareholders of record of our Class A voting shares and Class B non-voting shares, respectively.

Dividends

The amount of any future dividends, if any, that we pay to our shareholders is determined by our Board of Directors, at its discretion, and is dependent on a number of factors, including our financial position, results of operations, cash flows, capital requirements and restrictions under our credit agreements, and shall be in compliance with applicable law. We cannot guarantee the amount of dividends paid in the future, if any.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item is incorporated by reference to our Proxy Statement for our 2019 Annual General Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2019.

Taxation

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

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

This summary is based upon the current provisions of the ITA, the regulations thereunder and the proposed amendments thereto publicly announced by the Department of Finance, Canada before the date hereof and our understanding of the current administrative policies and assessing practices of the Canada

Revenue Agency published in writing prior to the date hereof. No assurance may be given that any proposed amendment will be enacted in the form proposed, if at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action.

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

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

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

Issuer Purchases of Equity Securities

On May 31, 2007, our Board of Directors authorized the repurchase of up to $50 million of our common shares. On each of May 29, 2008 and November 6, 2008, our Board of Directors authorized additional repurchases up to an additional $50 million of our common shares. On December 17, 2013, our Board of Directors authorized the Company to increase its stock repurchase plan to $300 million and on February 2, 2016, our Board of Directors authorized the Company to further increase its stock repurchase plan to $468 million. To date, approximately $283.2 million (or 15,729,923) of our common shares have been purchased, leaving approximately $184.7 million of authorized potential purchases. The remaining

$184.7 million of our common shares may be purchased from time to time at the Company's discretion, including quantity, timing and price thereof, and will be subject to market conditions. Such purchases will be structured as permitted by securities laws and other legal requirements. The share repurchase program has no expiration date.

No common shares were purchased by us during the year ended March 31, 2019.

Additionally, during the three months ended March 31, 2019, 16,173 Class A voting shares and 204,963 Class B non-voting shares were withheld upon the vesting of restricted share units and share issuances to satisfy minimum statutory federal, state and local tax withholding obligations.

Unregistered Sales of Equity Securities

AT&T

On October 21, 2016, the Company, its indirect subsidiary Lions Gate Entertainment Inc. ("LGEI") and AT&T Media Holdings entered into a Securities Issuance and Payment Agreement (the "Securities Issuance Agreement"), pursuant to which the Company and LGEI agreed to issue to AT&T Media Holdings, Inc. ("AT&T") $50 million in, at LGEI's election, (a) an equal number of the Company's Class A voting shares and Class B non-voting shares, (b) cash or (c) a combination thereof, and paid in three $16.67 million annual installments, beginning on the first anniversary of December 8, 2016, the consummation of the Company's acquisition of Starz. The Company's Class A voting shares and Class B non-voting shares will be deemed to have a value equal to the 30-day volume weighted average price of the Company's Class A voting shares and Class B non-voting shares, respectively, as of the business day immediately prior to the applicable payment date.

The Company entered into the Securities Issuance Agreement in connection with Starz's multi-year extensions of its affiliation agreements with both AT&T Services, Inc. and DIRECTV, LLC (the "Affiliation Agreements"). The Securities Issuance Agreement became effective upon the closing of the merger and will terminate upon certain terminations of the Affiliation Agreements. The Company's Class A voting shares and Class B non-voting shares, if any, to be issued pursuant to the Securities Issuance Agreement are expected to be issued as a private placement to AT&T in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

3 Arts Entertainment

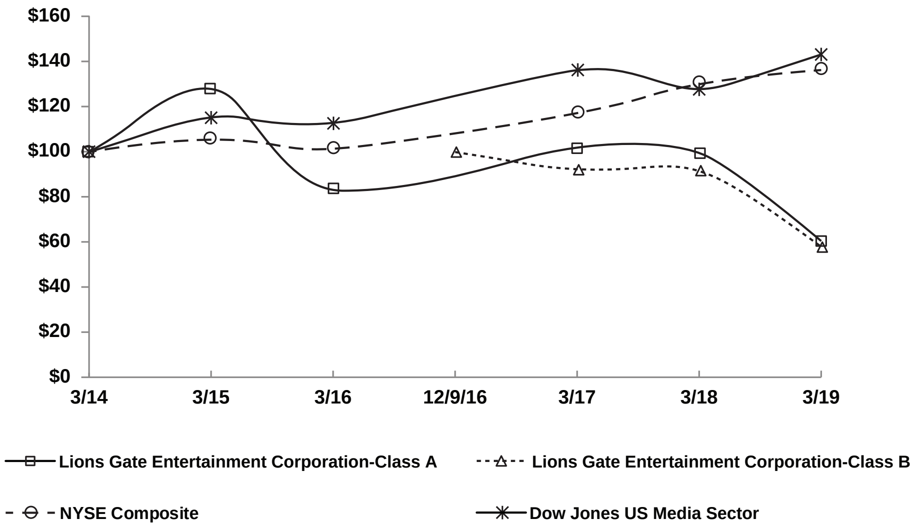
On May 29, 2018, the Company and LGEI entered into a Membership Interest Purchase Agreement with 3 Arts Entertainment ("3 Arts") and certain other sellers therewith (the "Purchase Agreement") pursuant to which the Company purchased a 51% membership interest in 3 Arts. The purchase price was approximately $166.6 million, of which 50% was paid in cash at closing, 32.5% was paid in the Company's Class B non-voting shares at closing, and 17.5% will be paid in the Company's Class B non-voting shares on the one-year anniversary of closing, subject to certain conditions. The number of shares issued and to be issued was determined by dividing the dollar value of the portion of the purchase price to be paid by the daily weighted average closing price of the Company's Class B non-voting shares on the New York Stock Exchange for the twenty (20) consecutive trading days immediately preceding the closing date. The Company's Class B non-voting shares to be issued pursuant to the Purchase Agreement are expected to be issued as a private placement to 3 Arts in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

Stock Performance Graph

The following graph compares our cumulative total shareholder return with those of the NYSE Composite Index and the S&P Movies & Entertainment Index for the period commencing March 31, 2014 and ending March 31, 2019. All values assume that $100 was invested on March 31, 2014 in our common shares and each applicable index and all dividends were reinvested.

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

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Lions Gate Entertainment Corporation, the NYSE Composite Index
and the Dow Jones US Media Sector Index



*$100 invested on 3/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending March 31.

	3/14	3/15	3/16	12/9/16	3/17	3/18	3/19
Lions Gate Entertainment Corporation – Class A(1)	**$100.00**	**$127.95**	**$ 83.35**		**$101.77**	**$ 99.32**	**$ 60.60**
Lions Gate Entertainment Corporation – Class B(1)				**$100.00**	**$ 92.45**	**$ 91.66**	**$ 57.94**
NYSE Composite	**$100.00**	**$106.02**	**$101.87**		**$117.69**	**$130.65**	**$136.69**
Dow Jones US Media Sector	**$100.00**	**$115.47**	**$112.93**		**$136.38**	**$128.10**	**$143.34**

(1) Immediately prior to the December 8, 2016 consummation of the Starz merger, we effected the reclassification of our capital stock, pursuant to which each existing Lionsgate common share was converted into 0.5 shares of a newly issued Class A voting shares and 0.5 shares of a newly issued Class B non-voting shares, subject to the terms and conditions of the merger agreement.

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

ITEM 6. *SELECTED FINANCIAL DATA.*

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

The Selected Consolidated Financial Data below includes the results of 3 Arts Entertainment from its acquisition date of May 29, 2018 onwards, Starz from its acquisition date of December 8, 2016 onwards, and Pilgrim Media Group from its acquisition date of November 12, 2015 onwards. Due to the acquisitions of 3 Arts Entertainment, Starz, and Pilgrim Media Group, the Company's results of operations for the years ended March 31, 2019, 2018, 2017 and 2016 and financial positions as at March 31, 2019, 2018, 2017 and 2016 are not directly comparable to prior reporting periods.

	Year Ended March 31,				
	2019	2018	2017	2016	2015
	(Amounts in millions, except per share amounts)				
Statement of Operations Data:					
Revenues	$3,680.5	$4,129.1	$3,201.5	$2,347.4	$2,399.6
Expenses:					
Direct operating	2,028.2	2,309.6	1,903.8	1,415.3	1,315.8
Distribution and marketing	835.5	897.6	806.8	661.8	591.5
General and administration	445.4	454.4	355.4	262.4	252.8
Depreciation and amortization	163.4	159.0	63.1	13.1	6.6
Restructuring and other	78.0	59.8	88.7	19.8	10.7
Total expenses	3,550.5	3,880.4	3,217.8	2,372.4	2,177.4
Operating income (loss)	130.0	248.7	(16.3)	(25.0)	222.2
Interest expense					
Interest expense	(163.6)	(137.2)	(99.7)	(54.9)	(52.5)
Interest on dissenting shareholders' liability	(35.3)	(56.5)	(15.5)	—	—
Total interest expense	(198.9)	(193.7)	(115.2)	(54.9)	(52.5)
Shareholder litigation settlements	(114.1)	—	—	—	—
Interest and other income	12.0	10.4	6.4	1.9	2.9
Other expense	(4.7)	—	—	—	—
Loss on extinguishment of debt	(1.9)	(35.7)	(40.4)	—	(11.7)
Gain (loss) on investments	(87.6)	171.8	20.4	—	—
Equity interests income (loss)	(42.9)	(52.8)	10.7	44.2	52.5
Income (loss) before income taxes	(308.1)	148.7	(134.4)	(33.8)	213.4
Income tax benefit (provision)	8.5	319.4	148.9	76.5	(31.6)
Net income (loss)	(299.6)	468.1	14.5	42.7	181.8
Less: Net loss attributable to noncontrolling interest	15.4	5.5	0.3	7.5	—
Net income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$ (284.2)	$ 473.6	$ 14.8	$ 50.2	$ 181.8
Per share information attributable to Lions Gate Entertainment Corp. shareholders:					
Basic net income (loss) per common share	$ (1.33)	$ 2.27	$ 0.09	$ 0.34	$ 1.31
Diluted net income (loss) per common share	$ (1.33)	$ 2.15	$ 0.09	$ 0.33	$ 1.23

	Year Ended March 31,				
	2019	2018	2017	2016	2015
	(Amounts in millions, except per share amounts)				
Weighted average number of common shares outstanding:					
Basic	213.7	208.4	165.0	148.5	139.0
Diluted	213.7	220.4	172.2	154.1	151.8
Dividends declared per common share	$ 0.18	$ 0.09	$ 0.09	$ 0.34	$ 0.26
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$ 184.3	$ 378.1	$ 321.9	$ 57.7	$ 102.7
Investment in films and television programs and program rights(1)	1,967.7	1,945.2	1,991.2	1,457.6	1,381.8
Total assets	8,408.9	8,967.6	9,196.9	3,834.2	3,264.0
Total debt, net(2)	2,904.4	2,557.4	3,124.9	865.2	686.6
Production loans, net	385.4	352.5	353.3	690.0	600.5
Dissenting shareholders' liability(3)	—	869.3	812.9	—	—
Redeemable noncontrolling interests	127.6	101.8	93.8	90.5	—
Total Lions Gate Entertainment Corp. shareholders' equity	2,918.7	3,155.9	2,514.4	850.3	842.3
Total equity	2,921.9	3,156.9	2,514.4	850.3	842.3

(1) Total of investment in films and television programs and current and long-term portion of program rights.

(2) Total debt includes corporate debt, convertible senior subordinated notes and capital lease obligations, net of unamortized discount and debt issuance costs, if applicable.

(3) Dissenting shareholders' liability was classified as a current liability as of March 31, 2018, and as a non-current liability as of March 31, 2017 (see Note 17 to our consolidated financial statements).

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

Overview

Lions Gate Entertainment Corp. (the "Company," "Lionsgate," "Lions Gate," "we," "us" or "our") is a global content leader whose films, television series, digital products and linear and over-the-top platforms reach next generation audiences around the world. In addition to our filmed entertainment leadership, Lionsgate content drives a growing presence in interactive and location-based entertainment, video games, esports and other new entertainment technologies. Lionsgate's content initiatives are backed by a nearly 17,000-title film and television library and delivered through a global sales and licensing infrastructure. We classify our operations through three reporting segments: *Motion Picture, Television Production,* and *Media Networks* (see further discussion below).

Starz Merger

On December 8, 2016, upon shareholder approval, pursuant to an Agreement and Plan of Merger dated June 30, 2016 ("Merger Agreement"), Lionsgate and Starz consummated a merger, under which Lionsgate acquired Starz for a combination of cash and common stock (the "Starz Merger").

Revenues

Our revenues are derived from the Motion Picture, Television Production and Media Networks segments, as described below. Our revenues are derived from the U.S., Canada, the United Kingdom and other foreign countries. None of the non-U.S. countries individually comprised greater than 10% of total revenues for the years ended March 31, 2019, 2018 and 2017.

Motion Picture

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

- *Theatrical.* Theatrical revenues are derived from the domestic theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (distributed by us directly in the U.S. and through a sub-distributor in Canada). The revenues from Canada are reported net of distribution fees and release expenses of the Canadian sub-distributor. The financial terms that we negotiate with our theatrical exhibitors in the U.S. generally provide that we receive a percentage of the box office results.

- *Home Entertainment.* Home entertainment revenues are derived from the sale or rental of our film productions and acquired or licensed films and certain television programs (including theatrical and direct-to-video releases) on packaged media and through digital media platforms (pay-per-view and video-on-demand platforms, electronic sell through, and digital rental). In addition, we have revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, we share in the rental or sales revenues generated by the platform on a title-by-title basis.

- *Television.* Television revenues are primarily derived from the licensing of our theatrical productions and acquired films to the linear pay, basic cable and free television markets.

- *International.* International revenues are derived from (1) licensing of our productions, acquired films, our catalog product and libraries of acquired titles to international distributors, on a territory-by-territory basis; and (2) the direct distribution of our productions, acquired films, and our catalog product and libraries of acquired titles in the United Kingdom.

- *Other.* Other revenues are derived from, among others, the licensing of our film and television and related content (games, music, location-based entertainment royalties, etc.) to other ancillary markets.

Television Production

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

- *Television.* Television revenues are derived from the licensing to domestic markets (linear pay, basic cable, free television markets, syndication) of scripted and unscripted series, television movies, mini-series and non-fiction programming. Television revenues include fixed fee arrangements as well as arrangements in which the Company earns advertising revenue from the exploitation of certain content on television networks. Television revenues also include revenue from licenses to subscription-video-on-demand ("SVOD") platforms in which the initial license of a television series is to an SVOD platform.

- *International.* International revenues are derived from the licensing and syndication to international markets of scripted and unscripted series, television movies, mini-series and non-fiction programming.

- *Home Entertainment.* Home entertainment revenues are derived from the sale or rental of television production movies or series on packaged media and through digital media platforms.

- *Other.* Other revenues are derived from, among others, the licensing of our television programs to other ancillary markets, the sales and licensing of music from the television broadcasts of our productions, and from commissions earned and executive producer fees related to talent management.

Media Networks

Our *Media Networks* segment includes revenues derived from the following product lines:

- *Starz Networks.* Starz Networks' revenues are derived from the domestic distribution of our STARZ branded premium subscription video services pursuant to affiliation agreements with U.S. multichannel video programming distributors ("MVPDs"), including cable operators, satellite television providers and telecommunications companies, and over-the-top ("OTT") (collectively, "Distributors"), and on a direct-to-consumer basis.

- *STARZPLAY International.* STARZPLAY International revenues are primarily derived from OTT distribution of the Company's STARZ branded premium subscription video services internationally.

- *Streaming Services.* Streaming services revenues are derived from the Lionsgate legacy start-up direct to consumer streaming services on SVOD platforms.

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, amortization of programming production or acquisition costs and programming related salaries, 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 or television program to parties associated with the film or television program, including producers, writers, directors or actors. Residuals represent amounts payable to various unions or "guilds" such as the Screen Actors Guild — American Federation of Television and Radio Artists, Directors Guild of America, and Writers Guild of America, based on the performance of the film or television program in certain ancillary markets or based on the individual's (i.e., actor, director, writer) salary level in the television market.

Distribution and marketing expenses primarily include the costs of theatrical prints and advertising ("P&A") and of DVD/Blu-ray duplication and marketing. Theatrical P&A includes the costs of the theatrical prints delivered to theatrical exhibitors and the advertising and marketing cost associated with the theatrical release of the picture. DVD/Blu-ray duplication represents the cost of the DVD/Blu-ray product and the manufacturing costs associated with creating the physical products. DVD/Blu-ray marketing costs represent the cost of advertising the product at or near the time of its release or special promotional advertising. Marketing costs for Media Networks includes advertising, consumer marketing, distributor marketing support and other marketing costs. In addition, distribution and marketing costs includes our Media Networks segment operating costs for the direct-to-consumer service, transponder expenses and maintenance and repairs.

General and administration expenses include salaries and other overhead.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The application of the following accounting policies, which are important to our financial position and results of operations, requires significant judgments and estimates on the part of management. As described more fully below, these estimates bear the risk of change due to the inherent uncertainty of the estimate. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. For a summary of all of our accounting policies, including the accounting policies discussed below, see Note 1 to our consolidated financial statements.

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

Due to the inherent uncertainties involved in making such estimates of ultimate revenues and expenses, these estimates have differed in the past from actual results and are likely to differ to some extent in the future from actual results. In addition, in the normal course of our business, some films and titles are more successful or less successful than anticipated. 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 a write-down of all or a portion of the unamortized costs of the film or television program to its estimated fair value. Management estimates the ultimate revenue based on experience with similar titles or title genre, the general public appeal of the cast, audience test results when available, 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, whether released or unreleased, is reviewed on a title-by-title basis, when an event or change in circumstances indicates that the fair value of a film or television program is less than its unamortized cost. In determining the fair value of our films and television programs, we employ a discounted cash flows ("DCF") methodology with assumptions for cash flows. Key inputs employed in the DCF methodology include estimates of a film's ultimate revenue as discussed above, and costs as well as a discount rate. The discount rate utilized in the DCF analysis is based on our weighted average cost of capital plus a risk premium representing the risk associated with producing a particular film or television program. The fair value of any film costs associated with a film or television program that we plan to abandon is zero. As the primary determination of fair value is determined using a DCF model, the resulting fair value is considered a Level 3 measurement (as defined in Note 10 to our consolidated financial statements). Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film or television program. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in our future revenue estimates.

Program rights for films and television programs (including original series) exhibited by the Media Networks segment are generally amortized on a title-by-title or episode-by-episode basis over the anticipated number of exhibitions or license period. We estimate the number of exhibitions based on the number of exhibitions allowed in the agreement and the expected usage of the content. Certain other program rights are amortized to expense on a straight-line basis over the respective lives of the agreements. Programming rights may include rights to more than one exploitation window under its output and library agreements. For films with multiple windows, the license fee is allocated between the windows based upon the proportionate estimated fair value of each window which generally results in the majority of the cost allocated to the first window on newer releases. Programming costs vary due to the number of airings and cost of our original series, the number of films licensed and the cost per film paid under our output and library programming agreements.

The cost of the Media Networks' segments produced original content generally represents the license fees charged from the Television Production segment which are eliminated in consolidation. The amount associated with the pay television market is reclassified to program rights when the program is aired and the portion attributable to the ancillary markets remains in investment in films and television programs. The cost of the Media Networks' third-party licensed content is allocated between the pay television market distributed by the Media Networks' segment and the ancillary revenue markets (e.g., home video, digital platforms, international television, etc.) distributed by the Television Production segment based on the estimated relative fair values of these markets. Estimates of fair value for the pay television and ancillary markets involve uncertainty as well as estimates of ultimate revenue. All the costs of programming produced by the Television Production segment are included in investment in films and television programs and program rights, net and are classified as long term. Amounts included in program rights, other than internally produced programming, that are expected to be amortized within a year from the balance sheet date are classified as short-term.

Changes in management's estimate of the anticipated exhibitions of films and original series on our networks could result in the earlier recognition of our programming costs than anticipated. Conversely, scheduled exhibitions may not capture the appropriate usage of the program rights in current periods which would lead to the write-off of additional program rights in future periods and may have a significant impact on the Company's future results of operations and financial position.

Revenue Recognition. Our Motion Picture and Television Production segments generate revenue principally from the licensing of content in domestic theatrical exhibition, home entertainment (e.g., digital media and packaged media), television, and international market places. Our Media Networks segment generates revenue primarily from the distribution of our STARZ branded premium subscription video services and, to a lesser extent, direct-to-consumer content streaming services.

Our content licensing arrangements include fixed fee and minimum guarantee arrangements, and sales or usage based royalties. Our fixed fee or minimum guarantee licensing arrangements in the television, digital media and international markets may, in some cases, include multiple titles, multiple license periods (windows) with a substantive period in between the windows, rights to exploitation in different media, or rights to exploitation in multiple territories, which may be considered distinct performance obligations.

When these performance obligations are considered distinct, the fixed fee or minimum guarantee in the arrangement is allocated to the title, window, media right or territory as applicable, based on estimates of relative standalone selling prices. The amounts related to each performance obligation (i.e., title, window, media or territory) are recognized when the content has been delivered, and the window for the exploitation right in that territory has begun, which is the point in time at which the customer is able to begin to use and benefit from the content.

Sales or usage based royalties represent amounts due to us based on the "sale" or "usage" of our content by the customer, and revenues are recognized at the later of when the subsequent sale or usage occurs, or the performance obligation to which some or all the sales or usage-based royalty has been allocated has been satisfied (or partially satisfied). Generally, when we license completed content (with standalone functionality, such as a movie, or television show), our performance obligation will be satisfied prior to the sale or usage. When we license intellectual property that does not have stand-alone functionality (e.g., brands, themes, logos, etc.), our performance obligation is generally satisfied in the same period as the sale or usage. The actual amounts due to us under these arrangements are generally not reported to us until after the close of the reporting period. We record revenue under these arrangements for the amounts due and not yet reported to us based on estimates of the sales or usage of these customers and pursuant to the terms of the contracts. Such estimates are based on information from our customers, historical experience with similar titles in that market or territory, the performance of the title in other markets and/or data available data in the industry. While we believe these estimates are reasonable estimates of the amounts due under these arrangements, such estimated amounts could differ from the actual amounts to be subsequently reported by the customer, which could be higher or lower than our estimates, and could result in an adjustment to revenues in future periods.

Revenue from the theatrical release of feature films are treated as sales or usage-based royalties and recognized starting at the exhibition date and based on our participation in box office receipts of the theatrical exhibitor.

Digital media revenue sharing arrangements are recognized as sales or usage based royalties.

Revenue from the sale of physical discs (DVDs, Blu-ray or 4K Ultra HD), referred to as "Packaged Media", 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).

Revenue from commissions are recognized as such services are provided.

Media Networks revenues may be based on a fixed fee, subject to nominal annual escalations, or a variable fee (i.e., a fee based on number of subscribers who receive our networks or other factors). Media Networks programming revenue is recognized over the contract term based on the continuous delivery of the content to the distributor. The variable distribution fee arrangements represent sales or usage based royalties and are recognized over the period of such sales or usage by the Company's distributor, which is the same period that the content is provided to the distributor. Payments to distributors for marketing support costs for which Starz receives a direct benefit are recorded as distribution and marketing costs.

Sales Returns Allowance. Revenues are recorded net of estimated returns and other allowances. We estimate reserves for Packaged Media 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 Packaged Media businesses. Factors affecting actual returns include, among other factors, limited retail shelf space at various times of the year, success of advertising or other sales promotions, and the near term release of competing titles. We believe that our estimates have been materially accurate in the past; however, due to the judgment involved in establishing reserves, we may have adjustments to our historical estimates in the future. Our estimate of future returns affects reported revenue and operating income. If we underestimate the impact of future returns in a particular period, then we may record less revenue in later periods when returns exceed the estimated amounts. If we overestimate the impact of future returns in a particular period, then we may record additional revenue in later periods when returns are less than estimated. An incremental change of 1% in our estimated sales returns rate (i.e., provisions for returns divided by gross sales of related product) for home entertainment products would have had an impact of approximately $4.2 million, $6.0 million and $5.8 million on our total revenue in the fiscal years ended March 31, 2019, 2018, and 2017, respectively.

Provisions for Accounts Receivable. We estimate provisions for accounts receivable based on historical experience and relevant facts and information regarding the collectability of the accounts receivable. In performing this evaluation, significant judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for our larger customers and an analysis of the length of time receivables have been past due. The financial condition of a given customer and its ability to pay may change over time or could be better or worse than anticipated and could result in an increase or decrease to our allowance for doubtful accounts, which is recorded in direct operating expenses.

Income Taxes. We are subject to federal and state income taxes in the U.S., and in several foreign jurisdictions. We record deferred tax assets related to net operating loss carryforwards and certain temporary differences, net of applicable reserves in these jurisdictions. We recognize a future tax benefit to the extent that realization of such benefit is more likely than not on a jurisdiction by jurisdiction basis; otherwise a valuation allowance is applied. In order to realize the benefit of our deferred tax assets, we will need to generate sufficient taxable income in the future in each of the jurisdictions which have these deferred tax assets. However, the assessment as to whether there will be sufficient taxable income in a jurisdiction to realize our net deferred tax assets in that jurisdiction 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 in a particular jurisdiction, we may need to record a valuation allowance for all or a portion of our deferred tax assets through a charge to our income tax provision. As of March 31, 2019, we recorded a valuation allowance of $401.1 million against certain U.S. and foreign deferred tax assets that may not be realized on a more likely than not basis.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”) was signed into law, making significant changes to the taxation of U.S. business entities. The Tax Act reduced the U.S. corporate income tax rate from 35% to 21%, imposed a one-time transition tax in connection with the move from a worldwide tax system to a territorial tax system, provided for accelerated deductions for certain U.S. film production costs, imposed limitations on certain tax deductions such as executive compensation in future periods, and included numerous other provisions. We previously reported provisional amounts reflecting our reasonable estimates of the impact of the Tax Act. The estimated impact of the Tax Act was based on a preliminary review of the new law, subject to revision based upon further analysis and interpretation of the Tax Act. During the quarter ended December 31, 2018, we completed our analysis and our accounting for the Tax Act, and there were no material adjustments to our provisional estimates.

Our effective tax rates differ from the federal statutory rate and are affected by many factors, including the overall level of pre-tax income, mix of our pre-tax income generated across the various jurisdictions in which we operate, changes in tax laws and regulations in those jurisdictions, further interpretation and legislative guidance regarding the new Tax Act, changes in valuation allowances on our deferred tax assets, tax planning strategies available to us and other discrete items.

Goodwill. Goodwill is allocated to our reporting units, which are our operating segments or one level below our operating segments (component level). Reporting units are determined by the discrete financial information available for the component and whether it is regularly reviewed by segment management. Components are aggregated into a single reporting unit if they share similar economic characteristics. Our reporting units for purposes of goodwill impairment testing, along with their respective goodwill balances at March 31, 2019, were Motion Picture (goodwill of $394 million), Media Networks (goodwill of $2.04 billion), and each of our Television (goodwill of $309 million) and talent management (goodwill of $93 million) businesses, both of which are part of our Television Production segment.

Goodwill is reviewed for impairment each fiscal year or between the annual tests if an event occurs or circumstances change that indicates 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. A goodwill impairment loss would be recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. An entity may perform a qualitative assessment of the likelihood of the existence of a goodwill impairment. The qualitative assessment is an evaluation, based on all identified events and circumstances which impact the fair value of the reporting unit. If we believe that as a result of our qualitative assessment it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, a quantitative impairment test is not required but may be performed at the option of the Company.

For fiscal 2018, we performed a qualitative impairment assessment for all reporting units. This assessment included, but was not limited to, the results of our most recent quantitative impairment test, consideration of macroeconomic conditions, industry and market conditions, cash flows, and changes in our share price.

For fiscal 2019, due primarily to the decline in the market price of our common shares, we performed a quantitative impairment assessment for all of our reporting units. The quantitative assessment requires determining the fair value of our reporting units. The determination of fair value requires considerable judgment and requires assumptions and estimates of many factors, including revenue and market growth, operating margins and cash flows, market multiples and discount rates.

In performing the quantitative assessment, the Company determined the fair value of its reporting units by using a combination of discounted cash flow ("DCF") analyses and market-based valuation methodologies. The results of these valuation methodologies were weighted equally (each 50%). The models relied on significant judgments and assumptions surrounding general market and economic conditions, short-term and long-term growth rates, discount rates, tax rates, and detailed management forecasts of future cash flow and operating margin projections, and other assumptions, all of which were based on our internal forecasts of future performance as well as historical trends. The DCF analysis of fair values were determined primarily by discounting estimated future cash flows, which included perpetual nominal growth rates ranging from 1.5% to 3.5%, at a weighted average cost of capital (discount rate) ranging from 10.5% to 11%, based on the risk of achieving the projected cash flows, including the risk applicable to the reporting unit, industry and market as a whole. The market-based valuation method utilized EBITDA multiples from guideline public companies operating in similar industries and a control premium. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be an accurate prediction of the future.

Based on our quantitative impairment assessment, we determined that the fair value of three of our reporting units exceeded their respective carrying values by more than 20%, and the goodwill for those reporting units was not considered at risk of impairment. The fair value of our Television business reporting unit exceeded its carrying value by just under 20%. We evaluated the sensitivity of our most critical assumptions used in the fair value analysis of our Television reporting unit, including the discount rate and perpetual nominal growth rate. Based on the sensitivity analysis on the fair value of our Television business reporting unit, we determined that an increase in the discount rate of up to 0.65% or a reduction of the perpetual nominal growth rate of up to 1.34% would not have impacted the test results, assuming no changes to other factors. Management will continue to monitor all of its reporting units for changes in the business environment that could impact recoverability in future periods. The recoverability of goodwill is dependent upon the continued growth of revenue and cash flows from our business activities. Examples of events or circumstances that could result in changes to the underlying key assumptions and judgments used in our goodwill impairment tests, and ultimately impact the estimated fair value of our reporting may include adverse macroeconomic conditions; volatility in the equity and debt markets which could result in higher weighted-average cost of capital; the commercial success of our television programming and our motion pictures; our continual contractual relationships with our customers; and changes in consumer behavior. While historical performance and current expectations have resulted in fair values of our reporting units in excess of carrying values, if our assumptions are not realized, it is possible that an impairment charge may need to be recorded in the future.

Consolidation and Other Investments. We consolidate entities in which we own more than 50% of the voting common stock and control operations and also variable interest entities for which we are the primary beneficiary. Investments in nonconsolidated affiliates in which we own more than 20% of the voting common stock or otherwise exercise significant influence over operating and financial policies, but not control of the nonconsolidated affiliate, are accounted for using the equity method of accounting. Investments in nonconsolidated affiliates in which we own less than 20% of the voting common stock, or do not exercise significant influence over operating and financial policies, are recorded at fair value using quoted market prices if the investment has a readily determinable fair value. If an equity investment's fair value is not readily determinable, we will recognize it at cost less any impairment, adjusted for observable price changes in orderly transactions in the investees' securities that are identical or similar to our investments in the investee. The unrealized gains and losses and the adjustments related to the observable price changes are recognized in net income (loss).

We regularly review our investments for impairment, including when the carrying value of an investment exceeds its market value and whether the decline in value is other-than-temporary. For investments accounted for using the equity method of accounting or equity investments without a readily determinable fair value, we evaluate information available (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market prices, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults and subsequent rounds of financing at an amount below the cost basis of our investment. The estimation of fair value and whether an other-than-temporary impairment has occurred requires the application of significant judgment and future results may vary from current assumptions.

If we determine that an investment has sustained an other-than-temporary decline in its value, the investment is written down to its fair value by a charge to earnings. Factors that are considered by us in determining whether an other-than-temporary decline in value has occurred include (i) the market value of the security in relation to its cost basis, (ii) the financial condition of the investee, and (iii) our intent and ability to retain the investment for a sufficient period of time to allow for recovery in the market value of the investment.

Business Combinations. We account for our business combinations under the acquisition method of accounting. Identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree are recognized and measured as of the acquisition date at fair value. Goodwill is recognized to the extent by which the aggregate of the acquisition-date fair value of the consideration transferred and any noncontrolling interest in the acquiree exceeds the recognized basis of the identifiable assets acquired, net of assumed liabilities. Determining the fair value of assets acquired, liabilities assumed and noncontrolling interest requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates and asset lives among other items.

Recent Accounting Pronouncements

See Note 1 to the accompanying consolidated financial statements for a discussion of recent accounting guidance.

RESULTS OF OPERATIONS

Fiscal 2019 Compared to Fiscal 2018

Consolidated Results of Operations

The following table sets forth our consolidated results of operations for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,		Increase (Decrease)	
	2019	2018	Amount	Percent
	(Amounts in millions)			
Revenues				
Motion Picture	$1,464.4	$1,822.1	$(357.7)	(19.6)%
Television Production	920.9	1,033.2	(112.3)	(10.9)%
Media Networks	1,461.0	1,411.2	49.8	3.5%
Intersegment eliminations	(165.8)	(137.4)	(28.4)	20.7%
Total revenues	3,680.5	4,129.1	(448.6)	(10.9)%
Expenses:				
Direct operating	2,028.2	2,309.6	(281.4)	(12.2)%
Distribution and marketing	835.5	897.6	(62.1)	(6.9)%
General and administration	445.4	454.4	(9.0)	(2.0)%
Depreciation and amortization	163.4	159.0	4.4	2.8%
Restructuring and other	78.0	59.8	18.2	30.4%
Total expenses	3,550.5	3,880.4	(329.9)	(8.5)%
Operating income	130.0	248.7	(118.7)	(47.7)%
Interest expense	(198.9)	(193.7)	(5.2)	2.7%
Shareholder litigation settlements	(114.1)	—	(114.1)	n/a
Interest and other income	12.0	10.4	1.6	15.4%
Other expense	(4.7)	—	(4.7)	n/a
Loss on extinguishment of debt	(1.9)	(35.7)	33.8	(94.7)%
Gain (loss) on investments	(87.6)	171.8	(259.4)	(151.0)%
Equity interests income (loss)	(42.9)	(52.8)	9.9	(18.8)%
Income (loss) before income taxes	(308.1)	148.7	(456.8)	(307.2)%
Income tax benefit	8.5	319.4	(310.9)	(97.3)%
Net income (loss)	(299.6)	468.1	(767.7)	(164.0)%
Less: Net loss attributable to noncontrolling interest	15.4	5.5	9.9	180.0%
Net income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$ (284.2)	$ 473.6	$(757.8)	(160.0)%

nm — Percentage not meaningful

Revenues. Consolidated revenues decreased in fiscal 2019, due to a decrease in Motion Picture revenues, and to a lesser extent, Television Production revenues and higher intersegment eliminations principally related to higher intersegment revenues in the Television Production segment, partially offset by increased Media Networks revenues.

The decrease in Motion Picture revenue was primarily due to lower home entertainment and international revenue generated from the Fiscal 2019 and Fiscal 2018 Theatrical Slates in fiscal 2019, as compared to the revenue generated from the Fiscal 2018 and Fiscal 2017 Theatrical Slates in fiscal 2018. In addition, theatrical revenue decreased due to a significant contribution of revenue in fiscal 2018 from *Wonder,* and fewer Feature Films released in fiscal 2019 as compared to fiscal 2018. The decrease in Television Production revenue was due to lower domestic television, international and home entertainment revenue, offset partially by increased other revenue. The increase in Media Networks revenue was primarily driven by OTT revenue growth. See further discussion in the Segment Results of Operations section below.

Direct Operating Expenses. Direct operating expenses by segment were as follows for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,				Increase (Decrease)	
	2019		2018			
	Amount	% of Segment Revenues	Amount	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Direct operating expenses						
Motion Picture	$ 758.1	51.8%	$ 977.8	53.7%	$(219.7)	(22.5)%
Television Production	774.5	84.1	842.2	81.5	(67.7)	(8.0)%
Media Networks	600.9	41.1	575.9	40.8	25.0	4.3%
Other	54.2	nm	45.6	nm	8.6	18.9%
Intersegment eliminations	(159.5)	nm	(131.9)	nm	(27.6)	20.9%
	$2,028.2	55.1%	$2,309.6	55.9%	$(281.4)	(12.2)%

nm — Percentage not meaningful.

Direct operating expenses decreased in fiscal 2019, primarily due to decreased Motion Picture and Television Production revenue. See further discussion in the Segment Results of Operations section below.

Other in fiscal 2019 and fiscal 2018 represents the amortization of the non-cash fair value adjustments on film and television assets associated with the application of purchase accounting related to recent acquisitions. In addition, during the fourth quarter of fiscal 2019, in connection with recent management changes, we implemented changes to our programming strategy including programming that will no longer be broadcast on Starz networks. As a result, we recorded certain programming and content charges of $35.1 million in fiscal 2019, which are included in direct operating expense in the consolidated statement of operations and reflected in the "other" line item in the table above (see Note 15 to our consolidated financial statements).

Distribution and Marketing Expenses. Distribution and marketing expenses by segment were as follows for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,		Increase (Decrease)	
	2019	2018	Amount	Percent
	(Amounts in millions)			
Distribution and marketing expenses				
Motion Picture	$472.2	$551.7	$(79.5)	(14.4)%
Television Production	36.8	39.7	(2.9)	(7.3)%
Media Networks	326.1	305.3	20.8	6.8%
Other	0.4	0.9	(0.5)	(55.6)%
	$835.5	$897.6	$(62.1)	(6.9)%
U.S. theatrical P&A expense included in Motion Picture distribution and marketing expense	$289.5	$319.1	$(29.6)	(9.3)%

nm — Percentage not meaningful.

Distribution and Marketing expenses decreased in fiscal 2019, due to decreased Motion Picture theatrical P&A on fewer Feature Film releases and lower home entertainment distribution and marketing expenses, and to a lesser extent, international distribution and marketing expenses, which were partially offset by increased Motion Picture theatrical P&A incurred in advance in fiscal 2019 for films to be released in future periods, and increased Media Networks distribution and marketing expense. See further discussion in the Segment Results of Operations section below.

General and Administrative Expenses. General and administrative expenses by segment were as follows for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,				Increase (Decrease)	
	2019	% of Revenues	2018	% of Revenues	Amount	Percent
	(Amounts in millions)					
General and administrative expenses						
Motion Picture	$105.6		$113.2		$ (7.6)	(6.7)%
Television Production	43.5		40.3		3.2	7.9%
Media Networks	97.7		100.9		(3.2)	(3.2)%
Corporate	104.2		110.3		(6.1)	(5.5)%
	351.0	9.5%	364.7	8.8%	(13.7)	(3.8)%
Share-based compensation expense	50.6		83.6		(33.0)	(39.5)%
Purchase accounting and related adjustments	43.8		6.1		37.7	nm
Total general and administrative expenses	$445.4	12.1%	$454.4	11.0%	$ (9.0)	(2.0)%

nm — Percentage not meaningful.

General and administrative expenses decreased in fiscal 2019, resulting from lower share-based compensation expense and decreases in Motion Picture, Corporate and Media Networks general and administrative expenses due in part to the Company's cost-saving initiatives, partially offset by increased purchase accounting and related adjustments and increased Television Production general and administrative expenses. In fiscal 2019, Television Production includes general and administrative expenses of 3 Arts Entertainment from the acquisition date of May 29, 2018. See further discussion in the Segment Results of Operations section below.

Corporate general and administrative expenses decreased $6.1 million, or 5.5%, primarily due to decreases in incentive compensation and professional fees, partially offset by increases in rent and facilities costs.

The decrease in share-based compensation expense included in general and administrative expense is primarily due to lower fair values associated with stock option and other equity awards in fiscal 2019 as compared to fiscal 2018. Additionally, the decrease in share-based compensation expense is due to lower compensation expense associated with the replacement of Starz share-based payment awards. The following table reconciles this amount to total share-based compensation expense:

	Year Ended March 31,	
	2019	2018
	(Amounts in millions)	
Share-based compensation expense by expense category		
Other general and administrative expense	$50.6	$83.6
Restructuring and other[(1)]	16.0	2.9
Direct operating expense	1.1	1.1
Distribution and marketing expense	0.4	0.9
Total share-based compensation expense	$68.1	$88.5

(1) Represents share-based compensation expense included in restructuring and other expenses reflecting the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements.

Purchase accounting and related adjustments represent the charge for the accretion of the noncontrolling interest discount related to Pilgrim Media Group and 3 Arts Entertainment, and the amortization of the recoupable portion of the purchase price and the expense associated with earned distributions related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense (see Note 11 to our consolidated financial statements for further information).

Depreciation and Amortization Expense. Depreciation and amortization of $163.4 million for fiscal 2019 increased $4.4 million from $159.0 million in fiscal 2018.

Restructuring and Other. Restructuring and other increased $18.2 million in fiscal 2019 as compared to fiscal 2018, and includes restructuring and severance costs, certain transaction and related costs, and certain unusual items, when applicable. Restructuring and other costs were as follows for the fiscal years ended March 31, 2019 and 2018 (see Note 15 to our consolidated financial statements):

	Year Ended March 31,		Increase (Decrease)	
	2019	2018	Amount	Percent
	(Amounts in millions)			
Restructuring and other:				
Severance[1]				
Cash	$31.5	$21.5	$ 10.0	46.5%
Accelerated vesting on equity awards (see Note 13)	16.0	2.9	13.1	451.7%
Total severance costs	47.5	24.4	23.1	94.7%
Transaction and related costs[2]	30.5	22.2	8.3	37.4%
Development expense[3]	—	13.2	(13.2)	(100.0)%
	$78.0	$59.8	$ 18.2	30.4%

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(1) Severance costs in the fiscal years ended March 31, 2019 and 2018 were primarily related to restructuring activities in connection with recent acquisitions, and other cost-saving initiatives.

(2) Transaction and related costs in the fiscal years ended March 31, 2019 and 2018 reflect transaction, integration and legal costs incurred associated with certain strategic transactions and legal matters. In fiscal 2019, these costs were primarily related to the legal fees associated with the Starz class action lawsuits and other matters and, to a lesser extent, costs related to the acquisition of 3 Arts Entertainment and other strategic transactions. In fiscal 2018, these costs were primarily related to the sale of EPIX (see Note 5 to our consolidated financial statements), the legal fees associated with the Starz class action lawsuits and other matters, and the integration of Starz.

(3) Development expense in the fiscal year ended March 31, 2018 represents write-downs resulting from the restructuring of the Motion Picture business in connection with the acquisition of Good Universe and new management's decisions around the creative direction on certain development projects which were abandoned in the fiscal year ended March 31, 2018.

Interest Expense. Interest expense of $198.9 million in fiscal 2019 increased $5.2 million from fiscal 2018. The following table sets forth the components of interest expense for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,	
	2019	2018
	(Amounts in millions)	
Interest Expense		
Cash Based:		
Revolving credit facility	$ 10.9	$ 3.9
Term loans	86.4	78.4
5.875% Senior Notes	30.6	30.7
6.375% Senior Notes	5.5	—
Other(1)	18.6	9.9
	152.0	122.9
Amortization of debt discount and financing costs	11.6	14.3
	163.6	137.2
Interest on dissenting shareholders' liability(2)	35.3	56.5
Total interest expense	$198.9	$193.7

(1) In fiscal 2019, amounts include interest expense related to the Company's interest rate swap agreements (see Note 18 to our consolidated financial statements), capital leases and other interest.

(2) Represents interest accrued in connection with the previously outstanding dissenting shareholders' liability associated with the Starz Merger. See Note 17 to our consolidated financial statements.

Shareholder Litigation Settlements. Shareholder litigation settlements of $114.1 million in fiscal 2019 includes the following: (i) $54.8 million for the net expense recorded for the settlement of the Fiduciary Litigation (representing the settlement amount of $92.5 million, net of aggregate insurance reimbursement of $37.8 million, and (ii) $59.3 million related to the Appraisal Litigation, representing the amount by which the settlement amount of approximately $964 million exceeded the previously accrued (at date of acquisition) dissenting shareholders' liability plus interest through the date agreed in the settlement. There were no comparable charges in fiscal 2018. See Note 17 to our consolidated financial statements.

Other Expense. Other expense of $4.7 million for fiscal 2019 represented the loss recorded related to our monetization of accounts receivable to third-party purchasers (see Note 19 to our consolidated financial statements). There was no comparable charge in fiscal 2018.

Loss on Extinguishment of Debt. Loss on extinguishment of debt was $1.9 million in fiscal 2019 related to early repayments on the Term Loan B. Loss on extinguishment of debt was $35.7 million in fiscal 2018 related to the March 2018 refinancing of the Company's Senior Credit Facilities, the December 2017 Term Loan B refinancing, and other voluntary prepayments on the Previous Term Loan B. See Note 7 to our consolidated financial statements.

Gain (Loss) on Investments. The following table sets forth the components of the gain (loss) on investments for fiscal 2019 and 2018 (see Note 5 to our consolidated financial statements):

	Year Ended March 31,	
	2019	2018
Impairments of investments(1)	$(36.8)	$ (29.2)
Unrealized losses on equity securities held as of March 31, 2019(2)	(6.2)	—
Gain (loss) on sale of equity method investees(3)	(44.6)	201.0
	$(87.6)	$171.8

(1) Represents other-than-temporary impairments on our investments.

(2) Represents the unrealized losses recorded for the change in fair value of our investment in available-for-sale equity securities measured at fair value.

(3) In fiscal 2019, represents the loss recorded in connection with the March 15, 2019 sale of our 50.0% equity interest in Pop. In fiscal 2018, represents the gain recorded in connection with the May 11, 2017 sale of our 31.15% equity interest in EPIX.

Equity Interests Loss. Equity interests loss of $42.9 million in fiscal 2019 compared to equity interests loss of $52.8 million in fiscal 2018, driven by lower losses from other equity method investees which was partially offset by lower income from EPIX in fiscal 2019 due to the May 2017 sale of our equity interest in EPIX.

Income Tax Benefit. We had an income tax benefit of $8.5 million in fiscal 2019, compared to a benefit of $319.4 million in fiscal 2018. Our income tax benefit differs from the federal statutory rate multiplied by pre-tax income (loss) due to the mix of our pre-tax income (loss) generated across the various jurisdictions in which we operate and the tax deductions generated by our capital structure, which includes certain foreign affiliate dividends in our Canadian jurisdiction that can be received without being subject to tax under Canadian tax law. However, our income tax benefit for the fiscal year ended March 31, 2019 was offset by valuation allowances against certain U.S. and foreign deferred tax assets, certain minimum taxes imposed by the Tax Act, and the nondeductible portion of our shareholder litigation settlements.

Our total income tax benefit of $319.4 million in fiscal 2018 included a net benefit of $259.1 million, consisting of a $165.0 million benefit from the impact of the change in U.S. federal tax rates (see below) on our beginning net deferred tax liability balances, a benefit of $162.3 million primarily for foreign affiliate dividends resulting from an internal capital restructuring in connection with our third party debt refinancing (see Note 7 to our consolidated financial statements), offset by charges of $58.8 million and $9.4 million from increases in our valuation allowance associated with certain U.S. and foreign deferred tax assets, respectively, that may not be realized on a more likely than not basis.

On December 22, 2017, the Tax Act was signed into law, making significant changes to the taxation of U.S. business entities. The Tax Act reduced the U.S. corporate income tax rate from 35% to 21%, imposed a one-time transition tax in connection with the move from a worldwide tax system to a territorial tax system, changed the ability to claim certain tax deductions, and included numerous other provisions. As we have a March 31 fiscal year-end, the lower corporate income tax rate was phased in, resulting in a U.S. statutory federal rate of approximately 31.5% for our fiscal year ended March 31, 2018, and 21% for subsequent fiscal years. Our U.S. tax provision consists primarily of deferred tax benefits calculated at the 21% tax rate.

In the fiscal year ended March 31, 2018, we recorded provisional amounts reflecting reasonable estimates of the impact of the Tax Act, which included a $165.0 million income tax benefit related to the impact of the corporate income tax rate reduction on our net deferred tax liabilities. In addition, we made provisional estimates of other effects of the Tax Act, such as the tax effects of executive compensation, the one-time transition tax, net operating loss carryovers, foreign tax credits, and accelerated deductions for U.S. film costs. The estimated impact of the Tax Act was based on a preliminary review of the new law, subject to revision based upon further analysis and interpretation of the Tax Act. During the quarter ended December 31, 2018, we completed our analysis and our accounting for the Tax Act, and there were no material adjustments to our provisional estimates.

At March 31, 2019, we had U.S. net operating loss carryforwards of approximately $1,367.9 million available to reduce future federal income taxes which expire beginning in 2029 through 2038, state net operating loss carryforwards of approximately $791.3 million available to reduce future state income taxes which expire in varying amounts beginning 2021, Canadian loss carryforwards of $106.9 million which will expire beginning in 2034, and Luxembourg loss carryforwards of $947.0 million which will expire beginning in 2036. In addition, at March 31, 2019, we had U.S. credit carryforwards related to foreign taxes paid of approximately $74.2 million to offset future federal income taxes that will expire beginning in 2021.

Net Income (Loss) Attributable to Lions Gate Entertainment Corp. Shareholders. Net loss attributable to our shareholders for the fiscal year ended March 31, 2019 was $284.2 million, or basic and diluted net loss per common share of $1.33 on 213.7 million weighted average common shares outstanding. This compares to net income attributable to our shareholders for the fiscal year ended March 31, 2018 of $473.6 million, or basic net income per common share of $2.27 on 208.4 million weighted average common shares outstanding and diluted net income per common share of $2.15 on 220.4 million weighted average common shares outstanding.

Segment Results of Operations

The segment results of operations presented below do not include the elimination of intersegment transactions which are eliminated when presenting consolidated results.

The Company's primary measure of segment performance is segment profit. Segment profit is defined as gross contribution (revenues, less direct operating and distribution and marketing expense) less segment general and administration expenses. Segment profit excludes corporate general and administrative expense, restructuring and other costs, share-based compensation, other than annual bonuses granted in immediately vested stock awards when applicable, certain programming and content charges as a result of management changes and associated strategy, and purchase accounting and related adjustments, when applicable. The Company believes the presentation of segment profit is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by the Company's management and enables them to understand the fundamental performance of the Company's businesses. The reconciliation of segment profit to the Company's consolidated income (loss) before income taxes is presented in Note 16 to the consolidated financial statements.

Motion Picture

The table below sets forth Motion Picture gross contribution and segment profit for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,		Increase (Decrease)	
	2019	2018	Amount	Percent
	(Amounts in millions)			
Motion Picture Segment:				
Revenue	$1,464.4	$1,822.1	$(357.7)	(19.6)%
Expenses:				
Direct operating expense	758.1	977.8	(219.7)	(22.5)%
Distribution & marketing expense	472.2	551.7	(79.5)	(14.4)%
Gross contribution	234.1	292.6	(58.5)	(20.0)%
General and administrative expenses	105.6	113.2	(7.6)	(6.7)%
Segment profit	$ 128.5	$ 179.4	$ (50.9)	(28.4)%
U.S. theatrical P&A expense included in distribution and marketing expense	$ 289.5	$ 319.1	$ (29.6)	(9.3)%
Direct operating expense as a percentage of revenue	51.8%	53.7%		
Gross contribution as a percentage of revenue	16.0%	16.1%		

Revenue. The table below sets forth Motion Picture revenue by media and product category for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,						
	2019			2018			
	Feature Film[(1)]	Other Than Feature Film[(2)]	Total	Feature Film[(1)]	Other Than Feature Film[(2)]	Total	Total Increase (Decrease)
	(Amounts in millions)						
Motion Picture Revenue							
Theatrical	$164.5	$ 51.3	$ 215.8	$ 238.5	$ 42.9	$ 281.4	$ (65.6)
Home Entertainment							
Digital Media	157.2	177.5	334.7	206.1	167.6	373.7	(39.0)
Packaged Media	108.4	149.1	257.5	213.4	186.9	400.3	(142.8)
Total Home Entertainment	265.6	326.6	592.2	419.5	354.5	774.0	(181.8)
Television	209.6	64.8	274.4	220.2	58.3	278.5	(4.1)
International	260.8	80.3	341.1	356.2	100.5	456.7	(115.6)
Other	36.2	4.7	40.9	24.1	7.4	31.5	9.4
	$936.7	$527.7	$1,464.4	$1,258.5	$563.6	$1,822.1	$(357.7)

(1) **Feature Film:** Includes theatrical releases through our Lionsgate and Summit Entertainment film labels, which includes films developed and produced in-house, films co-developed and co-produced and films acquired from third parties.

(2) **Other Than Feature Film:** Includes direct-to-DVD motion pictures, acquired and licensed brands, third-party library product and ancillary-driven platform theatrical releases through our specialty films distribution labels including Lionsgate Premiere, through Good Universe, and with our equity method investees, Roadside Attractions and Pantelion Films, and other titles.

Theatrical revenue decreased $65.6 million, or 23.3%, in fiscal 2019 as compared to fiscal 2018, due to significant theatrical revenue from *Wonder* in fiscal 2018, and fewer Feature Films released in fiscal 2019 as compared to fiscal 2018. The decrease in revenue from our Feature Films was partially offset by increased revenue from Other Than Feature Film product categories, driven by the performance of Pantelion Films' *Overboard* in fiscal 2019, as compared to *How to Be a Latin Lover* in fiscal 2018.

Home entertainment revenue decreased $181.8 million, or 23.5%, in fiscal 2019, as compared to fiscal 2018, primarily due to a decrease of $153.9 million of home entertainment revenue from our Feature Films, driven by lower packaged media revenue (and to a lesser extent, digital media revenue) from the Feature Films released on packaged media during fiscal 2019 as compared to fiscal 2018. In particular, the home entertainment revenue generated in fiscal 2019 from our Fiscal 2019 and Fiscal 2018 Theatrical Slates (which included home entertainment revenue from the release of *A Simple Favor, Robin Hood,* and *The Spy Who Dumped Me* from our Fiscal 2019 Theatrical Slate and *The Commuter* from our Fiscal 2018 Theatrical Slate) was less than the revenue generated in fiscal 2018 from our Fiscal 2018 and Fiscal 2017 Theatrical Slates (which included home entertainment revenue from the release of *The Hitman's Bodyguard* from our Fiscal 2018 Theatrical Slate and *La La Land, John Wick: Chapter 2,* and *Power Rangers* from our Fiscal 2017 Theatrical Slate). In addition, home entertainment revenue from Other Than Feature Film product categories decreased $27.9 million driven by lower revenue from a distribution arrangement acquired as part of the Starz acquisition, partially offset by higher home entertainment revenue from ancillary-driven platform theatrical releases.

International revenue decreased $115.6 million, or 25.3%, in fiscal 2019, as compared to fiscal 2018, primarily due to lower revenue from our Feature Films, and in particular, the revenue generated in fiscal 2019 from our Fiscal 2018 Theatrical Slate as compared to the revenue generated in fiscal 2018 from our Fiscal 2017 Theatrical Slate (which included significant international revenue from *La La Land, Power*

Rangers and *John Wick: Chapter 2*). In addition, the decrease in international revenue was, to a lesser extent, driven by lower revenue from Other Than Feature Film product categories as a result of significant revenues in fiscal 2018 from a library distribution agreement and UK third-party product.

Direct Operating Expense. Direct operating expenses as a percentage of motion picture revenue in fiscal 2019 was comparable to fiscal 2018. Direct operating expense as a percentage of revenue can fluctuate due to the change in the mix of titles and product categories generating revenue and investment in film write-downs. Investment in film write-downs were approximately $22.9 million in fiscal 2019, as compared to approximately $33.6 million in fiscal 2018.

Distribution and Marketing Expense. The decrease in distribution and marketing expense in fiscal 2019 is primarily due to lower theatrical P&A spending in fiscal 2019 on fewer Feature Film theatrical releases and lower home entertainment distribution and marketing expenses associated with lower home entertainment revenue, offset partially by increased theatrical P&A incurred in advance in fiscal 2019 for films to be released in future periods. The decrease was also, to a lesser extent, due to lower international distribution and marketing expenses associated with lower international revenue. In fiscal 2019, approximately $31.6 million of P&A was incurred in advance for films to be released in fiscal 2020, such as *Hellboy, Long Shot* and *John Wick: Chapter 3.* In fiscal 2018, approximately $10.3 million of P&A was incurred in advance for films to be released in fiscal 2019, such as *Uncle Drew, Traffik* and *The Spy Who Dumped Me.*

Gross Contribution. Gross contribution of the Motion Picture segment for fiscal 2019 decreased as compared to fiscal 2018, primarily due to a decrease in Motion Picture revenue.

General and Administrative Expense. General and administrative expenses of the Motion Picture segment decreased $7.6 million, or 6.7%, primarily due to decreases in incentive compensation and professional fees, partially offset by increases in rent and facilities costs.

Television Production

The table below sets forth Television Production gross contribution and segment profit for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,		Increase (Decrease)	
	2019	2018	Amount	Percent
	(Amounts in millions)			
Television Production Segment:				
Revenue	$920.9	$1,033.2	$(112.3)	(10.9)%
Expenses:				
Direct operating expense	774.5	842.2	(67.7)	(8.0)%
Distribution & marketing expense	36.8	39.7	(2.9)	(7.3)%
Gross contribution	109.6	151.3	(41.7)	(27.6)%
General and administrative expenses	43.5	40.3	3.2	7.9%
Segment profit	$ 66.1	$ 111.0	$ (44.9)	(40.5)%
Direct operating expense as a percentage of revenue	84.1%	81.5%		
Gross contribution as a percentage of revenue	11.9%	14.6%		

Revenue. The table below sets forth Television Production revenue and the changes in revenue by media for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,		Increase (Decrease)	
	2019	2018	Amount	Percent
	(Amounts in millions)			
Television Production				
Television	$655.8	$ 744.5	$ (88.7)	(11.9)%
International	136.0	179.6	(43.6)	(24.3)%
Home Entertainment Revenue				
Digital	66.9	96.3	(29.4)	(30.5)%
Packaged Media	7.6	11.2	(3.6)	(32.1)%
Total Home Entertainment Revenue	74.5	107.5	(33.0)	(30.7)%
Other	54.6	1.6	53.0	nm
	$920.9	$1,033.2	$(112.3)	(10.9)%

nm — Percentage not meaningful.

The primary component of Television Production revenue is domestic television revenue. Domestic television revenue decreased in fiscal 2019 as compared to fiscal 2018, primarily due to fewer television episodes delivered, and to a lesser extent, decreased license fees from unscripted television programs. These decreases were offset partially by increased revenues from the licensing of Starz original series in fiscal 2019 as compared to fiscal 2018.

International revenue in fiscal 2019 decreased $43.6 million, or 24.3%, as compared to fiscal 2018, due to lower revenue in fiscal 2019 for library television titles, such as *Weeds, Mad Men* and *Dirty Dancing*, lower revenue generated from a partial season delivered for *Nashville* Season 6 in fiscal 2019 as compared to episodes delivered for *Nashville* Season 5 and Season 6 in fiscal 2018, and a contribution of revenues from *Dear White People* Season 2 in fiscal 2018. The decrease in international revenue was also, to a lesser extent, due to lower revenues from the licensing of Starz original series in fiscal 2019 as compared to fiscal 2018.

Home entertainment revenue in fiscal 2019 decreased $33.0 million, or 30.7%, as compared to fiscal 2018, primarily driven by a significant contribution of revenues from a digital media licensing arrangement in fiscal 2018 for the Starz original series, *Power* Seasons 1 – 4.

Other revenue increased in fiscal 2019 as compared to fiscal 2018 due to revenue in fiscal 2019 from the May 29, 2018 acquisition of 3 Arts Entertainment.

Direct Operating Expense. Direct operating expense of the Television Production segment in fiscal 2019 decreased $67.7 million, or 8.0%, primarily driven by lower Television Production revenue. The increase in direct operating expenses as a percentage of television production revenue is primarily due to the mix of titles generating revenue in fiscal 2019 as compared to fiscal 2018.

Gross Contribution. Gross contribution and gross contribution margin of the Television Production segment for fiscal 2019 decreased as compared to fiscal 2018, primarily due to lower television production revenue and higher direct operating expenses as a percentage of television production revenue.

General and Administrative Expense. General and administrative expenses of the Television Production segment increased $3.2 million, or 7.9%, primarily due to increases in salaries and related expenses and to a lesser extent increases in professional fees and rent and facilities costs. Fiscal 2019 includes general and administrative expenses of 3 Arts Entertainment from the acquisition date of May 29, 2018.

Media Networks

The table below sets forth Media Networks gross contribution and segment profit for the fiscal years ended March 31, 2019 and 2018:

	Year Ended March 31,		Increase (Decrease)	
	2019	2018	Amount	Percent
	(Amounts in millions)			
<u>**Media Networks Segment:**</u>				
Revenue	$1,461.0	$1,411.2	$49.8	3.5%
Expenses:				
Direct operating expense	600.9	575.9	25.0	4.3%
Distribution & marketing expense	326.1	305.3	20.8	6.8%
Gross contribution	534.0	530.0	4.0	0.8%
General and administrative expenses	97.7	100.9	(3.2)	(3.2)%
Segment profit	$ 436.3	$ 429.1	$ 7.2	1.7%
Direct operating expense as a percentage of revenue	41.1%	40.8%		
Gross contribution as a percentage of revenue	36.6%	37.6%		

The following table sets forth the Media Networks segment profit by product line:

	Year Ended March 31, 2019				Year Ended March 31, 2018		
	Starz Networks	STARZPLAY International	Streaming Services	Total Media Networks	Starz Networks	Streaming Services	Total Media Networks
	(Amounts in millions)						
<u>**Media Networks Segment:**</u>							
Revenue	$1,440.9	$ 2.1	$ 18.0	**$1,461.0**	$1,404.1	$ 7.1	**$1,411.2**
Expenses:							
Direct operating expense	563.7	30.1	7.1	**600.9**	554.5	21.4	**575.9**
Distribution & marketing expense	303.1	5.2	17.8	**326.1**	288.3	17.0	**305.3**
Gross contribution	574.1	(33.2)	(6.9)	**534.0**	561.3	(31.3)	**530.0**
General and administrative expenses	86.1	7.2	4.4	**97.7**	93.3	7.6	**100.9**
Segment profit	$ 488.0	$(40.4)	$(11.3)	**$ 436.3**	$ 468.0	$(38.9)	**$ 429.1**

Revenue. The table below sets forth, for the periods presented, domestic subscriptions to our STARZ network:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Period End Subscriptions:		
STARZ	24.7	23.5

The increase in Media Networks revenue was driven by higher Starz Networks' revenue of $36.8 million due to a $27.5 million increase in effective rates and a $9.3 million increase due to higher average subscriptions primarily as a result of OTT revenue growth partially offset by declines in subscribers on traditional services. Revenue from STARZPLAY International increased with the launch of the STARZPLAY service in the United Kingdom, Germany, Canada and Spain. During fiscal 2019 and fiscal 2018, the following original series premiered on STARZ:

Year Ended March 31, 2019	Year Ended March 31, 2018
First Quarter:	**First Quarter:**
Howard's End	*The White Princess*
Sweetbitter Season 1	*American Gods* Season 1
Vida Season 1	*Power* Season 4
Wrong Man Season 1	
Second Quarter:	**Second Quarter:**
Power Season 5	*Survivor's Remorse* Season 4
America to Me	*Outlander* Season 3
Warriors of Liberty City	
Third Quarter:	**Third Quarter:**
Outlander Season 4	*The Girlfriend Experience* Season 2
Counterpart Season 2	
Fourth Quarter:	**Fourth Quarter:**
American Gods Season 2	*Counterpart* Season 1
Now Apocalypse Season 1	*Ash Vs. Evil Dead* Season 3

Direct Operating and Distribution and Marketing Expenses. Starz Networks' and STARZPLAY International direct operating and distribution and marketing expenses primarily represent programming cost amortization and advertising and marketing costs, respectively. The level of programing cost amortization and advertising and marketing costs and thus the gross contribution margin for the Media Networks segment can fluctuate from period to period depending on the number of new shows and particularly new original series premiering on the network during the period. Programming cost amortization and advertising and marketing costs generally increase in periods where new original series are premiering on STARZ. In addition, the launch of the STARZPLAY service by STARZPLAY International will result in an increase in expenses.

The increase in Media Networks direct operating expense is primarily due to Starz International direct operating expense in fiscal 2019, as a result of higher programming cost amortization related to the launch of STARZPLAY in the United Kingdom, Germany, Canada and Spain, with no comparable expense in fiscal 2018, and higher programming amortization related to our Starz Originals, partially offset by a decrease in programming cost amortization related to our programming output agreements. This increase was partially offset by decreased Streaming Services direct operating expense.

The increase in Media Networks distribution and marketing expense is primarily due to an increase in Starz Networks' OTT related operating and advertising and marketing costs, and increased spend on Starz Originals. In addition, fiscal 2019 included distribution and marketing expenses related to STARZPLAY International, with no comparable expense in fiscal 2018.

Gross Contribution. Gross contribution of the Media Networks segment for fiscal 2019 was primarily from Starz Networks. The increase in gross contribution compared to fiscal 2018 was due to higher gross contribution from Starz Networks and lower negative contributions from Streaming Services, which were mostly offset by the STARZPLAY International gross contribution loss in fiscal 2019.

General and Administrative Expense. General and administrative expenses of the Media Networks segment in fiscal 2019 decreased slightly from fiscal 2018, driven by a decrease in Starz Networks and Streaming Services, offset by general and administrative expenses in fiscal 2019 for STARZPLAY International. The decrease in Starz Networks was driven by a decrease in professional services.

Fiscal 2018 Compared to Fiscal 2017

Consolidated Results of Operations

The following table sets forth our consolidated results of operations for the fiscal years ended March 31, 2018 and 2017. Due to the Starz Merger, fiscal 2017 includes the results of operations from Starz from the acquisition date of December 8, 2016. R evenue from Starz across all segments was $1.65 billion for the fiscal year ended March 31, 2018, as compared to $483.2 million for the period from the acquisition date of December 8, 2016 to March 31, 2017.

	Year Ended March 31,		Increase (Decrease)	
	2018	2017	Amount	Percent
	(Amounts in millions)			
Revenues				
Motion Picture	$1,822.1	$1,920.6	$ (98.5)	(5.1)%
Television Production	1,033.2	892.8	140.4	15.7%
Media Networks	1,411.2	426.3	984.9	nm
Intersegment eliminations	(137.4)	(38.2)	(99.2)	nm
Total revenues	4,129.1	3,201.5	927.6	29.0%
Expenses:				
Direct operating	2,309.6	1,903.8	405.8	21.3%
Distribution and marketing	897.6	806.8	90.8	11.3%
General and administration	454.4	355.4	99.0	27.9%
Depreciation and amortization	159.0	63.1	95.9	152.0%
Restructuring and other	59.8	88.7	(28.9)	(32.6)%
Total expenses	3,880.4	3,217.8	662.6	20.6%
Operating income (loss)	248.7	(16.3)	265.0	nm
Interest expense	(193.7)	(115.2)	(78.5)	68.1%
Interest and other income	10.4	6.4	4.0	62.5%
Loss on extinguishment of debt	(35.7)	(40.4)	4.7	(11.6)%
Gain on investments	171.8	20.4	151.4	nm
Equity interests income (loss)	(52.8)	10.7	(63.5)	nm
Income (loss) before income taxes	148.7	(134.4)	283.1	(210.6)%
Income tax benefit	319.4	148.9	170.5	114.5%
Net income	468.1	14.5	453.6	nm
Less: Net loss attributable to noncontrolling interest	5.5	0.3	5.2	nm
Net income attributable to Lions Gate Entertainment Corp. shareholders	$ 473.6	$ 14.8	$458.8	nm

nm — Percentage not meaningful

Revenues. Consolidated revenues increased in fiscal 2018, due to the inclusion of Starz revenue for the entire fiscal year, as compared to the period from the acquisition date of December 8, 2016 to March 31, 2017 in fiscal 2017, and increased Television Production revenues, offset partially by decreases in Motion Picture revenues and increases in intercompany eliminations principally related to revenues in the Television Production segment. The Media Networks, Television Production and Motion Picture revenues in fiscal 2018 include $1,404.1 million, $121.3 million and $126.4 million, respectively, of third party revenues from Starz, as compared to $423.4 million, $30.3 million and $29.5 million, respectively, in fiscal 2017 from the date of acquisition.

The decrease in Motion Picture revenue was primarily due to decreases in theatrical and international revenue driven by our smaller theatrical slate (15 feature films released in fiscal 2018 compared to 18 in fiscal 2017). In addition, fiscal 2017 included significant theatrical and international contributions from *La La Land, Now You See Me 2* and *Deepwater Horizon*. These decreases were partially offset by an increase in Motion Picture home entertainment revenue, driven by a greater contribution in fiscal 2018 from the Starz third party distribution business as a result of the Starz Merger.

Direct Operating Expenses. Direct operating expenses by segment were as follows for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31,				Increase (Decrease)	
	2018		2017			
	Amount	% of Segment Revenues	Amount	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Direct operating expenses						
Motion Picture	$ 977.8	53.7%	$ 976.4	50.8%	$ 1.4	0.1%
Television Production	842.2	81.5	749.8	84.0	92.4	12.3%
Media Networks	575.9	40.8	186.6	43.8	389.3	208.6%
Other	45.6	nm	18.8	nm	26.8	142.6%
Intersegment eliminations	(131.9)	nm	(27.8)	nm	(104.1)	nm
	$2,309.6	55.9%	$1,903.8	59.5%	$ 405.8	21.3%

nm — Percentage not meaningful.

Direct operating expenses increased in fiscal 2018, primarily due to the inclusion of Starz expenses for the entire fiscal year. The increased Television Production direct operating expense was offset by the increase in intersegment eliminations primarily related to the elimination of Television Production direct operating expense. See further discussion in the Segment Results of Operations section below.

Other primarily consists of the amortization of the non-cash fair value adjustments on film and television assets associated with the application of purchase accounting related to recent acquisitions.

Distribution and Marketing Expenses. Distribution and marketing expenses by segment were as follows for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31,		Increase (Decrease)	
	2018	2017	Amount	Percent
	(Amounts in millions)			
Distribution and marketing expenses				
Motion Picture	$551.7	$706.4	$(154.7)	(21.9)%
Television Production	39.7	35.6	4.1	11.5%
Media Networks	305.3	64.4	240.9	nm
Other	0.9	0.4	0.5	nm
	$897.6	$806.8	$ 90.8	11.3%
U.S. theatrical P&A expense included in Motion Picture distribution and marketing expense	$319.1	$474.5	$(155.4)	(32.8)%

nm — Percentage not meaningful.

Distribution and Marketing expenses increased in fiscal 2018, due to the inclusion of distribution and marketing expenses from Starz in the Media Networks segment for the entire fiscal year, and slightly increased Television Production distribution and marketing expenses, offset partially by decreased Motion Picture theatrical P&A expenses. See further discussion in the Segment Results of Operations section below.

General and Administrative Expenses. General and administrative expenses by segment were as follows for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31,				Increase (Decrease)	
	2018	% of Revenues	2017	% of Revenues	Amount	Percent
	(Amounts in millions)					
General and administrative expenses						
Motion Picture	$113.2		$105.3		$ 7.9	7.5%
Television Production	40.3		32.1		8.2	25.5%
Media Networks	100.9		45.0		55.9	nm
Corporate	110.3		92.5		17.8	19.2%
	364.7	8.8%	274.9	8.6%	89.8	32.7%
Share-based compensation expense	83.6		75.5		8.1	10.7%
Purchase accounting and related adjustments	6.1		5.0		1.1	22.0%
Total general and administrative expenses	$454.4	11.0%	$355.4	11.1%	$99.0	27.9%

nm — Percentage not meaningful.

General and administrative expenses increased in fiscal 2018, resulting from the inclusion of general and administrative expense from Starz in the Media Networks segment for a full fiscal year, increased corporate general and administrative expenses, higher share-based compensation expense, and increased Motion Picture and Television Production general and administrative expense. See further discussion in the Segment Results of Operations section below.

Corporate general and administrative expenses increased primarily due to increases in professional fees and salaries and related expenses.

The increase in share-based compensation expense included in general and administrative expense is primarily due to compensation expense associated with the replacement of Starz share-based payment awards (see Note 2 to our consolidated financial statements). The following table reconciles this amount to total share-based compensation expense:

	Year Ended March 31,	
	2018	2017
	(Amounts in millions)	
Share-based compensation expense by expense category		
Other general and administrative expense	$83.6	$75.5
Restructuring and other(1)	2.9	2.4
Direct operating expense	1.1	1.2
Distribution and marketing expense	0.9	0.4
Total share-based compensation expense	$88.5	$79.5

(1) Represents share-based compensation expense included in restructuring and other expenses reflecting the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements.

Purchase accounting and related adjustments represent the charge for the accretion of the noncontrolling interest discount related to Pilgrim Media Group that is included in general and administrative expense (see Note 11 to our consolidated financial statements).

Depreciation and Amortization Expense. Depreciation and amortization of $159.0 million for fiscal 2018 increased $95.9 million from $63.1 million in fiscal 2017. The increase is primarily due to the depreciation and amortization associated with the property and equipment and intangible assets related to the Starz acquisition.

Restructuring and Other. Restructuring and other decreased $28.9 million, and includes restructuring and severance costs, certain transaction and related costs, and certain unusual items, when applicable. Restructuring and other costs were as follows for the fiscal years ended March 31, 2018 and 2017 (see Note 15 to our consolidated financial statements):

	Year Ended March 31,		Increase (Decrease)	
	2018	2017	Amount	Percent
	(Amounts in millions)			
Restructuring and other:				
Severance[1]				
Cash	$21.5	$26.7	$ (5.2)	(19.5)%
Accelerated vesting on equity awards (see Note 13)	2.9	2.4	0.5	20.8%
Total severance costs	24.4	29.1	(4.7)	(16.2)%
Transaction and related costs[2]	22.2	59.6	(37.4)	(62.8)%
Development expense[3]	13.2	—	13.2	nm
	$59.8	$88.7	$(28.9)	(32.6)%

nm — Percentage not meaningful.

(1) Severance costs in the fiscal years ended March 31, 2018 and 2017 were primarily related to restructuring activities in connection with recent acquisitions, and other cost-saving initiatives.

(2) Transaction and related costs in the fiscal years ended March 31, 2018 and 2017 reflect transaction, integration and legal costs incurred associated with certain strategic transactions. In fiscal 2018, these costs were primarily related to the sale of EPIX (see Note 5 to our consolidated financial statements), the legal fees associated with the Starz class action lawsuits and other matters, and the integration of Starz. In fiscal 2017, these costs were primarily related to the Starz Merger, the legal fees associated with the Starz class action lawsuits, and an arbitration award of $5.8 million and related legal expenses.

(3) Development expense in the fiscal year ended March 31, 2018 represents write-downs resulting from the restructuring of the Motion Picture business in connection with the acquisition of Good Universe and new management's decisions around the creative direction on certain development projects which were abandoned in the fiscal year.

Interest Expense. Interest expense of $193.7 million in fiscal 2018 increased $78.5 million from fiscal 2017, driven by the increase in debt in connection with the Starz Merger and interest accrued in connection with the dissenting shareholders' liability associated with the Starz Merger. The following table sets forth the components of interest expense for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31,	
	2018	2017
	(Amounts in millions)	
Interest Expense		
Cash Based:		
Revolving credit facilities	$ 3.9	$ 9.6
Term loans	78.4	46.7
5.875% Senior Notes	30.7	13.1
5.25% Senior Notes	—	8.1
Other	9.9	9.3
	122.9	86.8
Amortization of debt discount and financing costs	14.3	12.9
	137.2	99.7
Interest on dissenting shareholders' liability[1]	56.5	15.5
	$193.7	$115.2

(1) Represents interest accrued in connection with the previously outstanding dissenting shareholders' liability associated with the Starz Merger (see Note 2 to our consolidated financial statements).

Loss on Extinguishment of Debt. Loss on extinguishment of debt was \$35.7 million in fiscal 2018, primarily related to the March 2018 Senior Credit Facilities refinancing, the December 2017 Term Loan B refinancing, and other voluntary prepayments on the Previous Term Loan B. See Note 7 to our consolidated financial statements.

Loss on extinguishment of debt was \$40.4 million in fiscal 2017 related to the extinguishment of debt in connection with the Starz Merger financing in the third quarter of fiscal 2017, and the early repayment of \$400.0 million in principal amount on the Previous Term Loan B in the fourth quarter of fiscal 2017.

Gain on Investments. The following table sets forth the components of the gain on investments for fiscal 2018 and 2017 (see Note 5 to our consolidated financial statements):

	Year Ended March 31,	
	2018	2017
Impairments of investments(1)	\$ (29.2)	\$ —
Gain on sale of EPIX(2)	201.0	—
Gain on Starz investment(3)	—	20.4
	\$171.8	\$20.4

(1) Represents other-than-temporary impairments on our investments.

(2) Represents the gain recorded in connection with the May 11, 2017 sale of our 31.15% equity interest in EPIX.

(3) Represents the difference between the fair value and the original cost of the available-for-sale investment in equity securities of Starz held on the date of the Starz Merger (December 8, 2016).

Equity Interests Income (Loss). Equity interests loss of \$52.8 million in fiscal 2018 compared to equity interests income of \$10.7 million in fiscal 2017, driven by increased losses from other equity method investees and lower income from EPIX in fiscal 2018 due to the May 2017 sale of our equity interest in EPIX.

Income Tax Benefit. We had an income tax benefit of \$319.4 million in fiscal 2018, compared to a benefit of \$148.9 million in fiscal 2017. Our income tax benefit differs from the federal statutory rate multiplied by pre-tax income (loss) due to the mix of our pre-tax income (loss) generated across the various jurisdictions in which we operate and the tax deductions generated by our capital structure, which includes a favorable permanent book-tax difference in our Canadian jurisdiction for certain foreign affiliate dividends. Canadian tax law permits such dividends to be received without being subject to tax. In addition, our total income tax benefit of \$319.4 million in fiscal 2018 included a net benefit of \$259.1 million, consisting of a \$165.0 million benefit from the impact of the change in U.S. federal tax rates (see below) on our beginning net deferred tax liability balances, a benefit of \$162.3 million primarily for foreign affiliate dividends resulting from an internal capital restructuring in connection with our third party debt refinancing (see Note 7 to our consolidated financial statements), offset by charges of \$58.8 million and \$9.4 million from increases in our valuation allowance associated with certain U.S. and foreign deferred tax assets, respectively, that may not be realized on a more likely than not basis. The impact is reflected in Note 14 to our consolidated financial statements in the table that reconciles income taxes computed at U.S. statutory income tax rates to the income tax provision (benefit).

On December 22, 2017, the Tax Act was signed into law, making significant changes to the taxation of U.S. business entities. The Tax Act reduced the U.S. corporate income tax rate from 35% to 21%, imposed a one-time transition tax in connection with the move from a worldwide tax system to a territorial tax system, changed the ability to claim certain tax deductions, and included numerous other provisions. As we have a

March 31 fiscal year-end, the lower corporate income tax rate was phased in, resulting in a U.S. statutory federal rate of approximately 31.5% for our fiscal year ended March 31, 2018, and 21% for subsequent fiscal years. Our U.S. tax provision consists primarily of deferred tax benefits calculated at the 21% tax rate.

In fiscal 2018, we recorded provisional amounts reflecting reasonable estimates of the impact of the Tax Act, which included a $165.0 million income tax benefit related to the impact of the corporate income tax rate reduction on our net deferred tax liabilities. In addition, we made provisional estimates of other effects of the Tax Act, such as the tax effects of executive compensation, the one-time transition tax, net operating loss carryovers, foreign tax credits, and accelerated deductions for U.S. film costs. The estimated impact of the Tax Act was based on a preliminary review of the new law, subject to revision based upon further analysis and interpretation of the Tax Act. During the quarter ended December 31, 2018, we completed our analysis and our accounting for the Tax Act, and there were no material adjustments to our provisional estimates.

Net Income Attributable to Lions Gate Entertainment Corp. Shareholders. Net income attributable to our shareholders for the fiscal year ended March 31, 2018 was $473.6 million, or basic net income per common share of $2.27 on 208.4 million weighted average common shares outstanding and diluted net income per common share of $2.15 on 220.4 million weighted average common shares outstanding. This compares to net income attributable to our shareholders for the fiscal year ended March 31, 2017 of $14.8 million, or basic net income per common share of $0.09 on 165.0 million weighted average common shares outstanding and diluted net income per common share of $0.09 on 172.2 million common shares outstanding.

Segment Results of Operations

The segment results of operations presented below do not include the elimination of intersegment transactions which are eliminated when presenting consolidated results.

The Company's primary measure of segment performance is segment profit. Segment profit is defined as gross contribution (revenues, less direct operating and distribution and marketing expense) less segment general and administration expenses. Segment profit excludes corporate general and administrative expense, restructuring and other costs, share-based compensation, other than annual bonuses granted in immediately vested stock awards when applicable, certain programming and content charges as a result of management changes and associated strategy, and purchase accounting and related adjustments, when applicable. The Company believes the presentation of segment profit is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by the Company's management and enables them to understand the fundamental performance of the Company's businesses. The reconciliation of segment profit to the Company's consolidated income (loss) before income taxes is presented in Note 16 to the consolidated financial statements.

Motion Picture

The table below sets forth Motion Picture gross contribution and segment profit for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31, 2018	Year Ended March 31, 2017	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Amounts in millions)			
Motion Picture Segment:				
Revenue	$1,822.1	$1,920.6	$ (98.5)	(5.1)%
Expenses:				
Direct operating expense	977.8	976.4	1.4	0.1%
Distribution & marketing expense	551.7	706.4	(154.7)	(21.9)%
Gross contribution	292.6	237.8	54.8	23.0%
General and administrative expenses	113.2	105.3	7.9	7.5%
Segment profit	$ 179.4	$ 132.5	$ 46.9	35.4%
U.S. theatrical P&A expense included in distribution and marketing expense	$ 319.1	$ 474.5	$(155.4)	(32.8)%
Direct operating expense as a percentage of revenue	53.7%	50.8%		
Gross contribution as a percentage of revenue	16.1%	12.4%		

Revenue. The table below sets forth Motion Picture revenue by media and product category for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31, 2018			2017			
	Feature Film[(1)]	Other Than Feature Film[(2)]	Total	Feature Film[(1)]	Other Than Feature Film[(2)]	Total	Total Increase (Decrease)
	(Amounts in millions)						
Motion Picture Revenue							
Theatrical	$ 238.5	$ 42.9	$ 281.4	$ 353.7	$ 17.6	$ 371.3	$(89.9)
Home Entertainment							
Digital Media	206.1	167.6	373.7	192.7	111.2	303.9	69.8
Packaged Media	213.4	186.9	400.3	247.0	156.8	403.8	(3.5)
Total Home Entertainment	419.5	354.5	774.0	439.7	268.0	707.7	66.3
Television	220.2	58.3	278.5	238.7	40.4	279.1	(0.6)
International	356.2	100.5	456.7	439.7	94.1	533.8	(77.1)
Other	24.1	7.4	31.5	18.2	10.5	28.7	2.8
	$1,258.5	$563.6	$1,822.1	$1,490.0	$430.6	$1,920.6	$(98.5)

(1) **Feature Film:** Includes releases through our Lionsgate and Summit Entertainment film labels, which includes films developed and produced in-house, films co-developed and co-produced and films acquired from third parties.

(2) **Other Than Feature Film:** Includes direct-to-DVD motion pictures, acquired and licensed brands, third-party library product and ancillary-driven platform theatrical releases through our specialty films distribution labels including Lionsgate Premiere, through Good Universe, and with our equity method investees, Roadside Attractions and Pantelion Films, and other titles.

Theatrical revenue decreased $89.9 million, or 24.2%, in fiscal 2018 as compared to fiscal 2017, due to a smaller theatrical slate and the performance of the Feature Films released, which included a significant contribution in fiscal 2017 from *La La Land*.

Home entertainment revenue increased $66.3 million, or 9.4%, in fiscal 2018, as compared to fiscal 2017, primarily driven by increased home entertainment revenue from Other Than Feature Film of $86.5 million, partially offset by a decrease of $20.2 million of home entertainment revenue from our Feature Films. The increase in home entertainment revenue from Other Than Feature Film was driven by increased revenue from the Starz third party distribution business in fiscal 2018 (increase of $91.4 million as compared to fiscal 2017). The decrease in home entertainment revenue from our Feature Films was driven by lower packaged media revenue in fiscal 2018 from the smaller Fiscal 2018 theatrical slate, as compared to the packaged media revenue in fiscal 2017 from the Fiscal 2017 theatrical slate, partially offset by higher digital media revenue in fiscal 2018 from our Fiscal 2017 theatrical slate.

International motion picture revenue decreased $77.1 million, or 14.4%, in fiscal 2018, as compared to fiscal 2017, driven by our smaller Fiscal 2018 theatrical slate, and significant contributions in fiscal 2017 from *Now You See Me 2* and *Deepwater Horizon.*

Direct Operating Expense. The increase in direct operating expenses as a percentage of motion picture revenue was primarily driven by the change in the mix of titles and product categories generating revenue in fiscal 2018 as compared to fiscal 2017, and an increase in investment in film write-downs. Included in Motion Picture direct operating expenses are investment in film write-downs of approximately $33.6 million in fiscal 2018, compared to approximately $17.0 million in fiscal 2017.

Distribution and Marketing Expense. The decrease in distribution and marketing expense in fiscal 2018 is primarily due to lower theatrical P&A, driven by lower P&A spending in fiscal 2018 on fewer Feature Film theatrical releases. In fiscal 2018, approximately $10.3 million of P&A was incurred in advance for films to be released in fiscal 2019, such as *Uncle Drew, Traffik* and *The Spy Who Dumped Me.* In fiscal 2017, approximately $1.9 million of P&A was incurred in advance for films to be released in fiscal 2018, such as *All Eyez on Me, How to Be a Latin Lover* and *American Assassin.*

Gross Contribution. Gross contribution and gross contribution margin of the Motion Picture segment for fiscal 2018 increased as compared to fiscal 2017, primarily due to lower U.S. theatrical P&A as a percentage of Motion Picture revenue due to lower P&A spending on the fewer number of Feature Film releases in fiscal 2018, offset partially by higher direct operating expenses as a percentage of Motion Picture revenue.

General and Administrative Expense. General and administrative expenses of the Motion Picture segment increased $7.9 million, or 7.5%, primarily due to increases in salaries and related expenses and incentive compensation.

Television Production

The table below sets forth Television Production gross contribution and segment profit for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31,		Increase (Decrease)	
	2018	2017	Amount	Percent
	(Amounts in millions)			
Television Production Segment:				
Revenue	$1,033.2	$892.8	$140.4	15.7%
Expenses:				
Direct operating expense	842.2	749.8	92.4	12.3%
Distribution & marketing expense	39.7	35.6	4.1	11.5%
Gross contribution	151.3	107.4	43.9	40.9%
General and administrative expenses	40.3	32.1	8.2	25.5%
Segment profit	$ 111.0	$ 75.3	$ 35.7	47.4%
Direct operating expense as a percentage of revenue	81.5%	84.0%		
Gross contribution as a percentage of revenue	14.6%	12.0%		

Revenue. The table below sets forth Television Production revenue and the changes in revenue by media for the fiscal years ended March 31, 2018 and 2017:

	Year Ended March 31,		Increase (Decrease)	
	2018	2017	Amount	Percent
	(Amounts in millions)			
Television Production				
Television	$ 744.5	$667.3	$ 77.2	11.6%
International	179.6	163.2	16.4	10.0%
Home Entertainment Revenue				
Digital	96.3	50.1	46.2	92.2%
Packaged Media	11.2	6.3	4.9	77.8%
Total Home Entertainment Revenue	107.5	56.4	51.1	90.6%
Other	1.6	5.9	(4.3)	(72.9)%
	$1,033.2	$892.8	$140.4	15.7%

The primary component of Television Production revenue is domestic television revenue. Domestic television revenue increased in fiscal 2018, as compared to fiscal 2017, due to increased intersegment domestic television revenues from the Media Networks segment for Starz original series, slightly offset by lower domestic television license fees on new scripted television programs.

International revenue in fiscal 2018 increased $16.4 million, or 10.0% as compared to fiscal 2017, primarily driven by higher revenue in fiscal 2018 from Starz original series due to the inclusion of Starz for the entire fiscal year in fiscal 2018 compared to the period from the date of acquisition (December 8, 2016) through March 31, 2017 in fiscal 2017. This increase was partially offset by lower international revenue in fiscal 2018 from *Orange Is the New Black* Season 6, and *Step Up: High Water* Season 1, as compared to the international revenue generated in fiscal 2017 from *Orange Is the New Black* Seasons 4 & 5 and *Mad Men* Seasons 1 to 7.

Home entertainment revenue in fiscal 2018 increased $51.1 million, or 90.6% as compared to fiscal 2017, primarily driven by higher digital revenue from Starz original series due to the inclusion of Starz for the entire fiscal year in fiscal 2018 compared to the period from the date of acquisition (December 8, 2016) through March 31, 2017 in fiscal 2017.

Direct Operating Expense. The decrease in direct operating expenses as a percentage of television production revenue is primarily due to the mix of titles generating revenue in fiscal 2018 as compared to fiscal 2017.

Gross Contribution. Gross contribution and gross contribution margin of the Television Production segment for fiscal 2018 increased as compared to fiscal 2017, primarily due to higher Television Production revenues, and lower direct operating expenses as a percentage of Television Production revenue.

General and Administrative Expense. General and administrative expenses of the Television Production segment increased $8.2 million, or 25.5%, primarily due to increases in salaries and related expenses, incentive compensation and general and administrative expenses associated with the distribution of Starz Originals.

Media Networks

The table below sets forth Media Networks gross contribution and segment profit for the fiscal years ended March 31, 2018 and 2017. Media Networks was not previously a reportable segment prior to the quarter ended December 31, 2016, and in fiscal 2017, the results of operations in the Media Networks segment represent primarily activity related to Starz from the acquisition date of December 8, 2016 to March 31, 2017.

	Year Ended March 31,	
	2018	2017
	(Amounts in millions)	
Media Networks Segment:		
Revenue	$1,411.2	$426.3
Expenses:		
Direct operating expense	575.9	186.6
Distribution & marketing expense	305.3	64.4
Gross contribution	530.0	175.3
General and administrative expenses	100.9	45.0
Segment profit	$ 429.1	$130.3
Direct operating expense as a percentage of revenue	40.8%	43.8%
Gross contribution as a percentage of revenue	37.6%	41.1%

The following table sets forth the Media Networks segment revenue and segment profit by product line:

	Year Ended March 31,		Increase (Decrease)	
	2018	2017	Amount	Percent
	(Amounts in millions)			
Segment Revenue:				
Starz Networks	$1,404.1	$423.4	$980.7	nm
Streaming Services	7.1	2.9	4.2	144.8%
	$1,411.2	$426.3	$984.9	nm
Segment Profit:				
Starz Networks	$ 468.0	$165.9	$302.1	nm
Streaming Services	(38.9)	(35.5)	(3.4)	9.6%
	$ 429.1	$130.4	$298.7	229.1%

nm — Percentage not meaningful.

Revenue. The increase in Media Networks revenue in fiscal 2018 was due to the inclusion of Starz revenue for the entire fiscal year, as compared to the period from the acquisition date of December 8, 2016 to March 31, 2017 in fiscal 2017. The table below sets forth, for the periods presented, domestic subscriptions to our STARZ network:

	March 31, 2018	March 31, 2017
	(Amounts in millions)	
Period End Subscriptions:		
STARZ	23.5	24.2

Direct Operating and Distribution and Marketing Expenses. Starz Networks' direct operating and distribution and marketing expenses primarily represent programming cost amortization and advertising and marketing costs. The level of programing cost amortization and advertising and marketing costs and thus the gross contribution margin for the Media Networks segment can fluctuate from period to period depending on the number of new shows and particularly new original series premiering on the network during the period. Programming cost amortization and advertising and marketing costs generally increase in periods where new original series are premiering on STARZ. During fiscal 2018 and the period from the acquisition date of December 8, 2016 through March 31, 2017, the following original series premiered on STARZ:

Year Ended March 31, 2018	Period from December 8, 2016 (acquisition date) to March 31, 2017
First Quarter:	**First Quarter:**
The White Princess	n/a
American Gods Season 1	
Power Season 4	
Second Quarter:	**Second Quarter:**
Survivor's Remorse Season 4	n/a
Outlander Season 3	
Third Quarter:	**Third Quarter:**
The Girlfriend Experience Season 2	—
Fourth Quarter:	**Fourth Quarter:**
Counterpart Season 1	*Black Sails* Season 4
Ash Vs. Evil Dead Season 3	*The Missing* Season 2

Gross Contribution. Gross contribution of the Media Networks segment for fiscal 2018 was primarily from Starz Networks.

General and Administrative Expense. General and administrative expenses of the Media Networks segment in fiscal 2018 of $100.9 million represent general and administrative expenses associated with Starz Networks and Streaming Services. In fiscal 2017, general and administrative expenses of $45.0 million represent general and administrative expenses associated with Starz Networks from the acquisition date of December 8, 2016 to March 31, 2017, and general and administrative expenses from Streaming Services.

Media Networks Supplemental Pro Forma Financial Information:

The following table sets forth the Media Networks segment profit on a pro forma basis as if the Starz Merger occurred on April 1, 2016:

	Year Ended March 31, 2018	Year Ended March 31, 2017	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Amounts in millions)			
Media Networks Segment:				
Revenue	$1,411.2	$1,377.7	$ 33.5	2.4%
Expenses:				
Direct operating expense	575.9	632.4	(56.5)	(8.9)%
Distribution & marketing expense	305.3	184.6	120.7	65.4%
Gross contribution	530.0	560.7	(30.7)	(5.5)%
General and administrative expenses	100.9	122.5	(21.6)	(17.6)%
Segment profit	$ 429.1	$ 438.2	$ (9.1)	(2.1)%
Direct operating expense as a percentage of revenue	40.8%	45.9%		
Gross contribution as a percentage of revenue	37.6%	40.7%		

NOTE: *The pro forma amounts above were determined by combining the historical financial information of Lionsgate and Starz for each respective period and applying the acquisition related accounting. However, the* *effects of purchase accounting are not part of the definition of segment profit, and have been excluded accordingly. In addition, the pro forma information does not apply any operating costs synergies. The amounts are presented for illustrative purposes and are not necessarily indicative of the combined financial results that might have been achieved for the periods had the acquisition taken place on April 1, 2016, nor are they indicative of the future combined results of Lionsgate and Starz.*

The following table sets forth the Media Networks segment revenue and segment profit by product line on a pro forma basis:

	Year Ended March 31,		Increase (Decrease)	
	2018	2017	Amount	Percent
	(Amounts in millions)			
Segment Revenue:				
Starz Networks	$1,404.1	$1,374.8	$29.3	2.1%
Streaming Services	7.1	2.9	4.2	144.8%
	$1,411.2	$1,377.7	$33.5	2.4%
Segment Profit:				
Starz Networks	$ 468.0	$ 473.7	$ (5.7)	(1.2)%
Streaming Services[1]	(38.9)	(35.5)	(3.4)	9.6%
	$ 429.1	$ 438.2	$ (9.1)	(2.1)%

Revenue. The increase in pro forma Starz Networks revenue was due to a $52.1 million increase due to higher effective rates primarily driven by OTT revenue growth, partially offset by a $22.8 million decrease due to lower average subscriptions related to subscriber losses at certain MVPDs. During fiscal 2018 and fiscal 2017, the following original series premiered on STARZ.

Year Ended March 31, 2018	Year Ended March 31, 2017
First Quarter:	**First Quarter:**
The White Princess	*Outlander* Season 2
American Gods Season 1	*The Girlfriend Experience* Season 1
Power Season 4	
Second Quarter:	**Second Quarter:**
Survivor's Remorse Season 4	*Power* Season 3
Outlander Season 3	*Survivor's Remorse* Season 4
Third Quarter:	**Third Quarter:**
The Girlfriend Experience Season 2	*Ash Vs. Evil Dead* Season 2
	Blunt Talk Season 2
Fourth Quarter:	**Fourth Quarter:**
Counterpart Season 1	*Black Sails* Season 4
Ash Vs. Evil Dead Season 3	*The Missing* Season 2

Direct Operating and Distribution and Marketing Expense. The decrease in pro forma direct operating expense is primarily due to lower costs for Starz Networks, driven by decreased programming cost amortization related to output licensing arrangements and Starz Originals, partially offset by an increase in programming cost amortization related to library content and higher development costs. This decrease was partially offset by an increase in direct operating expense for Streaming Services.

The increase in pro forma distribution and marketing expense is due to an increase in Starz Networks' advertising and marketing costs associated with the STARZ app and increased spend on Starz Originals, and to a lesser extent, due to an increase in distribution and marketing expense for Streaming Services.

Gross Contribution. On a pro forma basis, the decrease in gross contribution of the Media Networks segment was primarily due to lower gross contribution from Starz Networks, and to a lesser extent, lower gross contribution from Streaming Services.

General and Administrative Expense. Pro forma general and administrative expenses of the Media Networks segment in fiscal 2018 decreased due to lower Starz Networks general and administrative expenses primarily attributable to lower payroll and related expenses due to prior year headcount reductions, and a slight decrease in costs associated with Streaming Services.

Liquidity and Capital Resources

Sources and Uses of Cash

Our liquidity and capital resources have been provided principally through cash generated from operations, debt, and our production loans. Our debt at March 31, 2019 primarily consisted of a $1.5 billion five-year revolving credit facility entered into on March 22, 2018 (the "Revolving Credit Facility"), a five-year term loan A facility issued March 22, 2018 (the "Term Loan A"), a seven-year term loan B facility issued March 22, 2018 (the "Term Loan B", and, together with the Revolving Credit Facility and the Term Loan A, the "Senior Credit Facilities"), 5.875% senior notes due 2024 (the "5.875% Senior Notes"), and 6.375% Senior Notes due 2024 (the "6.375% Senior Notes").

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

In addition, the Company has a redeemable noncontrolling interest balance of $127.6 million related to its acquisition of a controlling interest in Pilgrim Media Group and 3 Arts Entertainment, which may require the use of cash in the event the holders of the noncontrolling interests require the Company to repurchase their interests (see Note 11 to our consolidated financial statements).

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

Anticipated Cash Requirements. The nature of our business is such that significant initial expenditures are required to produce, acquire, distribute and market films and television programs, while revenues from these films and television programs are earned over an extended period of time after their completion or acquisition. We believe that cash flow from operations, cash on hand, revolving credit facility availability, the monetization of trade accounts receivable, 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 and programming rights acquisitions and theatrical and video release schedules, and future equity or cost method investment funding requirements, and the purchase of common shares under our share repurchase program. We monitor our cash flow liquidity, availability, fixed charge coverage, capital base, film spending and leverage ratios with the long-term goal of maintaining our credit worthiness.

Our current financing strategy is to fund operations and to leverage investment in films and television programs through our cash flow from operations, our revolving credit facility, single-purpose production financing, government incentive programs, film funds, distribution commitments, and the monetization of trade accounts receivable. 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.

Covenants. The Senior Credit Facilities contain representations and warranties, events of default and affirmative and negative covenants that are customary for similar financings and which include, among other things and subject to certain significant exceptions, restrictions on the ability to declare or pay dividends, create liens, incur additional indebtedness, make investments, dispose of assets and merge or consolidate with any other person. In addition, a net first lien leverage maintenance covenant and an interest coverage ratio maintenance covenant apply to the Revolving Credit Facility and the Term Loan A and are tested quarterly. As of March 31, 2019, the Company was in compliance with all applicable covenants.

The 5.875% Senior Notes and 6.375% Senior Notes contain certain restrictions and covenants that, subject to certain exceptions, limit the Company's ability to incur additional indebtedness, pay dividends or repurchase the Company's common shares, make certain loans or investments, and sell or otherwise dispose of certain assets subject to certain conditions, among other limitations. As of March 31, 2019, the Company was in compliance with all applicable covenants.

Share Repurchase Plan. On February 2, 2016, our Board of Directors authorized to increase our previously announced share repurchase plan from $300 million to $468 million. To date, approximately $283.2 million of our common shares have been purchased under the plan, leaving approximately $184.7 million of authorized potential purchases. The remaining $184.7 million of our common shares authorized under the plan may be purchased from time to time at our discretion, including quantity, timing and price thereof, and will be subject to market conditions. Such purchases will be structured as permitted by securities laws and other legal requirements. We did not repurchase any shares during the fiscal year ended March 31, 2019.

Dividends. The amount of dividends, if any, that we pay to our shareholders is determined by our Board of Directors, at its discretion, and is dependent on a number of factors, including our financial position, results of operations, cash flows, capital requirements and restrictions under our credit agreements, and shall be in compliance with applicable law. In November 2018, our Board of Directors suspended our quarterly cash dividend to focus on driving long-term shareholder value by investing in global growth opportunities for Starz, while also strengthening the Company's balance sheet.

Capacity to Pay Dividends. At March 31, 2019, the capacity to pay dividends under the Senior Credit Facilities and the 5.875% Senior Notes and 6.375% Senior Notes significantly exceeded the amount of the Company's retained earnings or net loss, and therefore the Company's net loss of $299.6 million and retained earnings of $208.7 million were deemed free of restrictions at March 31, 2019.

Discussion of Operating, Investing, Financing Cash Flows

Cash and cash equivalents decreased by $193.5 million for the fiscal year ended March 31, 2019, increased by $56.6 million for the fiscal year ended March 31, 2018, and increased by $263.3 million for the fiscal year ended March 31, 2017, before foreign exchange effects on cash. Components of these changes are discussed below in more detail.

Operating Activities. Cash flows provided by (used in) operating activities for the fiscal years ended March 31, 2019, 2018 and 2017 were as follows:

	Year Ended March 31,			Net Change	
	2019	**2018**	**2017**	**2019 vs. 2018**	**2018 vs. 2017**
	(Amounts in millions)				
Operating Activities:					
Operating income (loss)	$ 130.0	$ 248.7	$ (16.3)	$(118.7)	$ 265.0
Amortization of films and television programs and program rights	1,516.5	1,641.7	1,414.0	(125.2)	227.7
Non-cash share-based compensation	68.1	88.4	76.9	(20.3)	11.5
Cash interest	(152.0)	(122.9)	(86.8)	(29.1)	(36.1)
Current income tax provision	(15.1)	19.9	(14.5)	(35.0)	34.4
Shareholder litigation settlement charges and interest	(221.3)	—	—	(221.3)	—
Other non-cash charges included in operating activities	201.5	189.5	87.8	12.0	101.7
Cash flows from operations before changes in operating assets and liabilities	1,527.7	2,065.3	1,461.1	(537.6)	604.2
Changes in operating assets and liabilities:					
Accounts receivable, net and other assets	470.8	(8.6)	(87.8)	479.4	79.2
Investment in films and television programs and program rights	(1,469.9)	(1,526.4)	(1,092.0)	56.5	(434.4)
Other changes in operating assets and liabilities	(101.1)	(143.9)	277.2	42.8	(421.1)
Changes in operating assets and liabilities	(1,100.2)	(1,678.9)	(902.6)	578.7	(776.3)
Net Cash Flows Provided By Operating Activities	$ 427.5	$ 386.4	$ 558.5	$ 41.1	$(172.1)

Fiscal 2019 as Compared to Fiscal 2018. Cash flows provided by operating activities for the fiscal year ended March 31, 2019 were $427.5 million compared to cash flows provided by operating activities of $386.4 million for the fiscal year ended March 31, 2018. The increase in cash provided by operating activities for fiscal 2019 as compared to fiscal 2018 is due to lower cash used from changes in operating assets and liabilities driven by higher decreases in accounts receivable and other assets, and lower investment in films and television programs and program rights spend. The higher decreases in accounts receivables were impacted by the $350.6 million monetization of accounts receivables (see Note 19 to our consolidated financial statements) which contributed to the cash flows provided by operating activities. These increases were partially offset by lower cash flows from operations before changes in operating assets and liabilities, which includes the portion of the shareholder litigation settlement and dissenting shareholders' liability payments in excess of the amounts originally accrued at the acquisition date associated with the Starz merger which are included in the financing activities section below. Cash flows provided by operating activities and cash on hand were primarily used to pay down debt.

Fiscal 2018 as Compared to Fiscal 2017. Cash flows provided by operating activities for the fiscal year ended March 31, 2018 were $386.4 million compared to cash flows provided by operating activities of $558.5 million for the fiscal year ended March 31, 2017. The decrease in cash provided by operating activities for fiscal 2018 as compared to fiscal 2017 is due to higher investment in films and television program and program rights and decreases from changes in other operating assets and liabilities. These decreases were partially offset by higher cash flows from operations before changes in operating assets and liabilities and lower increases in accounts receivables.

Investing Activities. Cash flows provided by (used in) investing activities for the fiscal years ended March 31, 2019, 2018 and 2017 were as follows:

	Year Ended March 31,		
	2019	**2018**	**2017**
	(Amounts in millions)		
Investing Activities:			
Proceeds from the sale of equity method investees, net of transaction costs	$ 48.0	$393.7	$ —
Investment in equity method investees	(48.6)	(53.4)	(20.6)
Distributions from equity method investees	—	—	3.1
Business acquisitions, net of cash acquired of $5.5, $18.7, and $73.5 in 2019, 2018 and 2017, respectively	(77.3)	(1.8)	(1,102.6)
Capital expenditures	(43.8)	(45.9)	(25.2)
Net Cash Flows Provided By (Used In) Investing Activities	$(121.7)	$292.6	$(1,145.3)

Fiscal 2019 as Compared to Fiscal 2018. Cash used in investing activities of $121.7 million for the fiscal year ended March 31, 2019 compared to cash provided by investing activities of $292.6 million for the fiscal year ended March 31, 2018, as reflected above. The change was primarily due to cash used for the purchase of 3 Arts Entertainment, net of cash acquired, offset partially by the net proceeds from the sale of our equity interest in Pop in fiscal 2019, which compared to the net proceeds from the sale of our equity interest in EPIX in fiscal 2018.

Fiscal 2018 as Compared to Fiscal 2017. Cash provided by investing activities of $292.6 million for the fiscal year ended March 31, 2018 compared to cash used in investing activities of $1.15 billion for the fiscal year ended March 31, 2017, as reflected above. The change was primarily due to proceeds from the sale of our equity interest in EPIX in fiscal 2018 offset partially by cash used for investment in equity method investees, compared to cash used for the purchase of Starz of $1.1 billion, net of cash acquired, in fiscal 2017.

Financing Activities. Cash flows provided by (used in) financing activities for the fiscal years ended March 31, 2019, 2018 and 2017 were as follows:

	Year Ended March 31,		
	2019	**2018**	**2017**
	(Amounts in millions)		
Debt – borrowings	$ 3,541.2	$ 3,712.6	$ 4,002.8
Debt – repayments	(3,212.7)	(4,335.7)	(2,766.9)
Net (repayments of) proceeds from debt	328.5	(623.1)	1,235.9
Production loans – borrowings	338.1	319.7	296.0
Production loans – repayments	(305.4)	(332.8)	(632.6)
Net (repayments of) proceeds from production loans	32.7	(13.1)	(336.6)
Payment of dissenter liability accrued at acquisition	(797.3)	—	—
Other financing activities	(63.2)	13.8	(49.2)
Net Cash Flows Provided By (Used In) Financing Activities	$ (499.3)	$ (622.4)	$ 850.1

Fiscal 2019. Cash flows used in financing activities of $499.3 million for the fiscal year ended March 31, 2019 compared to cash flows used in financing activities of $622.4 million for the fiscal year ended March 31, 2018. Cash flows used in financing activities for fiscal 2019 primarily reflects the payment of the dissenting shareholders' liability accrued at acquisition associated with the Starz merger (see Note 17 to our consolidated financial statements), net debt borrowings of $328.5 million, net production loan borrowings of $32.7 million, and cash paid for dividends of $57.4 million. Net debt borrowings of $328.5 million in fiscal 2019 included the below transactions:

- On February 4, 2019 we issued $550.0 million aggregate principal amount of 6.375% Senior Notes. We used the proceeds of the 6.375% Senior Notes to pay down outstanding amounts under our Revolving Credit Facility and for working capital purposes.
- On April 15, 2018, the 1.25% convertible senior subordinated notes due April 2018 (the "April 2013 1.25% Notes") matured, and upon maturity, we repaid the outstanding principal amount of $60.0 million, together with accrued and unpaid interest.
- Voluntary prepayments totaling $130.0 million in principal outstanding under the Term Loan B, together with accrued and unpaid interest.

Fiscal 2018. Cash flows used in financing activities of $622.4 million for the fiscal year ended March 31, 2018 compared to cash flows provided by financing activities of $850.1 million for the fiscal year ended March 31, 2017. Cash flows used in financing activities for the fiscal year ended March 31, 2018 primarily reflects net repayments of debt borrowings of $623.1 million, net production loan repayments of $13.1 million, and cash provided by other financing activities, which includes proceeds from the exercise of stock options partially offset by tax withholding payments. Net repayments of debt borrowings of $623.1 million in fiscal 2018 included the below transactions:

- On March 22, 2018, the Company entered into an amendment to the Credit Agreement (as amended, the "Amended Credit Agreement") to refinance its Previous Revolving Credit Facility, Previous Term Loan A and Previous Term Loan B. In connection with the amendment, the Company repaid in full the then outstanding principal amounts of $950.0 million under the Previous Term Loan A and $825.0 million under the Previous Term Loan B, and terminated all commitments under the Previous Revolving Credit Facility. In addition, the Company incurred a new five-year Term Loan A in aggregate principal amount of $750.0 million, incurred a new seven-year Term Loan B in aggregate principal amount of $1,250.0 million, and obtained a new $1.5 billion five-year Revolving Credit Facility. This resulted in net borrowings of $225.0 million.
- On December 11, 2017, the Company entered into an amendment to the Credit Agreement to reduce the interest rate on the Previous Term Loan B and prepaid $25.0 million of principal outstanding under the Previous Term Loan B.
- Voluntary prepayments totaling $740.0 million in principal outstanding under the Previous Term Loan B, together with accrued and unpaid interest.

Fiscal 2017. Cash flows provided by financing activities of $850.1 million for the fiscal year ended March 31, 2017 primarily reflects net debt borrowings of $1,235.9 million primarily in connection with the Starz Merger, net production loan repayments of $336.6 million and cash used for other financing activities, which includes dividend payments of $26.8 million and payments for tax withholding of $40.9 million required on equity awards. Net debt borrowings of $1,235.9 million in fiscal 2017 included the below transactions:

- In connection with the Starz Merger, on December 8, 2016, Lions Gate Entertainment Corp. entered into a credit and guarantee agreement (the "Credit Agreement") which provided for a $1.0 billion five-year revolving credit facility (the "Previous Revolving Credit Facility") (ii) a $1.0 billion five-year term loan A facility (the "Previous Term Loan A") and (iii) a $2.0 billion seven-year term loan B facility (the "Previous Term Loan B"). In addition, on October 27, 2016, Lions Gate Entertainment Corp. issued $520.0 million aggregate principal amount of 5.875% senior notes due 2024 (the "5.875% Senior Notes").

The Company used the proceeds of the 5.875% Senior Notes, the Previous Term Loan A, the Previous Term Loan B, and a portion of the Previous Revolving Credit Facility (amounting to $50.0 million) to finance a portion of the consideration and transaction costs for the Starz Merger and the associated transactions, including the discharge of Starz's senior notes and repayment of all amounts outstanding under Starz's credit agreement.

- Voluntary prepayments totaling $400.0 million in principal outstanding under the Previous Term Loan B, together with accrued and unpaid interest.

Debt

See Note 7 to our consolidated financial statements for a discussion of our debt. The principal amounts of our debt outstanding, excluding film obligations and production loans, as of March 31, 2019 and March 31, 2018 were as follows:

		Principal Amounts Outstanding	
	Maturity Date	March 31, 2019	March 31, 2018
		(Amounts in millions)	
Revolving Credit Facility[1]	March 2023	$ —	$ —
Term Loan A[1][2]	March 2023	750.0	750.0
Term Loan B[1][2]	March 2025	1,107.5	1,250.0
5.875% Senior Notes[3]	November 2024	520.0	520.0
6.375% Senior Notes[3]	February 2024	550.0	—
Convertible senior subordinated notes	n/a	—	60.0
Capital lease obligations[4]	Various	45.4	50.5
		$2,972.9	$2,630.5

(1) ***Senior Credit Facilities (Revolving Credit Facility, Term Loan A and Term Loan B):***

(i) *Revolving Credit Facility Availability of Funds & Commitment Fee:* The Revolving Credit Facility provides for borrowings and letters of credit up to an aggregate of $1.5 billion, and at March 31, 2019 there was $1.5 billion available. We are required to pay a quarterly commitment fee on the Revolving Credit Facility of 0.250% to 0.375% per annum, depending on the achievement of certain leverage ratios, as defined in the Amended Credit Agreement, on the total Revolving Credit Facility of $1.5 billion less the amount drawn.

(ii) *Interest:*

- *Revolving Credit Facility and Term Loan A:* Initially bore interest at a rate per annum equal to LIBOR plus 1.75% (or an alternative base rate plus 0.75%) margin, with a LIBOR floor of zero. The margin is subject to potential increases of up to 50 basis points (two (2) increases of 25 basis points each) upon certain increases to net first lien leverage ratios, as defined in the Amended Credit Agreement. The margin as of March 31, 2019 is 2.00% (effective interest rate of 4.49% as of March 31, 2019, before the impact of interest rate swaps, see item (2) discussed below).

- *Term Loan B:* As of March 22, 2018, pursuant to the Amended Credit Agreement described below, the Term Loan B bears interest at a rate per annum equal to LIBOR plus 2.25% margin, with a LIBOR floor of zero (or an alternative base rate plus 1.25% margin) (effective interest rate of 4.74% as of March 31, 2019, before the impact of interest rate swaps, see item (2) discussed below).

(iii) *Required Principal Payments:*

- *Term Loan A:* Quarterly principal payments, at quarterly rates of 1.25% beginning June 30, 2019, 1.75% beginning June 30, 2020, and 2.50% beginning June 30, 2021 through December 31, 2022, with the balance payable at maturity.

- *Term Loan B:* Quarterly principal payments, at a quarterly rate of 0.25%, with the balance payable at maturity.

  The Term Loan A and Term Loan B also require mandatory prepayments in connection with certain asset sales, subject to certain significant exceptions, and the Term Loan B is subject to additional mandatory repayment from specified percentages of excess cash flow, as defined in the Amended Credit Agreement.

(iv) *Security and Covenants:* The Senior Credit Facilities are guaranteed by the Guarantors (as defined in the Amended Credit Agreement) and are secured by a security interest in substantially all of the assets of Lionsgate and the Guarantors (as defined in the Amended Credit Agreement), subject to certain exceptions. The Senior Credit Facilities contain a number of restrictions and covenants. In addition, a net first lien leverage maintenance covenant and an interest coverage ratio maintenance covenant apply to the Revolving Credit Facility and the Term Loan A and are tested quarterly. As of March 31, 2019, we were in compliance with all applicable covenants.

(2) To manage interest rate risk on certain of its LIBOR-based floating-rate corporate debt, as of March 31, 2019, the Company has entered into interest rate swaps to effectively convert the floating interest rates to fixed interest rates on a $1.7 billion notional amount, which as of March 31, 2019, converts the effective rate on $1.7 billion of our LIBOR-based corporate debt to 4.987% (see Note 18 for further information).

(3) ***5.875% Senior Notes and 6.375% Senior Notes:*** The 5.875% Senior Notes and 6.375% Senior Notes contain a number of restrictions and covenants, and as of March 31, 2019, we were in compliance with all applicable covenants. Interest is payable each year at a rate of 5.875% per year on the 5.875% Senior Notes and at a rate of 6.375% on the 6.375% Senior Notes.

(4) ***Capital Lease Obligations:*** Represents lease agreements acquired in the Starz merger, and as of March 31, 2019 include a ten-year commercial lease for a building with an imputed annual interest rate of 7.2%, with an additional four successive five-year renewal periods at our option and a capital lease arrangement for Starz's transponder capacity that expires in February 2021 and has an imputed annual interest rate of 7.0%.

Production Loans

The amounts outstanding under our production loans as of March 31, 2019 and 2018 were as follows:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Production loans[1]	$386.4	$352.9

(1) Represents individual loans for the production of film and television programs that we produce. Production loans have contractual repayment dates either at or near the expected film or television program completion date, with the exception of certain loans containing repayment dates on a longer term basis, and incur interest at rates ranging from 4.63% to 5.29%.

Table of Debt and Contractual Commitments

The following table sets forth our future annual repayment of debt, and our contractual commitments as of March 31, 2019:

	Year Ended March 31,						
	2020	2021	2022	2023	2024	Thereafter	Total
	(Amounts in millions)						
Future annual repayment of debt and other obligations recorded as of March 31, 2019 (on-balance sheet arrangements)							
Revolving credit facility	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Term Loan A	37.5	52.5	75.0	585.0	—	—	750.0
Term Loan B	12.5	12.5	12.5	12.5	12.5	1,045.0	1,107.5
5.875% Senior Notes	—	—	—	—	—	520.0	520.0
6.375% Senior Notes	—	—	—	—	550.0	—	550.0
Film obligations and production loans(1)	513.6	118.1	13.9	7.0	3.0	1.1	656.7
Capital lease obligations	3.0	3.0	0.9	0.9	1.0	36.6	45.4
	566.6	186.1	102.3	605.4	566.5	1,602.7	3,629.6
Contractual commitments by expected repayment date (off-balance sheet arrangements)							
Film obligation and production loan commitments(2)	648.6	225.4	108.7	32.0	8.8	5.6	1,029.1
Interest payments(3)	154.3	151.6	148.1	144.1	112.8	104.6	815.5
Operating lease commitments	37.2	36.5	35.8	35.5	20.1	52.3	217.4
Other contractual obligations	128.8	44.5	26.2	10.7	0.9	—	211.1
	968.9	458.0	318.8	222.3	142.6	162.5	2,273.1
Total future repayment of debt and other commitments under contractual obligations(4)	$1,535.5	$644.1	$421.1	$827.7	$709.1	$1,765.2	$5,902.7

(1) Film obligations include minimum guarantees, theatrical marketing obligations, and accrued licensed program rights obligations. Production loans represent loans for the production of film and television programs that we produce. Repayment dates are based on anticipated delivery or release date of the related film or contractual due dates of the obligation.

(2) Film obligation commitments include distribution and marketing commitments, minimum guarantee commitments, and program rights commitments. Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which we will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film. Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future. Program rights commitments represent contractual commitments under programming license agreements related to films that are not available for exhibition until some future date (see below for further details). Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or release dates of the related film or contractual due dates of the commitment. The amounts include estimated future interest payments associated with the commitment.

(3) Includes cash interest payments on our debt, excluding the interest payments on the revolving credit facility as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

(4) Not included in the amounts above are $127.6 million of redeemable noncontrolling interest, as future amounts and timing are subject to a number of uncertainties such that we are unable to make sufficiently reliable estimations of future payments (see Note 11 to our consolidated financial statements).

We are obligated to pay programming fees for all qualifying films that are released theatrically in the U.S. by Sony's Columbia Pictures, Screen Gems, Sony Pictures Classics and TriStar labels through 2021. We do not license films produced by Sony Pictures Animation. The programming fees to be paid by us to Sony are based on the quantity and domestic theatrical exhibition receipts of qualifying films. Since the term of the output programming agreement with Sony applies to all films released theatrically through December 31, 2021, the Company is obligated to pay fees for films that have not yet been released in theaters. We are unable to estimate the amounts to be paid under these agreements for films that have not yet been released in theaters, however, such amounts are expected to be significant. We have also entered into agreements with a number of other motion picture producers and are obligated to pay fees for the rights to exhibit certain films that are released by these producers.

For additional details of commitments and contingencies, see Note 17 to our consolidated financial statements.

Remaining Performance Obligations and Backlog

Remaining performance obligations represent deferred revenue on the balance sheet plus fixed fee or minimum guarantee contracts where the revenue will be recognized and the cash received in the future (i.e., backlog). As disclosed in Note 12 to our consolidated financial statements, remaining performance obligations were $1.8 billion at March 31, 2019. The backlog portion of remaining performance obligations (excluding deferred revenue) related to our Motion Picture and Television Production segments was $1.2 billion at March 31, 2019 and March 31, 2018, respectively.

Off-Balance Sheet Arrangements

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

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

Currency and Interest Rate Risk Management

Market risks relating to our operations result primarily from changes in interest rates and changes in foreign currency exchange rates. Our exposure to interest rate risk results from the financial debt instruments that arise from transactions entered into during the normal course of business. As part of our overall risk management program, we evaluate and manage our exposure to changes in interest rates and currency exchange risks on an ongoing basis. Hedges and derivative financial instruments will continue to 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 and tax credit receivables denominated in various foreign currencies (i.e., cash flow hedges). We also enter into forward foreign exchange contracts that economically hedge certain of our foreign currency risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. As of March 31, 2019, we had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 12 months from March 31, 2019):

March 31, 2019				
Foreign Currency	**Foreign Currency Amount**		**US Dollar Amount**	**Weighted Average Exchange Rate Per $1 USD**
	(Amounts in millions)		**(Amounts in millions)**	
British Pound Sterling	£5.0	in exchange for	$ 7.2	£0.69
Canadian Dollar	C$20.7	in exchange for	$16.2	C$1.28
Australian Dollar	A$3.5	in exchange for	$ 2.7	A$1.27
Mexican Peso	$108.3	in exchange for	$ 5.6	$19.30

Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that qualified as effective hedge contracts outstanding during the fiscal year ended March 31, 2019 were $1.1 million, net of tax (2018 — losses of $0.2 million, net of tax; 2017 — losses of $3.5 million, net of tax), and are included in accumulated other comprehensive loss, a separate component of shareholders' equity. Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that did not qualify as effective hedge contracts outstanding during the year ended March 31, 2019 were less than $0.1 million (2018 — $0.1 million; 2017 — nil) and are included in direct operating expenses in the accompanying consolidated statements of operations. These contracts are entered into with major financial institutions as counterparties. We are exposed to credit loss in the event of nonperformance by the counterparty, which is limited to the cost of replacing the contracts, at current market rates. We do not require collateral or other security to support these contracts. See Note 18 to our consolidated financial statements for additional information on our financial instruments.

Interest Rate Risk. At March 31, 2019, we had interest rate swap agreements to fix the interest rate on $1.7 billion of variable rate LIBOR-based debt. See Note 18 to our consolidated financial statements for additional information. The difference between the fixed rate to be paid and the variable rate received under the terms of the interest rate swap agreements will be recognized as interest expense for the related debt. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows.

Certain of our borrowings, primarily borrowings under our Senior Credit Facilities and certain production loans, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. The applicable margin with respect to loans under the revolving credit facility and Term Loan A is a percentage per annum equal to a LIBOR rate plus 1.75%. The applicable margin with respect to loans under our Term Loan B is a percentage per annum equal to a LIBOR rate plus 2.25%. Assuming the revolving credit facility is drawn up to its maximum borrowing capacity of $1.5 billion, based on the applicable LIBOR in effect as of March 31, 2019, each quarter point change in interest rates would result in a $4.1 million change in annual net interest expense on the revolving credit facility, Term Loan A, Term Loan B and interest rate swap agreements.

The variable interest production loans incur interest at rates ranging from approximately 4.63% to 5.29% and applicable margins ranging from 1.5% over the one, two, or three-month LIBOR to 2.50% over the one, two, or three-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.

At March 31, 2019, our 5.875% Senior Notes and 6.375% Senior Notes had an outstanding principal value of $1.07 billion, and an estimated fair value of $1.11 billion. A 1% increase in the level of interest rates would decrease the fair value of the 5.875% Senior Notes and 6.375% Senior Notes by approximately $37.3 million, and a 1% decrease in the level of interest rates would increase the fair value of the 5.875% Senior Notes and 6.375% Senior Notes by approximately $26.5 million.

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 or required principal payment dates and the fair value of the instrument as of March 31, 2019:

	Year Ended March 31,							Fair Value March 31, 2019
	2020	2021	2022	2023	2024	Thereafter	Total	
	(Amounts in millions)							
Debt and Production Loans								
Variable Rates:								
Revolving Credit Facility[1]	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Average Interest Rate	—	—	—	—	—	—		
Term Loan A[1]	37.5	52.5	75.0	585.0	—	—	750.0	742.5
Average Interest Rate	4.49%	4.49%	4.49%	4.49%	—	—		
Term Loan B[1]	12.5	12.5	12.5	12.5	12.5	1,045.0	1,107.5	1,228.1
Average Interest Rate	4.74%	4.74%	4.74%	4.74%	4.74%	4.74%		
Production loans	336.6	49.8	—	—	—	—	386.4	386.4
Average Interest Rate	4.93%	4.66%	—	—	—	—		
Fixed Rates:								
5.875% Senior Notes	—	—	—	—	—	520.0	520.0	534.3
Average Interest Rate	—	—	—	—	—	5.875%		
6.375% Senior Notes	—	—	—	—	550.0	—	550.0	576.1
Average Interest Rate	—	—	—	—	6.375%	—		
Interest Rate Swaps[2]								
Variable to fixed notional amount	—	—	—	—	—	1,700.0	1,700.0	(63.6)
	$386.6	$114.8	$87.5	$597.5	$562.5	$3,265.0	$5,013.9	$3,403.8

(1) The effective interest rate in the table above is before the impact of interest rate swaps.

(2) Represents interest rate swap agreements on certain of our LIBOR-based floating-rate corporate debt with fixed rates paid ranging from 2.723% to 2.915% maturing in March 2025, which as of March 31, 2019, converts the effective rate on $1.7 billion of our LIBOR-based corporate debt to 4.987%. See Note 18 to our consolidated financial statements.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.*

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

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

Not applicable.

ITEM 9A. *CONTROLS AND PROCEDURES.*

Disclosure Controls and Procedures

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

As of March 31, 2019, the end of the period covered by this report, the Company's management had carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective as of March 31, 2019.

Internal Control Over Financial Reporting

Management's Report on Internal Control over Financial Reporting

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

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

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

Our management has made an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2019. Management based its assessment on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework).

Based on this assessment, our management has concluded that, as of March 31, 2019, the Company maintained effective internal control over financial reporting. The effectiveness of the Company's internal control over financial reporting has been audited by the Company's independent auditor, Ernst & Young LLP, a registered public accounting firm. Their report is included below.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the fiscal fourth quarter ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Lions Gate Entertainment Corp.

Opinion on Internal Control over Financial Reporting

We have audited Lions Gate Entertainment Corp.'s (the Company) internal control over financial reporting as of March 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements and the related notes and schedule listed in the Index at Item 15(a) and our report dated May 23, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Los Angeles, California
May 23, 2019

ITEM 9B. *OTHER INFORMATION.*

None.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.*

The information required by this Item is incorporated by reference to our Proxy Statement for our 2019 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2019.

ITEM 11. *EXECUTIVE COMPENSATION.*

The information required by this Item is incorporated by reference to our Proxy Statement for our 2019 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2019.

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

The information required by this Item is incorporated by reference to our Proxy Statement for our 2019 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2019.

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

The information required by this Item is incorporated by reference to our Proxy Statement for our 2019 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2019.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES.*

The information required by this Item is incorporated by reference to our Proxy Statement for our 2019 Annual General Meeting of Shareholders to be filed with the SEC within 120 days after the end of the fiscal year ended March 31, 2019.

PART IV

ITEM 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES.*

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

(1) Financial Statements

The financial statements listed on the accompanying Index to Financial Statements are filed as part of this report at pages F-1 to F-74.

(2) Financial Statement Schedules

Schedule II. Valuation and Qualifying Accounts

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

(3) and (b) Exhibits

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

Item 15(a).

Schedule II. Valuation and Qualifying Accounts

Lions Gate Entertainment Corp.

March 31, 2019

(In Millions)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses[1]	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended March 31, 2019:					
Reserves:					
Returns and allowances	$56.2	$126.0	$ —	$(147.2)[3]	$ 35.0
Provision for doubtful accounts	$ 7.5	$ (2.0)	$ —	$ (0.1)[5]	$ 5.4
Deferred tax valuation allowance	$73.2	$313.9	$14.0[6]	$ —	$401.1
Year Ended March 31, 2018:					
Reserves:					
Returns and allowances	$68.6	$168.3	$ —	$(180.7)[3]	$ 56.2
Provision for doubtful accounts	$ 9.0	$ (1.0)	$ —	$ (0.5)[5]	$ 7.5
Deferred tax valuation allowance	$ 5.9	$ 67.3	$ —	$ —	$ 73.2
Year Ended March 31, 2017:					
Reserves:					
Returns and allowances	$51.8	$149.3	$24.3[2]	$(156.8)[3]	$ 68.6
Provision for doubtful accounts	$ 6.0	$ (0.2)	$ 3.2[2]	$ —	$ 9.0
Deferred tax valuation allowance	$10.1	$ 0.4	$ 1.4[2]	$ (6.0)[4]	$ 5.9

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

(2) Opening balances due to the acquisition of Starz on December 8, 2016.

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

(4) Valuation allowance reversal, of which $1.4 million was recorded as a tax benefit in the consolidated statement of operations, and $4.6 million was recorded in other comprehensive income. The $4.6 million relates to the gain on Starz investment.

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

(6) Valuation allowance addition recorded in other comprehensive income and primarily associated with hedging losses.

Item 15(b).

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference		Filing Date/ Period End Date
		Form	Exhibit	
2.1	Agreement and Plan of Merger, dated as of June 30, 2016, by and among Lions Gate, Starz, and Orion Arm Acquisition Inc.	8-K	2.1	7/1/2016
3.1	Articles	8-K	3.1	12/8/2016
3.2	Notice of Articles	8-K/A	3.1	12/9/2016
4.1	Supplemental Indenture, dated as of December 8, 2016, among Lions Gate Entertainment Corp., the guarantors party thereto, and Deutsche Bank Trust Company Americas, as trustee	8-K	4.1	12/8/2016
4.2	Indenture, dated as of October 27, 2016, by and between LG FinanceCo Corp. and Deutsche Bank Trust Company Americas, as trustee	8-K	4.1	10/27/2016
4.3	Indenture, dated as of March 28, 2018, by and between Lions Gate Capital Holdings LLC, as issuer, the guarantors named therein, and Deutsche Bank Trust Company Americas, as trustee	8-K	4.1	3/28/2018
4.4	Indenture, dated as of February 4, 2019, by and among Lions Gate Capital Holdings, LLC the Guarantors named therein, and Deutsche Bank Trust Company, as Trustee	8-K	4.1	2/4/2019
4.5	Description of Class A voting shares, no par value per share	S-4	—	8/1/2016
4.6	Description of Class B non-voting shares, no par value per share	S-4	—	8/1/2016
10.1*x	Director Compensation Summary			
10.2	Form of Director Indemnity Agreement	10-Q	10.62	12/31/2008
10.3	Letter Agreement between Mark H. Rachesky and Lions Gate Entertainment Corp. dated July 9, 2009	8-K	10.65	7/10/2009
10.4	Registration Rights Agreement, dated as of October 22, 2009, by and among Lions Gate Entertainment Corp. and the persons listed on the signature pages thereto	8-K	10.68	10/23/2009
10.5	Membership Interest Purchase Agreement, dated as of January 13, 2012, among Lions Gate Entertainment Corp., LGAC 1, LLC, LGAC 3, LLC, Summit Entertainment, LLC, S Representative, LLC and the several sellers party thereto	8-K	2.1	1/17/2012
10.6*	Employment Agreement, dated May 30, 2013, between the Company and Jon Feltheimer	8-K	10.1	6/3/2013
10.7	Stock Exchange Agreement, dated as of February 10, 2015, by and between Lions Gate Entertainment Corp., LG Leopard Canada LP and the stockholders listed on Schedule 1 thereto	8-K	10.1	2/11/2015
10.8	Underwriting Agreement dated April 8, 2015, by and among Lions Gate Entertainment Corp., MHR	8-K	1.1	4/9/2015

Exhibit Number	Exhibit Description	Incorporated by Reference		Filing Date/ Period End Date
		Form	Exhibit	
	Capital Partners Master Account LP, MHR Capital Partners (100) LP, MHR Institutional Partners II LP, MHR Institutional Partners IIA LP, MHR Institutional Partners III LP and J.P. Morgan Securities LLC			
10.9	Investor Rights Agreement, dated as of November 10, 2015, by and among Lions Gate Entertainment Corp., Liberty Global plc, Discovery Communications, Inc., Liberty Global Incorporated Limited, Discovery Lightning Investments Ltd. and affiliates of MHR Fund Management, LLC	8-K	10.1	11/10/2015
10.10	Voting and Standstill Agreement, dated as of November 10, 2015, by and among Lions Gate Entertainment Corp., Liberty Global plc, Discovery Communications, Inc., Liberty Global Incorporated Limited, Discovery Lightning Investments Ltd., Dr. John C. Malone and affiliates of MHR Fund Management, LLC	8-K	10.2	11/10/2015
10.11	Registration Rights Agreement, dated as of November 10, 2015, by and among Lions Gate Entertainment Corp. and Liberty Global Incorporated Limited	8-K	10.3	11/10/2015
10.12	Registration Rights Agreement, dated as of November 10, 2015, by and among Lions Gate Entertainment Corp. and Discovery Lightning Investments Ltd.	8-K	10.4	11/10/2015
10.13	Underwriting Agreement, dated November 12, 2015, by and among Lions Gate Entertainment Corp., J.P. Morgan Securities LLC, Liberty Global Incorporated Limited, Discovery Lightning Investments Ltd. And Bank of America, N.A.	8-K	1.1	11/13/2015
10.14	Amendment No. 1, dated as of February 3, 2016, to Registration Rights Agreement, dated as of October 22, 2009, by and among Lions Gate Entertainment Corp. and the persons listed on the signatures pages thereto	10-Q	10.116	2/4/2016
10.15	Stock Exchange Agreement, dated as of June 30, 2016, by and among Lions Gate, Orion Arm Acquisition Inc., and the stockholders listed on Schedule 1 thereto	8-K	10.1	7/1/2016
10.16	Amendment to Voting and Standstill Agreement, dated as of June 30, 2016, by and among Lions Gate, Liberty Global plc, Discovery, Dr. John C. Malone, MHR Fund Management, LLC, Liberty, Discovery Communications, Inc. and the Mammoth Funds (as defined therein)	8-K	10.7	7/1/2016
10.17	Amendment No. 1 to Investor Rights Agreement, dated as of June 30, 2016, by and among Lions Gate, Mammoth, Liberty, Discovery, Liberty Global plc,	8-K	10.8	7/1/2016

Exhibit Number	Exhibit Description	Incorporated by Reference		Filing Date/ Period End Date
		Form	Exhibit	
	Discovery Communications, Inc., and the affiliated funds of Mammoth party thereto			
10.18	Commitment Letter, dated as of June 27, 2016, among Lions Gate, and JPMorgan Chase Bank, N.A., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank AG New York Branch, Deutsche Bank AG Cayman Islands Branch, and Deutsche Bank Securities Inc.	8-K	10.9	7/1/2016
10.19*	Amendment to Employment Agreement, dated October 11, 2016, between the Company and Jon Feltheimer	8-K	10.1	10/13/2016
10.20	Securities Issuance and Payment Agreement, dated as of October 21, 2016, by and among Lions Gate Entertainment Corp., Lions Gate Entertainment Inc. and AT&T Media Holdings, Inc.	8-K	10.1	10/27/2016
10.21	Registration Rights Agreement, dated as of October 21, 2016, by and among Lions Gate Entertainment Corp. and AT&T Media Holdings, Inc.	8-K	10.2	10/27/2016
10.22*	Amendment to Employment Agreement, dated November 3, 2016, between Lions Gate Entertainment Corp. and Michael Burns	8-K	10.1	11/4/2016
10.23	Credit and Guarantee Agreement, dated as of December 8, 2016, among Lions Gate, as borrower, the guarantors party thereto, the lenders referred to therein, and JPMorgan Chase Bank, N.A., as Administrative Agent	8-K	10.1	12/8/2016
10.24*	Employment Agreement between Lions Gate Entertainment Inc. and James W. Barge dated December 28, 2016	10-Q	10.137	12/31/2016
10.25*	Executive Annual Bonus Program	10-Q	10.36	6/30/2017
10.26*	Lions Gate Entertainment Corp. 2017 Performance Incentive Plan	8-K	10.1	9/15/2017
10.27*	Form of Restricted Share Unit Award Agreement	10-Q	10.38	9/30/2017
10.28	Amendment No. 1, dated as of December 11, 2017, to the Credit and Guarantee Agreement dated as of December 8, 2016, among Lions Gate Entertainment Corp., as borrower, each guarantor party thereto, each lender party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto	8-K	10.1	12/11/2017
10.29	Amendment No. 2, dated as of March 22, 2018, to the Credit and Guarantee Agreement dated as of December 8, 2016, among Lions Gate Entertainment Corp., as borrower, each guarantor party thereto, each lender party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto (as previously amended by that certain Amendment No. 1 dated as of December 11, 2017).	8-K	10.1	3/22/2018
10.30*	Form of Nonqualified Stock Option Agreement	10-K	10.36	5/24/18

Exhibit Number	Exhibit Description	Incorporated by Reference		Filing Date/ Period End Date
		Form	Exhibit	
10.31*	Form of Incentive Stock Option Agreement	10-K	10.37	5/24/18
10.32*	Form of Share Appreciation Rights Agreement	10-K	10.38	5/24/18
10.33*	Employment Agreement between Lions Gate Entertainment Corp. and Brian Goldsmith dated as of October 1, 2018	10-Q	10.39	12/31/2018
10.34x	Amendment No. 3 dated as of March 11, 2019, to the Credit and Guarantee Agreement dated as of December 8, 2016, as amended and restated as of March 22, 2018 (as further amended, supplemented, amended and restated or otherwise modified from time to time) among Lions Gate Entertainment Corp., Lions Gate Capital Holdings LLC, as borrower, each guarantor party thereto, each lender party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto.			
21.1x	Subsidiaries of the Company			
23.1x	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm (with respect to financial statements of Lions Gate Entertainment Corp.)			
23.2x	Consent of Ernst & Young LLP, Independent Auditors (with respect to financial statements of Pop Media Group, LLC)			
24.1x	Power of Attorney (Contained on Signature Page)			
31.1x	Certification of CEO pursuant to Section 302 of Sarbanes-Oxley Act of 2002			
31.2x	Certification of CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002			
32.1x	Certification of CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002			
99.1x	Pop Media Group, LLC Audited Consolidated Financial Statements as of March 15, 2019 and March 31, 2018, and for each of the three fiscal years in the periods ended March 15, 2019, and March 31, 2018 and 2017			
101	The following materials from the Company's Annual Report on Form 10-K for the year ended March 31, 2019 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 Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements			

* Management contract or compensatory plan or arrangement.

x Filed herewith

ITEM 16. *FORM 10-K SUMMARY.*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 23, 2019.

LIONS GATE ENTERTAINMENT CORP.

By: /s/ James W. Barge

James W. Barge
Chief Financial Officer

DATE: May 23, 2019

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

Each person whose signature appears below authorizes each of Jon Feltheimer, Michael Burns, Corii Berg and James W. Barge, severally and not jointly, to be his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in such person's name, place and stead, in any and all capacities, to sign any amendments to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2019; granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, shall lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ JAMES W. BARGE James W. Barge	Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*	May 23, 2019
/s/ MICHAEL BURNS Michael Burns	Director	May 23, 2019
/s/ GORDON CRAWFORD Gordon Crawford	Director	May 23, 2019
/s/ ARTHUR EVRENSEL Arthur Evrensel	Director	May 23, 2019
/s/ JON FELTHEIMER Jon Feltheimer	Chief Executive Officer *(Principal Executive Officer)* and Director	May 23, 2019
/s/ EMILY FINE Emily Fine	Director	May 23, 2019
/s/ MICHAEL T. FRIES Michael T. Fries	Director	May 23, 2019
/s/ SIR LUCIAN GRAINGE Sir Lucian Grainge	Director	May 23, 2019
/s/ SUSAN MCCAW Susan McCaw	Director	May 23, 2019
/s/ MARK H. RACHESKY, M.D. Mark H. Rachesky, M.D.	Chairman of the Board of Directors	May 23, 2019

Signature	Title	Date
/s/ DANIEL SANCHEZ Daniel Sanchez	Director	May 23, 2019
/s/ DARYL SIMM Daryl Simm	Director	May 23, 2019
/s/ HARDWICK SIMMONS Hardwick Simmons	Director	May 23, 2019
/s/ DAVID M. ZASLAV David M. Zaslav	Director	May 23, 2019

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Lions Gate Entertainment Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lions Gate Entertainment Corp. (the Company) as of March 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for each of the three years in the period ended March 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated May 23, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

Los Angeles, California
May 23, 2019

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED BALANCE SHEETS

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
ASSETS		
Cash and cash equivalents	$ 184.3	$ 378.1
Accounts receivable, net	647.2	946.0
Program rights	295.7	253.2
Other current assets	267.2	195.8
Total current assets	1,394.4	1,773.1
Investment in films and television programs and program rights, net	1,672.0	1,692.0
Property and equipment, net	155.3	161.7
Investments	26.2	164.9
Intangible assets	1,871.6	1,937.7
Goodwill	2,833.5	2,740.8
Other assets	436.1	458.6
Deferred tax assets	19.8	38.8
Total assets	$8,408.9	$8,967.6
LIABILITIES		
Accounts payable and accrued liabilities	$ 531.2	447.7
Participations and residuals	408.5	504.5
Film obligations and production loans	512.6	327.9
Debt – short term portion	53.6	79.1
Dissenting shareholders' liability	—	869.3
Deferred revenue	146.5	183.9
Total current liabilities	1,652.4	2,412.4
Debt	2,850.8	2,478.3
Participations and residuals	479.8	438.3
Film obligations and production loans	143.1	171.3
Other liabilities	114.0	46.4
Deferred revenue	62.8	70.3
Deferred tax liabilities	56.5	91.9
Redeemable noncontrolling interest	127.6	101.8
Commitments and contingencies (Note 17)		
EQUITY		
Class A voting common shares, no par value, 500.0 shares authorized, 82.5 shares issued (March 31, 2018 – 81.8 shares issued)	649.7	628.7
Class B non-voting common shares, no par value, 500.0 shares authorized, 133.5 shares issued (March 31, 2018 – 129.3 shares issued)	2,140.6	2,020.3
Retained earnings	208.7	516.6
Accumulated other comprehensive loss	(80.3)	(9.7)
Total Lions Gate Entertainment Corp. shareholders' equity	2,918.7	3,155.9
Noncontrolling interests	3.2	1.0
Total equity	2,921.9	3,156.9
Total liabilities and equity	$8,408.9	$8,967.6

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions, except per share amounts)		
Revenues	$3,680.5	$4,129.1	$3,201.5
Expenses:			
Direct operating	2,028.2	2,309.6	1,903.8
Distribution and marketing	835.5	897.6	806.8
General and administration	445.4	454.4	355.4
Depreciation and amortization	163.4	159.0	63.1
Restructuring and other	78.0	59.8	88.7
Total expenses	3,550.5	3,880.4	3,217.8
Operating income (loss)	130.0	248.7	(16.3)
Interest expense			
Interest expense	(163.6)	(137.2)	(99.7)
Interest on dissenting shareholders' liability	(35.3)	(56.5)	(15.5)
Total interest expense	(198.9)	(193.7)	(115.2)
Shareholder litigation settlements	(114.1)	—	—
Interest and other income	12.0	10.4	6.4
Other expense	(4.7)	—	—
Loss on extinguishment of debt	(1.9)	(35.7)	(40.4)
Gain (loss) on investments	(87.6)	171.8	20.4
Equity interests income (loss)	(42.9)	(52.8)	10.7
Income (loss) before income taxes	(308.1)	148.7	(134.4)
Income tax benefit	8.5	319.4	148.9
Net income (loss)	(299.6)	468.1	14.5
Less: Net loss attributable to noncontrolling interests	15.4	5.5	0.3
Net income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$ (284.2)	$ 473.6	$ 14.8
Per share information attributable to Lions Gate Entertainment Corp. shareholders:			
Basic net income (loss) per common share	$ (1.33)	$ 2.27	$ 0.09
Diluted net income (loss) per common share	$ (1.33)	$ 2.15	$ 0.09
Weighted average number of common shares outstanding:			
Basic	213.7	208.4	165.0
Diluted	213.7	220.4	172.2
Dividends declared per common share	$ 0.18	$ 0.09	$ 0.09

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Net income (loss)	$(299.6)	$468.1	$ 14.5
Foreign currency translation adjustments, net of tax	(5.8)	7.0	(8.1)
Net unrealized gain (loss) on available-for-sale securities, net of tax	—	(0.5)	56.4
Reclassification adjustment for gain on available-for-sale securities realized in net income	—	—	(17.8)
Net unrealized loss on cash flow hedges, net of tax benefit of $0.3 million, $0.1 million, and $2.5 million in 2019, 2018 and 2017, respectively	(62.2)	(0.2)	(3.5)
Comprehensive income (loss)	(367.6)	474.4	41.5
Less: Comprehensive loss attributable to noncontrolling interest	15.4	5.5	0.3
Comprehensive income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$(352.2)	$479.9	$ 41.8

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF EQUITY

	Class A Voting Common Shares		Class B Non-Voting Common Shares		Common Shares		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total LGEC Shareholders' Equity	Non-controlling Interests[(a)]	Total Equity
	Number	Amount	Number	Amount	Number	Amount					
	(Amounts in millions)										
Balance at March 31, 2016	—	$ —	—	$ —	146.8	$ 885.8	$ 7.6	$(43.1)	$ 850.3	$ —	$ 850.3
Exercise of stock options	—	—	—	—	0.6	0.7	—	—	0.7	—	0.7
Share-based compensation, net	—	—	—	—	1.0	36.4	—	—	36.4	—	36.4
Dividends declared	—	—	—	—	—	(7.0)	(6.3)	—	(13.3)	—	(13.3)
Reclassification of common shares	74.2	458.0	74.2	458.0	(148.4)	(916.3)			(0.3)	—	(0.3)
Issuance of common shares related to acquisitions and other	4.6	121.6	46.9	1,206.1	—	0.4	—	—	1,328.1	—	1,328.1
Issuance of replacement equity awards related to the Starz Merger	—	—	1.1	186.5	—	—	—	—	186.5	—	186.5
Exercise of stock options	0.1	0.9	1.8	23.8	—	—	—	—	24.7	—	24.7
Share-based compensation	0.2	3.8	0.4	18.3	—	—	—	—	22.1	—	22.1
Conversion of convertible senior subordinated notes	2.0	21.4	2.0	21.4	—	—	—	—	42.8	—	42.8
Net income	—	—	—	—	—	—	14.8	—	14.8	—	14.8
Other comprehensive income	—	—	—	—	—	—	—	27.1	27.1	—	27.1
Redeemable noncontrolling interests adjustments to redemption value	—	—	—	—	—	—	(5.5)	—	(5.5)	—	(5.5)
Balance at March 31, 2017	81.1	$605.7	126.4	$1,914.1	—	$ —	$ 10.6	$(16.0)	$2,514.4	$ —	$2,514.4
Cumulative effect of accounting changes	—	—	—	—	—	—	60.8	—	60.8	—	60.8
Exercise of stock options	0.3	1.7	2.6	44.8	—	—	—	—	46.5	—	46.5
Share-based compensation, net	0.1	12.8	—	52.9	—	—	—	—	65.7	—	65.7
Issuance of common shares	0.3	8.5	0.3	8.5	—	—	—	—	17.0	—	17.0
Noncontrolling interests	—	—	—	—	—	—	—	—	—	7.0	7.0
Dividends declared	—	—	—	—	—	—	(19.1)	—	(19.1)	—	(19.1)
Net income	—	—	—	—	—	—	473.6	—	473.6	(6.0)	467.6
Other comprehensive income	—	—	—	—	—	—	—	6.3	6.3	—	6.3
Redeemable noncontrolling interests adjustments to redemption value	—	—	—	—	—	—	(9.3)	—	(9.3)	—	(9.3)
Balance at March 31, 2018	81.8	$628.7	129.3	$2,020.3	$ —	$ —	$ 516.6	$ (9.7)	$3,155.9	$ 1.0	$3,156.9
Cumulative effect of accounting changes	—	—	—	—			21.3	(2.6)	18.7	—	18.7
Exercise of stock options	—	0.6	0.6	5.8	—	—	—	—	6.4	—	6.4
Share-based compensation, net	0.3	11.9	0.5	47.0	—	—	—	—	58.9	—	58.9
Issuance of common shares related to acquisitions and other	0.4	8.5	3.1	67.5	—	—	—	—	76.0	—	76.0
Noncontrolling interests		—		—			—	—	—	1.4	1.4
Dividends declared	—	—	—	—	—	—	(38.5)	—	(38.5)	—	(38.5)
Net income (loss)	—	—	—	—	—	—	(284.2)	—	(284.2)	0.8	(283.4)
Other comprehensive loss	—	—	—	—	—	—	—	(68.0)	(68.0)	—	(68.0)
Redeemable noncontrolling interests adjustments to redemption value	—	—	—	—	—	—	(6.5)	—	(6.5)	—	(6.5)
Balance at March 31, 2019	82.5	$649.7	133.5	$2,140.6	$ —	$ —	$ 208.7	$(80.3)	$2,918.7	$ 3.2	$2,921.9

(a) Excludes redeemable noncontrolling interests, which are reflected in temporary equity (see Note 11).

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Operating Activities:			
Net income (loss)	$ (299.6)	$ 468.1	$ 14.5
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	163.4	159.0	63.1
Amortization of films and television programs and program rights	1,516.5	1,641.7	1,414.0
Interest on dissenting shareholders' liability	(72.0)	56.5	15.5
Amortization of debt discount and financing costs	11.6	14.3	12.9
Non-cash share-based compensation	68.1	88.4	76.9
Other non-cash items	29.0	20.1	4.3
Distributions from equity method investee	1.8	—	14.0
Loss on extinguishment of debt	1.9	35.7	40.4
Equity interests loss (income)	42.9	52.8	(10.7)
Loss (gain) on investments	87.6	(171.8)	(20.4)
Deferred income taxes (benefit)	(23.6)	(299.5)	(163.4)
Changes in operating assets and liabilities:			
Accounts receivable, net and other assets	470.8	(8.6)	(87.8)
Investment in films and television programs and program rights, net	(1,469.9)	(1,526.4)	(1,092.0)
Accounts payable and accrued liabilities	41.0	(181.7)	152.9
Participations and residuals	(85.8)	62.6	205.3
Film obligations	(11.8)	5.1	17.1
Deferred revenue	(44.4)	(29.9)	(98.1)
Net Cash Flows Provided By Operating Activities	427.5	386.4	558.5
Investing Activities:			
Proceeds from the sale of equity method investee, net of transaction costs	48.0	393.7	—
Investment in equity method investees	(48.6)	(53.4)	(20.6)
Distributions from equity method investee	—	—	3.1
Business acquisitions, net of cash acquired of $5.5, $18.7, and $73.5 in 2019, 2018 and 2017, respectively (see Note 2)	(77.3)	(1.8)	(1,102.6)
Capital expenditures	(43.8)	(45.9)	(25.2)
Net Cash Flows Provided By (Used In) Investing Activities	(121.7)	292.6	(1,145.3)
Financing Activities:			
Debt – borrowings	3,541.2	3,712.6	4,002.8
Debt – repayments	(3,212.7)	(4,335.7)	(2,766.9)
Production loans – borrowings	338.1	319.7	296.0
Production loans – repayments	(305.4)	(332.8)	(632.6)
Payment of dissenter liability accrued at acquisition	(797.3)	—	—
Dividends paid	(57.4)	—	(26.8)
Distributions to noncontrolling interest	(3.7)	(8.2)	(6.9)
Exercise of stock options	8.0	44.9	25.4
Tax withholding required on equity awards	(10.1)	(22.9)	(40.9)
Net Cash Flows Provided By (Used In) Financing Activities	(499.3)	(622.4)	850.1
Net Change In Cash, Cash Equivalents and Restricted Cash	(193.5)	56.6	263.3
Foreign Exchange Effects on Cash, Cash Equivalents and Restricted Cash	(0.3)	(3.2)	0.8
Cash, Cash Equivalents and Restricted Cash – Beginning Of Period	378.1	324.7	60.6
Cash, Cash Equivalents and Restricted Cash – End Of Period	$ 184.3	$ 378.1	$ 324.7

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business, Basis of Presentation and Significant Accounting Policies

Description of Business

Lions Gate Entertainment Corp. ("Lionsgate," the "Company," "we," "us" or "our") is a global content leader whose films, television series, digital products and linear and over-the-top platforms reach next generation audiences around the world. In addition to our filmed entertainment leadership, Lionsgate content drives a growing presence in interactive and location-based entertainment, video games, esports and other new entertainment technologies. Lionsgate's content initiatives are backed by a nearly 17,000-title film and television library and delivered through a global sales and licensing infrastructure.

Basis of Presentation

Generally Accepted Accounting Principles

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

Principles of Consolidation

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

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

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 used for the amortization of investment in films and television programs; estimates of sales returns and other allowances and provisions for doubtful accounts; estimates related to the revenue recognition of sales or usage-based royalties; fair value of equity-based compensation; fair value of assets and liabilities for allocation of the purchase price of companies acquired; income taxes including the assessment of valuation allowances for deferred tax assets; 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.

Reclassifications

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

Significant Accounting Policies

Revenue Recognition

The Company's Motion Picture and Television Production segments generate revenue principally from the licensing of content in domestic theatrical exhibition, home entertainment (e.g., digital media and packaged media), television, and international market places. The Company's Media Networks segment generates revenue primarily from the distribution of the Company's STARZ branded premium subscription video services and, to a lesser extent, direct-to-consumer content streaming services.

Revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services or goods. Revenues do not include taxes collected from customers on behalf of taxing authorities such as sales tax and value-added tax.

Licensing Arrangements. The Company's content licensing arrangements include fixed fee and minimum guarantee arrangements, and sales or usage based royalties.

Fixed Fee or Minimum Guarantees: The Company's fixed fee or minimum guarantee licensing arrangements may, in some cases, include multiple titles, multiple license periods (windows) with a substantive period in between the windows, rights to exploitation in different media, or rights to exploitation in multiple territories, which may be considered distinct performance obligations. When these performance obligations are considered distinct, the fixed fee or minimum guarantee in the arrangement is allocated to the title, window, media right or territory as applicable, based on estimates of relative standalone selling prices. The amounts related to each performance obligation (i.e., title, window, media or territory) are recognized when the content has been delivered, and the window for the exploitation right in that territory has begun, which is the point in time at which the customer is able to begin to use and benefit from the content.

Sales or Usage Based Royalties: Sales or usage based royalties represent amounts due to the Company based on the "sale" or "usage" of the Company's content by the customer, and revenues are recognized at the later of when the subsequent sale or usage occurs, or the performance obligation to which some or all the sales or usage-based royalty has been allocated and has been satisfied (or partially satisfied). Generally, when the Company licenses completed content (with standalone functionality, such as a movie, or television show) its performance obligation will be satisfied prior to the sale or usage. When the Company licenses intellectual property that does not have stand-alone functionality (e.g., brands, themes, logos, etc.), its performance obligation is generally satisfied in the same period as the sale or usage. The actual amounts due to the Company under these arrangements are generally not reported to the Company until after the close of the reporting period. The Company records revenue under these arrangements for the amounts due and not yet reported to the Company based on estimates of the sales or usage of these customers and pursuant to the terms of the contracts. Such estimates are based on information from the Company's customers, historical experience with similar titles in that market or territory, the performance of the title in other markets, and/or data available in the industry.

Revenues by Market or Product Line. The following describes the revenues generated by market or product line. Theatrical revenues are included in the Motion Picture segment; home entertainment, television, international and other revenues are applicable to both the Motion Picture and Television Production segments; Media Networks programming revenues are included in the Media Networks segment.

- ***Theatrical.*** Theatrical revenues are derived from the domestic theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (distributed by the Company directly in the United States and through a sub-distributor in Canada). Revenue from the theatrical release of feature films are treated as sales or usage-based royalties and recognized starting at the exhibition date and based on the Company's participation in box office receipts of the theatrical exhibitor.
- ***Home Entertainment.*** Home entertainment consists of Digital Media and Packaged Media.
    - ***Digital Media.*** Digital media includes digital transaction revenue sharing arrangements (pay-per-view and video-on-demand platforms, electronic sell through ("EST"), and digital rental) and licenses of content to digital platforms for a fixed fee.

      Digital Transaction Revenue Sharing Arrangements: Primarily represents revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, the Company shares in the rental or sales revenues generated by the platform on a title-by-title basis. These digital media platforms generate revenue from rental and EST arrangements, such as download-to-own, download-to-rent, and video-on-demand. These revenue sharing arrangements are recognized as sales or usage based royalties based on the performance of these platforms and pursuant to the terms of the contract, as discussed above.

Licenses of Content to Digital Platforms: Primarily represents the licensing of content to subscription-video-on-demand ("SVOD") or other digital platforms for a fixed fee. As discussed above, revenues are recognized when the content has been delivered and the window for the exploitation right in that territory has begun.

  - ***Packaged Media.*** Packaged media revenues represent the sale of motion pictures and television shows (produced or acquired) on physical discs (DVD's, Blu-ray, 4K Ultra HD, referred to as "Packaged Media") in the retail market. Revenues are recognized, net of an allowance for estimated returns and other allowances, on the later of receipt by the customer or "street date" (when it is available for sale by the customer).

- ***Television.*** Television revenues are derived from the licensing to domestic markets (linear pay, basic cable, free television markets, syndication) of motion pictures (including theatrical productions and acquired films) and scripted and unscripted television series, television movies, mini-series, and non-fiction programming. Television revenues include fixed fee arrangements as well as arrangements in which the Company earns advertising revenue from the exploitation of certain content on television networks. Television also includes revenue from licenses to SVOD platforms in which the initial license of a television series is to an SVOD platform. Revenues associated with a title, right, or window from television licensing arrangements are recognized when the feature film or television program is delivered (on an episodic basis for television product) and the window for the exploitation right has begun.

- ***International.*** International revenues are derived from (1) licensing of the Company's productions, acquired films, catalog product and libraries of acquired titles to international distributors, on a territory-by-territory basis; (2) the direct distribution of our productions, acquired films, and our catalog product and libraries of acquired titles in the United Kingdom; and (3) licensing to international markets of scripted and unscripted series, television movies, mini-series and non-fiction programming. License fees and minimum guarantee amounts associated with title, window, media or territory, are recognized when access to the feature film or television program has been granted or delivery has occurred, as required under the contract, and the right to exploit the feature film or television program in that window, media or territory has commenced. Revenues are also generated from sales or usage based royalties received from international distributors based on their distribution performance pursuant to the terms of the contracts after the recoupment of certain costs in some cases, and the initial minimum guarantee, if any, and are recognized when the sale by our customer generating a royalty due to us has occurred.

- ***Other.*** Other revenues are derived from the licensing of the Company's film and television and related content (games, music, location-based entertainment royalties, etc.) to other ancillary markets and from commissions earned and executive producer fees related to talent management.

  Revenues from the licensing of film and television content and the sales and licensing of music are recognized when the content has been delivered and the license period has begun, as discussed above. Revenues from the licensing of symbolic intellectual property (i.e., licenses of motion pictures or television characters, brands, storylines, themes or logos) is recognized over the corresponding license term. Commissions are recognized as such services are provided.

- ***Media Networks — Programming Revenues.*** Media Networks' revenues are primarily derived from the distribution of the Company's STARZ branded premium subscription video services pursuant to affiliation agreements with U.S. multichannel video programming distributors (“MVPDs”), including cable operators, satellite television providers and telecommunications companies, and over-the-top (“OTT”) (collectively, “Distributors”) and on a direct-to-consumer basis. Media Networks revenues also include international revenues primarily from the OTT distribution of the Company’s STARZ branded premium subscription video services outside the United States.

Pursuant to the Company’s distribution agreements, revenues may be based on a fixed fee, subject to nominal annual escalations, or a variable fee (i.e., a fee based on number of subscribers who receive the Company’s networks or other factors). Programming revenue is recognized over the contract term based on the continuous delivery of the content to the distributor. The variable distribution fee arrangements represent sales or usage based royalties and are recognized over the period of such sales or usage by the Company’s distributor, which is the same period that the content is provided to the distributor.

Deferred Revenue. Deferred revenue relates primarily to customer cash advances or deposits received prior to when the Company satisfies the corresponding performance obligation.

Payment terms vary by location and type of customer and the nature of the licensing arrangement, however, other than certain multi-year license arrangements; payments are generally due within 60 days after revenue is recognized. For certain multi-year licensing arrangements, primarily in the television, digital media, and international markets, payments may be due over a longer period. When we expect the period between fulfillment of our performance obligation and the receipt of payment to be greater than a year, a significant financing component is present. In these cases, such payments are discounted to present value based on a discount rate reflective of a separate financing transaction between the customer and the Company, at contract inception. The significant financing component is recorded as a reduction to revenue and accounts receivable initially, with such accounts receivable discount amortized to interest income over the period to receipt of payment. The Company does not assess contracts with deferred payments for significant financing components if, at contract inception, we expect the period between fulfillment of the performance obligation and subsequent payment to be one year or less.

In other cases, customer payments are made in advance of when the Company fulfills its performance obligation and recognizes revenue. This primarily occurs under television production contracts, in which payments may be received as the production progresses, international motion picture contracts, where a portion of the payments are received prior to the completion of the movie and prior to license rights start dates, and pay television contracts with multiple windows with a portion of the revenues deferred until the subsequent exploitation windows commence. These arrangements do not contain significant financing components because the reason for the payment structure is not for the provision of financing to the Company, but rather to mitigate the Company’s risk of customer non-performance and incentivize the customer to exploit the Company’s content.

See Note 12 for further information.

Cash and Cash Equivalents

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

Investment in Films and Television Programs and Program Rights

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

For films and television programs produced by the Company, capitalized costs include all direct production and financing costs, capitalized interest and production overhead. For the years ended March 31, 2019, 2018, and 2017, total capitalized interest was \$10.8 million, \$7.9 million, and \$8.7 million, respectively. For acquired films and television programs, capitalized costs consist of minimum guarantee payments to acquire the distribution rights.

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

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

Investment in films and television programs is stated at the lower of amortized cost or estimated fair value. The valuation of investment in films and television programs, whether released or unreleased, is reviewed on a title-by-title basis, when an event or change in circumstances indicates that the fair value of a film or television program is less than its unamortized cost. During the years ended March 31, 2019 and 2018, the Company recorded impairment charges of \$35.2 million and \$36.3 million, respectively, on film and television programs. In determining the fair value of its films and television programs, the Company employs a discounted cash flows ("DCF") methodology that includes cash flows estimates of a film's ultimate revenue and costs as well as a discount rate. The discount rate utilized in the DCF analysis is based on the weighted average cost of capital of the Company plus a risk premium representing the risk associated with producing a particular film or television program. The fair value of any film costs associated with a film or television program that management plans to abandon is zero. As the primary determination of fair value is determined using a DCF model, the resulting fair value is considered a Level 3 measurement (see Note 10). Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film or television program. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in management's future revenue estimates.

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

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

Home entertainment product inventory consists of Packaged Media and is stated at the lower of cost or market value (first-in, first-out method), and are included within other current assets on the consolidated balance sheet (see Note 19). Costs of Packaged Media sales, including shipping and handling costs, are included in distribution and marketing expenses.

<u>Program Rights:</u> The cost of program rights for films and television programs (including original series) exhibited by the Media Networks segment are generally amortized on a title-by-title or episode-by-episode basis over the anticipated number of exhibitions or license period. The number of exhibitions is estimated based on the number of exhibitions allowed in the agreement (if specified) and the

expected usage of the content. Certain other program rights are amortized to expense on a straight-line basis over the respective lives of the agreements. Programming rights may include rights to more than one exploitation window under its output and library agreements. For films with multiple windows, the license fee is allocated between the windows based upon the proportionate estimated fair value of each window which generally results in the majority of the cost allocated to the first window on newer releases.

The cost of the Media Networks' segments produced original content generally represents the license fees charged from the Television Production segment which is eliminated in consolidation. The amount associated with the pay television market is reclassified from investment in film and television programs to program rights when the program is aired and the portion attributable to the ancillary markets remains in investment in films and television programs. The cost of the Media Networks' third-party licensed content is allocated between the pay television market distributed by the Media Networks' segment and the ancillary revenue markets (e.g., home video, digital platforms, international television, etc.) distributed by the Television Production segment based on the estimated relative fair values of these markets. Estimates of fair value for the pay television and ancillary markets involve uncertainty as well as estimates of ultimate revenue. All the costs of programming produced by the Television Production segment are included in investment in films and television programs and program rights, net and are classified as long term. Amounts included in program rights, other than internally produced programming, that are expected to be amortized within a year from the balance sheet date are classified as short-term.

Changes in management's estimate of the anticipated exhibitions of films and original series on our networks could result in the earlier recognition of our programming costs than anticipated. Conversely, scheduled exhibitions may not capture the appropriate usage of the program rights in current periods which would lead to the write-off of additional program rights in future periods and may have a significant impact on our future results of operations and our financial position.

Property and Equipment, net

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

Distribution equipment	1 – 4 years
Computer equipment and software	2 – 5 years
Furniture and equipment	2 – 10 years
Leasehold improvements	Lease term or the useful life, whichever is shorter
Building	26 years
Land	Not depreciated

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

Investments

Investments include investments accounted for under the equity method of accounting, and equity investments with and without readily determinable fair value.

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

Under the equity method of accounting, the Company's share of the investee's earnings (losses), net of intercompany eliminations, are included in the "equity interest income (loss)" line item in the consolidated statement of operations. The Company records its share of the net income or loss of certain other equity method investments (see Note 5) on a one quarter lag and, accordingly, during the years ended March 31, 2019, 2018, and 2017, the Company recorded its share of the income or loss generated by these entities for the years ended December 31, 2018, 2017 and 2016, respectively.

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

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

Other Equity Investments: Investments in nonconsolidated affiliates in which the Company owns less than 20% of the voting common stock, or does not exercise significant influence over operating and financial policies, are recorded at fair value using quoted market prices if the investment has a readily determinable fair value. If an equity investment's fair value is not readily determinable, the Company will recognize it at cost less any impairment, adjusted for observable price changes in orderly transactions in the investees' securities that are identical or similar to our investments in the investee. The unrealized gains and losses and the adjustments related to the observable price changes are recognized in net income (loss).

Impairments of Investments: The Company regularly reviews its investments for impairment, including when the carrying value of an investment exceeds its market value. If the Company determines that an investment has sustained an other-than-temporary decline in its value, the investment is written down to its fair value by a charge to earnings. Factors that are considered by the Company in determining whether an other-than-temporary decline in value has occurred include (i) the market value of the security in relation to its cost basis, (ii) the financial condition of the investee, and (iii) the Company's intent and ability to retain the investment for a sufficient period of time to allow for recovery in the market value of the investment.

For investments accounted for using the equity method of accounting or equity investments without a readily determinable fair value, the Company evaluates information available (e.g., budgets, business plans, financial statements, etc.) in addition to quoted market prices, if any, in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults and subsequent rounds of financing at an amount below the cost basis of the Company's investment.

Intangible Assets

Intangible assets acquired in business combinations are recorded at the acquisition date fair value in the Company's consolidated balance sheet. Identifiable intangible assets with finite lives are amortized over their estimated useful lives, and identifiable intangible assets with indefinite lives are not amortized, but rather are tested annually for impairment, or sooner when circumstances indicate that the intangible asset might be impaired.

Amortizable intangible assets are tested for impairment utilizing an income approach based on undiscounted cash flows upon the occurrence of certain triggering events and, if impaired, are written down to fair value. The impairment test is performed at the lowest level of cash flows associated with the asset.

For intangible assets with indefinite lives, an entity may first perform a qualitative assessment to determine whether it is more-likely-than-not that an indefinite-lived intangible asset is impaired. The qualitative assessment is an evaluation, based on all identified events and circumstances which impact the fair value of the intangible asset. If the Company believes that as a result of its qualitative assessment it is more likely than not that the fair value of an indefinite-lived intangible asset is greater than its carrying amount, a quantitative impairment test is not required but may be performed at the option of the Company. As of March 31, 2019, based on the Company's qualitative assessment, the Company concluded that the indefinite-lived intangible assets included in the accompanying consolidated balance sheet were not impaired.

Goodwill

Goodwill represents the excess of acquisition costs over the tangible and intangible assets acquired and liabilities assumed in various business acquisitions by the Company. Goodwill is allocated to the Company's reporting units, which are its operating segments or one level below its operating segments (component level). Reporting units are determined by the discrete financial information available for the component and whether it is regularly reviewed by segment management. Components are aggregated into a single reporting unit if they share similar economic characteristics. Our reporting units for purposes of goodwill impairment testing at March 31, 2019 were Motion Picture, Media Networks, and each of our Television and talent management businesses, both of which are part of our Television Production segment.

Goodwill is not amortized, but goodwill is reviewed for impairment each fiscal year or between the annual tests if an event occurs or circumstances change that indicates it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. The Company performs its annual impairment test as of January 1 in each fiscal year. A goodwill impairment loss would be recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. An entity may perform a qualitative assessment of the likelihood of the existence of a goodwill impairment. The qualitative assessment is an evaluation, based on all identified events and circumstances which impact the fair value of the reporting unit. If the Company believes that as a result of its qualitative assessment it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, a quantitative impairment test is not required but may be performed at the option of the Company.

A quantitative assessment requires determining the fair value of our reporting units. The determination of the fair value of each reporting unit utilizes discounted cash flows ("DCF") analyses and market-based valuation methodologies, which represent Level 3 fair value measurements. Fair value determinations require considerable judgment about revenue and market growth, operating margins and cash flows, market multiples and discount rates, and are sensitive to changes in these underlying assumptions and factors.

For fiscal 2019, due primarily to the decline in the market price of our common shares, we performed a quantitative impairment assessment for all of our reporting units. Based on the Company's quantitative assessments, the Company concluded that it is more-likely-than-not that the fair value of its reporting units is greater than their carrying values. Management will continue to monitor the reporting units for changes in the business environment that could impact recoverability in future periods. The recoverability of goodwill is dependent upon the continued growth of revenue and cash flows from our business activities. While historical performance and current expectations have resulted in fair values of our reporting units in excess of carrying values, if our assumptions are not realized, it is possible that an impairment charge may need to be recorded in the future.

Prints, Advertising and Marketing Expenses

The costs of prints, advertising and marketing expenses are expensed as incurred.

Certain of Starz's affiliation agreements require Starz to provide marketing support to the distributor based upon certain criteria as stipulated in the agreements. Marketing support includes cooperative advertising and marketing efforts between Starz and its distributors such as cross channel, direct mail and point of sale incentives. Marketing support is recorded as an expense and not a reduction of revenue when Starz has received a direct benefit and the fair value of such benefit is determinable.

Advertising expenses for the year ended March 31, 2019 were $640.1 million (2018 — $654.9 million, 2017 — $588.8 million) which were recorded as distribution and marketing expenses.

Income Taxes

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

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

Government Assistance

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

Tax credits earned with respect to expenditures on qualifying film and television productions are included as an offset to investment in films and television programs when the qualifying expenditures have been incurred provided that there is reasonable assurance that the credits will be realized (see Note 19).

Foreign Currency Translation

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

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

Derivative Instruments and Hedging Activities

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

The Company uses derivative financial instruments to hedge its exposures to foreign currency exchange rate and interest rate risks. All derivative financial instruments used as hedges are recorded at fair value in the consolidated balance sheets (see Note 10). The effective changes in fair values of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive loss and included in unrealized (losses) gains on cash flow hedges until the underling hedged item is recognized in earnings. The effective changes in the fair values of derivatives designated as cash flow hedges are reclassified from accumulated other comprehensive loss to net income when the underlying hedged item is recognized in earnings.

Share-Based Compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. The fair value is recognized in earnings over the period during which an employee is required to provide service. See Note 13 for further discussion of the Company's share-based compensation.

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 years ended March 31, 2019, 2018 and 2017 is presented below:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions, except per share amounts)		
Basic Net Income (Loss) Per Common Share:			
Numerator:			
Net income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$(284.2)	$473.6	$ 14.8
Denominator:			
Weighted average common shares outstanding	213.7	208.4	165.0
Basic net income (loss) per common share	$ (1.33)	$ 2.27	$ 0.09

Diluted net income (loss) per common share reflects the potential dilutive effect, if any, of the conversion of convertible senior subordinated notes under the "if converted" method. Diluted net income (loss) per common share also reflects share purchase options, including equity-settled share appreciation rights ("SARs"), restricted share units ("RSUs") and restricted stock using the treasury stock method when dilutive, and any contingently issuable shares when dilutive. Diluted net income (loss) per common share for the years ended March 31, 2019, 2018 and 2017 is presented below:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions, except per share amounts)		
Diluted Net Income (Loss) Per Common Share:			
Numerator:			
Net income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$(284.2)	$473.6	$ 14.8
Add:			
Interest on convertible notes, net of tax	—	0.5	—
Numerator for diluted net income (loss) per common share	$(284.2)	$474.1	$ 14.8
Denominator:			
Weighted average common shares outstanding	213.7	208.4	165.0
Effect of dilutive securities:			
Conversion of notes	—	2.1	—
Share purchase options	—	7.5	3.5
Restricted share units and restricted stock	—	0.7	0.3
Contingently issuable shares	—	1.7	3.4
Adjusted weighted average common shares outstanding	213.7	220.4	172.2
Diluted net income (loss) per common share	$ (1.33)	$ 2.15	$ 0.09

As a result of the net loss in the fiscal year ended March 31, 2019, the dilutive effect of the convertible notes, share purchase options, restricted share units and restricted stock, and contingently issuable shares were considered anti-dilutive and, therefore, excluded from diluted loss per share. The weighted average anti-dilutive shares excluded from the calculation due to the net loss for the fiscal year ended March 31, 2019 totaled 7.1 million.

Additionally, for the years ended March 31, 2019, 2018 and 2017, the outstanding common shares issuable presented below were excluded from diluted net income (loss) per common share because their inclusion would have had an anti-dilutive effect regardless of net income or loss in the period.

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Anti-dilutive shares issuable			
Conversion of notes	—	—	5.2
Share purchase options	21.3	11.5	12.1
Restricted share units	1.0	0.2	0.6
Other issuable shares	1.4	1.2	1.2
Total weighted average anti-dilutive shares issuable excluded from diluted net income (loss) per common share	23.7	12.9	19.1

Recent Accounting Pronouncements

Accounting Guidance Adopted in Fiscal 2019

Revenue Recognition: On April 1, 2018, the Company adopted, on a modified retrospective basis, accounting guidance that establishes a new revenue recognition framework in U.S. GAAP for all companies and industries. The core principle of the new revenue framework is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those goods or services. The revenue framework includes a five-step model to determine the timing and amount of revenue to recognize related to contracts with customers.

The adoption of the new accounting guidance did not result in significant changes to the Company's reported operating results. The Company recorded a transition adjustment for all open contracts existing as of April 1, 2018, of $18.7 million as an increase to the opening balance of retained earnings related principally to the areas noted below:

Sales or Usage Based Royalties: The Company receives royalties from certain domestic and international distributors and other transactional digital distribution partners based on the sales made by these distributors after recoupment of a minimum guarantee, if applicable. Under prior guidance, the Company recorded these sales or usage based royalties after receiving statements from the licensee and/or film distributor. Under the new guidance, revenues are recorded based on best estimates available of the amounts due to the Company in the period of the customer's sales or usage. Accordingly, the timing of the revenue recognition is accelerated; however, the Company continues to have a consistent number of periods of sales or usage based royalties in each reporting period, and therefore the impact of the new guidance depends on the timing and performance of the titles released in those reporting periods. This change primarily impacts the Motion Picture and Television Production segments.

Renewals of Licenses of Intellectual Property: Under the prior guidance, when the term of an existing license agreement was extended, without any other changes to the provisions of the license, revenue for the renewal period was recognized when the agreement was renewed or extended. Under the new guidance, revenue associated with renewals or extensions of existing license agreements is recognized as revenue when the licensed content becomes available for the customer to use and benefit from under the renewal or extension. This change impacts the timing of revenue recognition (i.e., revenue is recorded at a later time) as compared with prior revenue recognition guidance. While revenues from renewal do occur, they are not a significant portion of our revenue and thus do not have a material impact on our revenue recognition. This change primarily impacts the Motion Picture and Television Production segments.

Also, under the new guidance, the Company presents sales returns and certain sales incentive allowances as refund liabilities instead of as contra asset allowances within accounts receivable. On April 1, 2018, the liabilities for such sales returns and incentives were $86.9 million and were recorded in accounts payable and accrued liabilities on the consolidated balance sheet.

Changes to the opening balances of current assets, total assets, current liabilities and total liabilities resulting from the adoption of the new guidance were as follows:

	March 31, 2018	Impact of Adoption	April 1, 2018
		(Amounts in millions)	
Current assets	$1,773.1	$174.4	$1,947.5
Total assets	$8,967.6	$143.6	$9,111.2
Current liabilities	$2,412.4	$104.1	$2,516.5
Total liabilities	$5,708.9	$124.9	$5,833.8

For further information, including the impact of adoption of the new guidance on the current fiscal year, see Note 12.

Recognition and Measurement of Financial Instruments: In January 2016, the Financial Accounting Standards Board ("FASB") issued new guidance that addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other provisions, the new guidance requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. For investments without readily determinable fair values, entities have the option to either measure these investments at fair value or at cost adjusted for changes in observable prices minus impairment. The guidance became effective for the Company as of April 1, 2018, and has been applied on a prospective basis. Upon adoption of the new guidance, the Company recorded a transition adjustment of $2.6 million to reclassify the unrealized gains recorded through March 31, 2018 for the Company's investments in equity securities with a readily determinable fair market value from accumulated other comprehensive loss to retained earnings. After adoption of the new guidance, beginning in fiscal 2019, changes in the fair value of the Company's investments in equity securities with a readily determinable fair market value are recognized in net income. The adoption of the new guidance also impacted the accounting for the Company's investments in equity securities without a readily determinable fair value, which are now measured at cost less any impairment, adjusted for observable price changes in orderly transactions in the investees' securities that are identical or similar to the Company's investments in the investee. The impact of this change depends on the nature and extent of changes in observable prices, if any. See Note 5.

Restricted Cash: In November 2016, the FASB issued guidance to clarify how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. This guidance became effective for the Company as of April 1, 2018, and has been applied on a retrospective basis. Upon adoption, in the consolidated statement of cash flows for the years ended March 31, 2018 and 2017, cash provided by operating activities was reduced by $2.8 million and $0.1 million, respectively, and beginning cash and cash equivalents was increased by $2.8 million and $2.9 million, respectively, to include restricted cash. There was no restricted cash in the consolidated balance sheets as of March 31, 2019 or March 31, 2018.

Accounting Guidance Not Yet Adopted

Accounting for Leases: In February 2016, the FASB issued guidance on accounting for leases which requires lessees to recognize most leases on their balance sheets for the rights and obligations created by those leases. The new guidance also requires additional qualitative and quantitative disclosures related to the nature, timing and uncertainty of cash flows arising from leases. The guidance is effective for the Company's fiscal year beginning April 1, 2019, with early adoption permitted, and is required to be implemented using a modified retrospective approach. The Company will adopt the new standard on April 1, 2019 utilizing the modified retrospective approach. The Company is continuing its evaluation of the impact of the adoption and currently estimates the recognition of lease liabilities on the Company's consolidated balance sheet for its operating leases in the range from approximately $180 million to $200 million with a corresponding right-of-use assets balance, net of existing lease incentives, and no material impact on its consolidated statement of operations.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income: In February 2018, the FASB issued guidance that permits a company to reclassify the income tax effects of the Tax Cuts and Jobs Act (the "Tax Act") on items in accumulated other comprehensive income to retained earnings, eliminating the stranded tax effects resulting from the Tax Act. The new guidance only applies to the tax effects resulting from the Tax Act, and does not change the underlying guidance to recognize the effect of a change in tax laws or rates in income from continuing operations. This guidance is effective for the Company's fiscal year beginning April 1, 2019, with early adoption permitted. The Company does not expect that the adoption of this guidance will have a material effect on its consolidated financial statements.

Disclosure Update and Simplification: In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification*, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of shareholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of shareholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. This final rule is effective for the first quarter of the Company's fiscal year beginning April 1, 2019.

Fair Value Measurement — Changes to Disclosure Requirements: In August 2018, the FASB issued guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. This guidance eliminates the requirement that entities disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but requires public companies to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements, among other changes. This guidance is effective for the Company's fiscal year beginning April 1, 2020, with early adoption permitted. The Company does not expect that the adoption of this guidance will have a material effect on its consolidated financial statements.

Improvements to Accounting for Costs of Films and License Agreements for Program Materials: In March 2019, the FASB issued guidance that aligns the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. Accordingly, the capitalization of production costs for episodic television series is no longer constrained until persuasive evidence of secondary market revenues exists. In addition, under the new guidance, a company will need to determine at the outset of production whether a film or television program is primarily monetized on its own or within a film group. A film group is defined as the lowest level at which identifiable cash flows are largely independent of the cash flows of other films and/or license agreements. In addition, under previous guidance, film and television programs accounted for under the broadcasting accounting standard were carried on the balance sheet at the lower of cost or net realizable value. The new guidance requires that an entity test a film or television program for impairment, when impairment indicators are present, at a film group level when the film or license agreement is predominantly monetized with other films and/or license agreements. The impairment would be measured as the difference between the carrying value of the film group and its fair value rather than its net realizable value. This guidance requires that an entity provide new disclosures about content that is either produced or licensed, and classify cash flows for licensed content as cash flows from operating activities in the statement of cash flows. This guidance is effective for the Company's fiscal year beginning April 1, 2020, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this new guidance will have on its consolidated financial statements.

2. Merger & Acquisitions

3 Arts Entertainment

On May 29, 2018, the Company purchased a 51% membership interest in 3 Arts Entertainment LLC, a talent management and television/film production company. The purchase price was approximately $166.6 million, of which 50% was paid in cash at closing, 32.5% was paid in the Company's Class B non-voting common shares at closing, and 17.5% will be paid in the Company's Class B non-voting common shares on the one-year anniversary of closing, subject to certain conditions. The number of shares issued and to be issued was determined by dividing the dollar value of the portion of the purchase price to be paid by the daily weighted average closing price of the Company's Class B non-voting common shares on the New York Stock Exchange for the twenty (20) consecutive trading days immediately preceding the closing date. The value of the shares issued or to be issued was based on the closing price of the Company's Class B non-voting common shares at closing. A portion of the purchase price, up to $38.3 million, may be recoupable for a five-year period commencing on the acquisition date of May 29, 2018, contingent upon the continued employment of certain employees, or the achievement of certain EBITDA targets, as defined in the 3 Arts Entertainment acquisition and related agreements. Accordingly, $38.3 million was initially recorded as a deferred compensation arrangement within other current and non-current assets and is being amortized in general and administrative expenses over a five-year period.

The acquisition was accounted for as a purchase, with the results of operations of 3 Arts Entertainment included in the Company's consolidated results from May 29, 2018. Based on the purchase price allocation, $92.7 million was allocated to goodwill, $47.0 million was allocated to the fair value of finite-lived intangible assets (including measurement period adjustments recorded, see Note 6) and $38.3 million was allocated to deferred compensation arrangements, as discussed above. The remainder of the purchase price was primarily allocated to cash and cash equivalents, accounts receivable, other assets, and accounts payable and accrued liabilities, and $15.8 million was recorded as a redeemable noncontrolling interest, representing the noncontrolling interest holders' 49% equity interest in 3 Arts Entertainment (see Note 11). The acquired finite-lived intangible assets primarily represent customer relationships and are being amortized over a weighted average estimated useful life of 12 years. The Company incurred approximately $1.3 million of acquisition-related costs that were expensed in restructuring and other expenses during the fiscal year ended March 31, 2019.

The Company used discounted cash flows ("DCF") analyses, which represent Level 3 fair value measurements, to assess certain components of its purchase price allocation, including acquired intangible assets and the redeemable noncontrolling interest. The acquisition goodwill arises from the opportunity for synergies of the combined companies to grow and strengthen the Company's television operations by expanding the Company's talent relationships, and improving the Company's television production capabilities. The goodwill recorded as part of this acquisition is included in the Television Production segment. The goodwill is not amortized for financial reporting purposes, but is deductible for federal tax purposes.

Good Universe

On October 11, 2017, the Company purchased all of the membership interests in True North Media, LLC ("Good Universe"), a motion picture production and global sales company. The purchase price consisted of $20.4 million in cash paid at closing, and an additional $1.4 million in cash and 119,751 of

Class B non-voting common shares to be paid and issued after one-year of the closing date. In addition, the Company assumed $23.6 million of corporate debt and production loans, of which $14.9 million was paid off shortly following the acquisition during the fiscal year ended March 31, 2018. The acquisition was accounted for as a purchase, with the results of operations of Good Universe included in the Company's consolidated results from October 12, 2017. Based on the purchase price allocation, $29.0 million was allocated to goodwill, with the remainder primarily allocated to the fair values of investment in film and television programs, cash and cash equivalents, and other liabilities. The goodwill recorded as part of this acquisition arises from the executive management personnel and their extensive experience and key relationships in the entertainment industry, and is included in the Motion Picture segment (see Note 6). The goodwill is not amortized for financial reporting purposes, but is deductible for federal tax purposes.

Starz Merger

On December 8, 2016, upon shareholder approval, pursuant to the Agreement and Plan of Merger dated June 30, 2016 ("Merger Agreement"), Lionsgate and Starz consummated the merger, under which Lionsgate acquired Starz for a combination of cash and common stock (the "Starz Merger").

Immediately prior to the consummation of the Starz Merger, Lionsgate effected the reclassification of its capital stock, pursuant to which each existing Lionsgate common share was converted into 0.5 shares of a newly issued class of Lionsgate Class A voting shares, no par value per share (the "Class A voting shares") and 0.5 shares of a newly issued class of Lionsgate Class B non-voting shares, no par value per share (the "Class B non-voting shares") subject to the terms and conditions of the Merger Agreement (see Note 13).

The following table summarizes the components of the estimated purchase consideration, inclusive of Lions Gate's previously existing ownership of Starz common stock and Starz's share-based equity awards outstanding as of December 8, 2016:

		(Amounts in millions)
Market value, as of December 8, 2016, of Starz Series A and Series B common stock already owned by Lionsgate[(1)]		$ 179.3
Cash consideration paid to Starz stockholders		
Starz Series A common stock at $18.00	$1,123.3	
Starz Series B common stock at $7.26	52.8	
		1,176.1
Fair value of Lionsgate voting and non-voting shares issued to Starz's stockholders		
Starz Series A common stock at exchange ratio of 0.6784 Lionsgate non-voting shares	$1,088.0	
Starz Series B common stock at exchange ratio of 0.6321 Lionsgate voting shares	121.6	
Starz Series B common stock at exchange ratio of 0.6321 Lionsgate non-voting shares	118.1	
		1,327.7
Replacement of Starz share-based payment awards[(2)]		186.5
Liability for dissenting shareholders[(3)]		797.3
Total purchase consideration		$3,666.9

(1) The difference between the fair value ($179.3 million) and the original cost ($158.9 million) of the available-for-sale investment in equity securities of Starz held by Lionsgate on the date of the Starz Merger (December 8, 2016), amounting to $20.4 million, was reflected in the gain (loss) on investments line item in the consolidated statement of operations for the fiscal year ended March 31, 2017.

(2) Upon the closing of the merger, each outstanding share-based equity award (i.e., stock options, restricted stock, and restricted stock units) of Starz was replaced by a Lions Gate non-voting share-based equity award ("Lions Gate replacement award") with terms equivalent to the existing awards based on the exchange ratio set forth in the Merger Agreement. Each Starz outstanding award was measured at fair value on the date of acquisition and the portion attributable to pre-combination service was recorded as part of the purchase consideration. The fair value of the Lions Gate replacement award measured on the date of acquisition in excess of the fair value of the Starz award attributed to and recorded as part of the purchase consideration was attributed to post-combination services and is being recognized as share-based compensation expense over the remaining post-combination service period. The estimated aggregate fair value of the Lions Gate replacement awards recorded as part of the purchase consideration was \$186.5 million, and the estimated remaining aggregate fair value totaling \$43.3 million is being recognized in accordance with each respective award's vesting terms. The fair value of the Lions Gate replacement restricted stock and restricted stock unit awards was determined based on the value estimated for the Class A voting shares and Class B non-voting shares as of the acquisition date as discussed above. The fair value of Lions Gate replacement stock option awards was determined using the Black-Scholes option valuation model using the estimated fair value of the Class B non-voting shares underlying the replacement stock options. For purposes of valuing the Lions Gate replacement awards, the following weighted-average applicable assumptions were used in the Black-Scholes option valuation model:

Weighted average assumptions:	
Risk-free interest rate	0.39% – 1.83%
Expected option lives (years)	0.01 – 5.50 years
Expected volatility	35%
Expected dividend yield	0%

The risk-free rate assumed in valuing the options is based on the U.S. Treasury Yield curve in effect applied against the expected term of the option at the time of the grant. The expected option lives represents the period of time that options are expected to be outstanding. Expected volatilities are based on implied volatilities from traded options on Lions Gate's stock, historical volatility of Lions Gate's stock and other factors. The expected dividend yield was zero since the combined company had suspended the quarterly dividend.

(3) In connection with the Starz Merger, Starz received demands for appraisal from purported holders of approximately 22.5 million shares of Starz Series A common stock, and the Company recorded a dissenting shareholders' liability at the time of acquisition for the value of the original merger consideration attributable to the dissenting shareholders. As of March 31, 2018, the Company had not paid the merger consideration for the shares that had demanded appraisal but had recorded a liability of \$869.3 million that was included in current dissenting shareholders' liability on the consolidated balance sheet for the estimated value of the merger consideration that would have been payable for such shares, plus interest accrued at the Federal Reserve discount rate plus 5%, compounded quarterly. In November 2018 a settlement agreement was reached and the dissenting shareholders' liability was paid. See Note 17 for further information.

Allocation of Purchase Consideration. The Company has made an allocation of the purchase price of Starz to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair value as follows:

	(Amounts in millions)
Cash and cash equivalents	$ 73.5
Accounts receivable	254.9
Investment in films and television programs and program rights	851.9
Property and equipment	121.4
Investments	12.1
Intangible assets	2,071.0
Other assets	139.9
Accounts payable and accrued liabilities	(143.1)
Corporate debt and capital lease obligations	(1,013.1)
Deferred tax liabilities	(713.6)
Other liabilities	(165.0)
Fair value of net assets acquired	1,489.9
Goodwill	2,177.0
Total purchase consideration	$ 3,666.9

Fair Value Estimates: The fair value of the assets acquired and liabilities assumed were determined using income, cost and market approaches. The fair value measurements were primarily based on significant inputs that are not observable in the market and thus represent a Level 3 measurement as defined in Accounting Standards Codification ("ASC") 820, other than the long-term debt assumed in the acquisition. The income approach was primarily used to value the intangible assets, consisting primarily of acquired customer relationships and tradenames.

The intangible assets acquired include customer relationships with a weighted average estimated useful life of 17 years and tradenames with an indefinite useful life (see Note 6). The fair value of customer relationships was estimated based on the estimated future cash flows to be generated from the customer affiliation contracts considering assumptions related to contract renewal rates and revenue growth based on the number of subscribers and contract rates. The earnings expected to be generated by the customer relationships were forecasted over the estimated duration of the intangible asset. The earnings were then adjusted by taxes and the required return for the use of the contributory assets and discounted to present value at a rate commensurate with the risk of the asset. The fair value of tradenames was estimated based on the present value of the theoretical cost savings that could be realized by the owner of the tradenames as a result of not having to pay a stream of royalty payments to another party. These cost savings were calculated based on the hypothetical royalty payment that a licensee would be required to pay in exchange for use of the tradenames, reduced by the tax shield realized by the licensee on the royalty payments. The cost savings were discounted to present value at a rate commensurate with the risk of the asset.

Investment in films and television programs include the cost of completed films and television programs (including original series) which have been produced by Starz or for which Starz has acquired distribution rights, as well as the costs of films and television programs in production, pre-production and development. For film and television programs in production, pre-production and development, the fair value has been estimated to be the recorded book value. For completed films and television programs, the fair value was estimated based on forecasted cash flows discounted to present value at a rate commensurate with the risk of the assets.

For tangible capital assets held under capital leases the income approach was utilized in valuing the tangible capital assets, including the satellite transponders and the real property, under a right-to-use scenario. The fair value of the capital asset was estimated by forecasting a market lease rate over the remaining term of the contract and discounting the payments using a market participant lease rate reflective of the riskiness of the asset. The fair value of the capital lease liability was estimated by forecasting the contract lease rate over the remaining term of the contract and discounting payments using a market participant debt rate reflective of the riskiness of the lessee. We estimated the fair value of the asset retirement obligation by utilizing an estimate of cost to retire the asset, inflating it to the end of the contract term and discounting it at a market participant debt rate reflective of the riskiness of the lessee.

The cost approach was utilized in valuing the tangible personal property using standard methodologies to estimate a replacement cost new and depreciation effects for each asset. Replacement cost new was estimated using historical costs and acquisition dates of the assets along with inflationary measures specific to the types of assets included in the valuation. Depreciation effects encompass physical deterioration, functional obsolescence, and economic obsolescence. Replacement cost new less depreciation results in an estimate of fair value when using the cost approach.

The fair value of program rights has been assumed to be the recorded book value, based on an assessment that such content is acquired or produced at fair value and aired over relatively short periods (a few years) and thus the amortization of the cost reflects the decline in the fair value of the content over time.

As part of the acquisition, we assumed and immediately extinguished Starz's senior notes, which had a principal amount outstanding of $675.0 million, and Starz's credit facility, which had an outstanding amount of $255.0 million (see Note 7). The former Starz senior notes were adjusted to fair value prior to extinguishment using quoted market values, and the fair value of the outstanding amounts under Starz's credit facility were estimated to approximate their carrying value.

Deferred taxes were adjusted to record the deferred tax impact of acquisition accounting adjustments primarily related to intangible assets. The incremental deferred tax liabilities were calculated based on the tax effect of the step-up in book basis of the net assets of Starz, excluding the amount attributable to goodwill, using the estimated statutory tax rates.

Goodwill of $2.2 billion represented the excess of the purchase price over the fair value of the underlying tangible and identifiable intangible assets acquired and liabilities assumed. The acquisition goodwill arises from the increase in the combined company's content creation capability and enhanced scale to its global distribution footprint across mobile, broadband, cable and satellite platforms. In addition, the acquisition goodwill arises from the opportunity for a broad range of new content partnerships and accelerates the growth of Lionsgate and Starz's over-the-top (which primarily represent internet streaming services and which the Company refers to as "OTT") services, as well as other anticipated revenue and cost synergies. The goodwill recorded as part of this acquisition is included in the Motion Pictures and Media Networks segment (see Note 6). The goodwill is not being amortized for financial reporting purposes. An insignificant portion of goodwill is deductible for federal tax purposes.

Pro Forma Statement of Operations Information. The following unaudited pro forma condensed consolidated statements of operations information presented below illustrates the results of operations of the Company as if the Starz Merger and related debt financing (see Note 7) occurred on April 1, 2016.

	Year Ended March 31, 2017
	(Amounts in millions, except per share amounts)
Revenues	$4,323.7
Net income attributable to Lions Gate Entertainment Corp. shareholders	$ 148.4
Basic Net Income Per Common Share attributable to Lions Gate Entertainment Corp. shareholders	$ 0.74
Diluted Net Income Per Common Share attributable to Lions Gate Entertainment Corp. shareholders	$ 0.71

The unaudited pro forma condensed consolidated statement of operations information does not include adjustments for any operating efficiencies or cost savings, and exclude $70.9 million of acquisition-related costs that were expensed in restructuring and other expenses during the year ended March 31, 2017.

3. Investment in Films and Television Programs and Program Rights

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Motion Picture Segment – Theatrical and Non-Theatrical Films		
Released, net of accumulated amortization	$ 376.7	$ 410.5
Acquired libraries, net of accumulated amortization	1.8	2.1
Completed and not released	80.6	55.0
In progress	250.4	347.2
In development	45.0	24.6
	754.5	839.4
Television Production Segment – Direct-to-Television Programs		
Released, net of accumulated amortization	186.1	238.9
In progress	295.6	186.6
In development	17.6	4.8
	499.3	430.3
Media Networks Segment		
Released program rights, net of accumulated amortization	591.0	616.9
In progress	106.8	45.6
In development	56.2	30.0
	754.0	692.5
Intersegment eliminations	(40.1)	(17.0)
Investment in films and television programs and program rights, net	1,967.7	1,945.2
Less current portion of program rights	(295.7)	(253.2)
Non-current portion	$1,672.0	$1,692.0

The Company expects approximately 36.5% of completed films and television programs, excluding licensed program rights, will be amortized during the one-year period ending March 31, 2020. Additionally, the Company expects approximately 82.9% of completed and released films and television programs, excluding licensed program rights and acquired libraries, will be amortized during the three-year period ending March 31, 2022. Licensed program rights expected to be amortized within one-year from the balance sheet date are classified as short-term in the consolidated balance sheet.

4. Property and Equipment

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Distribution equipment[1]	$ 29.1	$ 30.4
Building[2]	50.4	50.4
Leasehold improvements	43.2	29.7
Property and equipment	25.6	21.1
Computer equipment and software	146.8	117.2
	295.1	248.8
Less accumulated depreciation and amortization	(141.0)	(88.3)
	154.1	160.5
Land	1.2	1.2
	$ 155.3	$161.7

(1) This category includes the cost of satellite transponders accounted for as capital leases, which was $9.5 million as of March 31, 2019, and accumulated depreciation for these transponders was $6.2 million (2018 — cost of $16.8 million, accumulated depreciation of $7.1 million).

(2) Represents the cost of Starz's building in Englewood, Colorado which is accounted for as a capital lease. Accumulated depreciation for the building totaled $3.5 million at March 31, 2019 (2018 — $2.6 million).

During the year ended March 31, 2019, depreciation expense amounted to $50.8 million and includes the amortization of assets recorded under capital leases (2018 — $48.8 million; 2017 — $24.4 million).

5. Investments

The Company's investments consisted of the following:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Investments in equity method investees	$24.5	$127.0
Other investments	1.7	37.9
	$26.2	$164.9

The Company's equity interests income (loss) were as follows:

	Year Ended March 31,		
Equity Method Investee	2019	2018	2017
	(Amounts in millions)		
EPIX[1]	$ —	$ 4.0	$ 31.0
Pop[2]	(8.4)	(9.0)	(6.9)
Other	(34.5)	(47.8)	(13.4)
	$(42.9)	$(52.8)	$ 10.7

(1) The Company's equity interest in EPIX was sold in May 2017 (see further discussion under "Gain (Loss) on Investments" section below).

(2) The Company's equity interest in Pop was sold in March 2019 (see further discussion under "Pop" section below).

Equity Method Investments:

Pop. Pop was the Company's joint venture with CBS. On March 15, 2019, the Company sold its 50.0% interest in Pop to CBS, resulting in net proceeds of $48.0 million (net of transaction costs). The Company recorded a loss before income taxes on the sale of approximately $44.6 million, which is reflected in the gain (loss) on investments line item in the consolidated statement of operations for the year ended March 31, 2019.

Pop Financial Information:

The following table presents the summarized statements of operations for the period from April 1, 2018 through the date of sale of March 15, 2019, and for the years ended March 31, 2018 and 2017 for Pop and a reconciliation of the net loss reported by Pop to equity interest loss recorded by the Company:

	Period from April 1, 2018 to March 15, 2019 (date of sale)	Year Ended March 31, 2018	Year Ended March 31, 2017
Revenues	$ 96.9	$110.9	$ 95.0
Expenses:			
Cost of services	55.0	66.2	52.7
Selling, marketing, and general and administration	49.9	54.1	47.6
Depreciation and amortization	7.4	8.1	7.9
Operating loss	(15.4)	(17.5)	(13.2)
Interest expense, net	2.2	1.0	0.6
Accretion of redeemable preferred stock units[1]	89.4	79.1	67.8
Total interest expense, net	91.6	80.1	68.4
Net loss	$(107.0)	$ (97.6)	$(81.6)
Reconciliation of net loss reported by Pop to equity interest loss:			
Net loss reported by Pop	$(107.0)	$ (97.6)	$(81.6)
Ownership interest in Pop	50%	50%	50%
The Company's share of net loss	(53.5)	(48.8)	(40.8)
Accretion of dividend and interest income on redeemable preferred stock units[1]	44.7	39.5	33.9
Elimination of the Company's share of profits on licensing sales to Pop	(0.2)	(0.8)	(0.6)
Realization of the Company's share of profits on licensing sales to Pop	0.6	1.1	0.6
Total equity interest loss recorded	$ (8.4)	$ (9.0)	$ (6.9)

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

EPIX. In May 2017, the Company sold all of its 31.15% equity interest in EPIX. The Company recorded a gain before income taxes of approximately $201.0 million which is reflected in the gain (loss) on investments line item in the consolidated statement of operations in the year ended March 31, 2018. Prior to the sale of its interest in EPIX, the Company had accounted for such interest as an equity method investment.

EPIX Financial Information:

The following table presents the summarized statements of income for EPIX for the period from April 1, 2017 through the date of sale of May 11, 2017, and for the year ended March 31, 2017 and a reconciliation of the net income reported by EPIX to equity interest income recorded by the Company:

	Period from April 1, 2017 to May 11, 2017 (date of sale)	Twelve Months Ended March 31, 2017
	(Amounts in millions)	
Revenues	$ 44.8	$400.1
Expenses:		
Operating expenses	32.3	259.8
Selling, general and administrative expenses	2.4	23.3
Operating income	10.1	117.0
Interest and other expense	—	(0.3)
Net income	$ 10.1	$116.7
Reconciliation of net income reported by EPIX to equity interest income:		
Net income reported by EPIX	$ 10.1	$116.7
Ownership interest in EPIX	31.15%	31.15%
The Company's share of net income	3.1	36.4
Eliminations of the Company's share of profits on licensing sales to EPIX(1)	(0.1)	(12.4)
Realization of the Company's share of profits on licensing sales to EPIX(2)	1.0	7.0
Total equity interest income recorded	$ 4.0	$ 31.0

(1) Represents the elimination of the gross profit recognized by the Company on licensing sales to EPIX in proportion to the Company's ownership interest in EPIX.

(2) Represents the realization of a portion of the profits previously eliminated. This profit remains eliminated until realized by EPIX. EPIX initially records the license fee for the title as inventory on its balance sheet and amortizes the inventory over the license period. Accordingly, the profit is realized as the inventory on EPIX's books is amortized.

Other Equity Method Investments

The Company has investments in various other equity method investees with ownership percentages ranging from approximately 11% to 49%. These investments include:

Playco. Playco Holdings Limited ("Playco") offers a STARZ-branded online subscription video-on-demand service in the Middle East and North Africa.

Roadside Attractions. Roadside Attractions is an independent theatrical distribution company.

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

Atom Tickets. Atom Tickets is the first-of-its-kind theatrical mobile ticketing platform and app. The Company is accounting for its investment in Atom Tickets, a limited liability company, under the equity method of accounting due to the Company's board representation that provides significant influence over the investee.

Other. In addition to the equity method investments discussed above, the Company holds ownership interests in other immaterial equity method investees.

Summarized Financial Information. Summarized financial information for the Company's "other equity method investees", on an aggregate basis, is set forth below:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Current assets	$189.8	$232.7
Non-current assets	$ 55.7	$130.0
Current liabilities	$167.8	$201.5
Non-current liabilities	$ 46.7	$ 45.0

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Revenues	$ 107.5	$ 178.8	$ 30.1
Gross profit	$ 36.9	$ 42.6	$ 9.1
Net loss	$(102.6)	$(117.7)	$(50.8)

Other Investments:

Other investments include equity securities that are measured at fair value and equity securities without readily determinable fair values, as described below:

Equity Securities Measured at Fair Value. Investments in equity securities that are measured at fair value are classified within Level 1 of the fair value hierarchy as the valuation inputs are based on quoted prices in active markets (see Note 10).

As a result of the adoption of new accounting guidance for Recognition and Measurement of Financial Instruments (see Note 1), effective April 1, 2018 changes in the fair value of the Company's equity securities with a readily determinable fair market value are recognized in net income. At March 31, 2019 and March 31, 2018, "other investments" include investments in equity securities measured at fair value of $1.2 million and $7.3 million, respectively. Accordingly, during the fiscal year ended March 31, 2019, the Company recognized $6.2 million in unrealized losses on equity securities held as of March 31, 2019 which are reflected in the gain (loss) on investments line item on the consolidated statement of operations.

Equity Securities Without Readily Determinable Fair Values. Investments in equity securities without readily determinable fair values are valued at cost, less any impairment, and adjusted for changes resulting from observable, orderly transactions for identical or similar securities. At March 31, 2019 and March 31, 2018, "other investments" include investments in equity securities without readily determinable fair values of $0.5 million and $30.6 million, respectively.

Gain (Loss) on Investments:

The following table summarizes the components of the gain (loss) on investments:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Impairments of investments(1)	$(36.8)	$ (29.2)	$ —
Unrealized losses on equity securities held as of March 31, 2019	(6.2)	—	—
Gain (loss) on sale of equity method investees(2)	(44.6)	201.0	—
Gain on Starz investment(3)	—	—	20.4
	$(87.6)	$171.8	$20.4

(1) In the fiscal years ended March 31, 2019 and 2018, amounts include impairments of equity method investments, and the fiscal year ended March 31, 2019 also includes other-than-temporary impairments of $34.2 million on investments in equity securities without readily determinable fair values and notes receivable (previously included in other assets) which were written down to their estimated fair value.

(2) In the fiscal year ended March 31, 2019, represents the loss before income taxes recorded in connection with the March 2019 sale of the Company's 50.0% equity interest in Pop. In the fiscal year ended March 31, 2018, represents the gain before income taxes recorded in connection with the May 2017 sale of the Company's 31.15% equity interest in EPIX.

(3) Represents the difference between the fair value and the original cost of the available-for-sale investment in equity securities of Starz held on the date of the Starz Merger (December 8, 2016).

6. Goodwill and Intangible Assets

Goodwill

Changes in the carrying value of goodwill by reporting segment were as follows:

	Motion Picture	Television Production	Media Networks	Total
	(Amounts in millions)			
Balance as of March 31, 2017	$361.9	$309.2	$2,029.4	$2,700.5
Business acquisitions(1)	29.0	—	—	29.0
Measurement period adjustments(2)	2.8	—	8.5	11.3
Balance as of March 31, 2018	393.7	309.2	2,037.9	2,740.8
Business acquisitions(1)	—	92.0	—	92.0
Measurement period adjustments(2)	—	0.7	—	0.7
Balance as of March 31, 2019	$393.7	$401.9	$2,037.9	$2,833.5

(1) In fiscal 2019 and 2018, represents the goodwill resulting from the acquisitions of 3 Arts Entertainment and Good Universe, respectively (see Note 2).

(2) In fiscal 2019, represents measurement period adjustments resulting from the acquisition of 3 Arts Entertainment (see Note 2), consisting of a decrease to the fair value of finite-lived intangible assets and a corresponding increase to goodwill. In fiscal 2018, represents measurement period adjustments related to the Starz Merger.

Intangible Assets

Finite-lived intangible assets consisted of the following as of March 31, 2019 and March 31, 2018:

	March 31, 2019			March 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Amounts in millions)					
Finite-lived intangible assets subject to amortization:						
Customer relationships[(1)]	$1,852.0	$250.8	$1,601.2	$1,821.0	$141.4	$1,679.6
Trademarks and trade names	3.6	1.0	2.6	2.0	0.6	1.4
Other	23.9	6.1	17.8	9.5	2.8	6.7
	$1,879.5	$257.9	$1,621.6	$1,832.5	$144.8	$1,687.7

(1) Customer relationships primarily represent affiliation agreements with distributors acquired in the Starz Merger.

Indefinite-lived intangible assets not subject to amortization consisted of the following:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Indefinite-lived intangible assets not subject to amortization:		
Tradenames[(1)]	$250.0	$250.0

(1) Tradenames are primarily related to the Starz brand name, which have an indefinite useful life and are not amortized, but rather are assessed for impairment at least annually or more frequently whenever events or circumstances indicate that the rights might be impaired.

Amortization expense associated with the Company's intangible assets for the years ended March 31, 2019, 2018 and 2017 was approximately $112.6 million, $109.0 million, and $35.7 million, respectively. Amortization expense remaining relating to intangible assets for each of the years ending March 31, 2020 through 2024 is estimated to be approximately $113.3 million, $113.3 million, $113.3 million, $113.3 million, and $112.7 million, respectively.

7. Debt

Total debt of the Company, excluding film obligations and production loans, was as follows as of March 31, 2019 and March 31, 2018:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Corporate debt:		
Revolving credit facility	$ —	$ —
Term Loan A[(1)]	750.0	750.0
Term Loan B[(1)]	1,107.5	1,250.0
5.875% Senior Notes	520.0	520.0
6.375% Senior Notes	550.0	—
Total corporate debt	2,927.5	2,520.0
Convertible senior subordinated notes	—	60.0
Capital lease obligations	45.4	50.5
Total debt	2,972.9	2,630.5
Unamortized discount and debt issuance costs, net of fair value adjustment on capital lease obligations	(68.5)	(73.1)
Total debt, net	2,904.4	2,557.4
Less current portion	(53.6)	(79.1)
Non-current portion of debt	$2,850.8	$2,478.3

(1) To manage interest rate risk on certain of its LIBOR-based floating-rate corporate debt, as of March 31, 2019, the Company has entered into interest rate swaps to effectively convert the floating interest rates to fixed interest rates on a $1.7 billion notional amount, which as of March 31, 2019 converts the effective rate on $1.7 billion of our LIBOR-based corporate debt to 4.987% (see Note 18 for further information).

The following table sets forth future annual contractual principal payment commitments of debt as of March 31, 2019:

		Year Ended March 31,						
Debt Type	Maturity Date	2020	2021	2022	2023	2024	Thereafter	Total
		(Amounts in millions)						
Revolving Credit Facility	March 2023	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Term Loan A	March 2023	37.5	52.5	75.0	585.0	—	—	750.0
Term Loan B	March 2025	12.5	12.5	12.5	12.5	12.5	1,045.0	1,107.5
5.875% Senior Notes	November 2024	—	—	—	—	—	520.0	520.0
6.375% Senior Notes	February 2024	—	—	—	—	550.0	—	550.0
Capital lease obligations	Various	3.0	3.0	0.9	0.9	1.0	36.6	45.4
		$53.0	$68.0	$88.4	$598.4	$563.5	$1,601.6	2,972.9
Less aggregate unamortized discount & debt issuance costs, net of fair value adjustment on capital lease obligations								(68.5)
								$2,904.4

Senior Credit Facilities (Revolving Credit Facility, Term Loan A and Term Loan B)

Revolving Credit Facility Availability of Funds & Commitment Fee. The revolving credit facility provides for borrowings and letters of credit up to an aggregate of $1.5 billion, and at March 31, 2019 there was $1.5 billion available. However, borrowing levels are subject to certain financial covenants as discussed below. There were no letters of credit outstanding at March 31, 2019. The Company is required to pay a quarterly commitment fee on the Revolving Credit Facility of 0.250% to 0.375% per annum, depending on the achievement of certain leverage ratios, as defined in the Amended Credit Agreement, on the total Revolving Credit Facility of $1.5 billion less the amount drawn.

Maturity Date:

- *Revolving Credit Facility & Term Loan A:* March 22, 2023.
- *Term Loan B:* March 24, 2025.

Interest:

- *Revolving Credit Facility & Term Loan A:* Initially bore interest at a rate per annum equal to LIBOR plus 1.75% (or an alternative base rate plus 0.75%) margin, with a LIBOR floor of zero. The margin is subject to potential increases of up to 50 basis points (two (2) increases of 25 basis points each) upon certain increases to net first lien leverage ratios, as defined in the Amended Credit Agreement. The margin as of March 31, 2019 is 2.00% (effective interest rate of 4.49% as of March 31, 2019, before the impact of interest rate swaps).
- *Term Loan B:* As of March 22, 2018, pursuant to the Amended Credit Agreement described below, the Term Loan B bears interest at a rate per annum equal to LIBOR plus 2.25% margin, with a LIBOR floor of zero (or an alternative base rate plus 1.25% margin) (effective interest rate of 4.74% as of March 31, 2019, before the impact of interest rate swaps).

Required Principal Payments:

- *Term Loan A:* Quarterly principal payments, at quarterly rates of 1.25% beginning June 30, 2019, 1.75% beginning June 30, 2020, and 2.50% beginning June 30, 2021 through December 31, 2022, with the balance payable at maturity.
- *Term Loan B:* Quarterly principal payments, at a quarterly rate of 0.25%, with the balance payable at maturity.

  The Term Loan A and Term Loan B also require mandatory prepayments in connection with certain asset sales, subject to certain significant exceptions, and the Term Loan B is subject to additional mandatory repayment from specified percentages of excess cash flow, as defined in the Amended Credit Agreement.

Optional Prepayment:

- *Revolving Credit Facility & Term Loan A:* The Company may voluntarily prepay the Revolving Credit Facility and Term Loan A at any time without premium or penalty.
- *Term Loan B:* The Company may voluntarily prepay the Term Loan B at any time.

Security. The Senior Credit Facilities are guaranteed by the Guarantors (as defined in the Amended Credit Agreement) and are secured by a security interest in substantially all of the assets of Lionsgate and the Guarantors (as defined in the Amended Credit Agreement), subject to certain exceptions.

Covenants. The Senior Credit Facilities contain representations and warranties, events of default and affirmative and negative covenants that are customary for similar financings and which include, among other things and subject to certain significant exceptions, restrictions on the ability to declare or pay dividends, create liens, incur additional indebtedness, make investments, dispose of assets and merge or consolidate with any other person. In addition, a net first lien leverage maintenance covenant and an interest coverage ratio maintenance covenant apply to the Revolving Credit Facility and the Term Loan A and are tested quarterly. As of March 31, 2019, the Company was in compliance with all applicable covenants.

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

5.875% Senior Notes and 6.375% Senior Notes

Interest:

- *5.875% Senior Notes:* Bears interest at 5.875% annually (payable semi-annually on May and November 1 of each year).
- *6.375% Senior Notes:* Bears interest at 6.375% annually (payable semi-annually in arrears on February 1 and August 1 of each year, commencing on August 1, 2019).

Maturity Date:

- *5.875% Senior Notes:* November 1, 2024.
- *6.375% Senior Notes:* February 1, 2024.

Optional Redemption:

- *5.875% Senior Notes:*
  (i) Prior to November 1, 2019, the 5.875% Senior Notes are redeemable under certain circumstances (as defined in the indenture governing the 5.875% Senior Notes), in whole at any time or in part from time to time, at a price equal to 100% of the principal amount, plus the Applicable Premium (as defined in the indenture governing the 5.875% Senior Notes). The Applicable Premium is the greater of (i) 1.0% of the principal amount redeemed and (ii) the excess of the present value of the redemption amount at November 1, 2019 (see below) of the notes redeemed plus interest through the redemption date (discounted at the treasury rate on the redemption date plus 50 basis points) over the principal amount of the notes redeemed on the redemption date.

  (ii) On and after November 1, 2019, redeemable by the Company, in whole or in part, at the redemption prices set forth as follows (as a percentage of the principal amount redeemed), plus accrued and unpaid interest to the redemption date: (i) on or after November 1, 2019 — 104.406%; (ii) on or after November 1, 2020 — 102.938%; (iii) on or after November 1, 2021 — 101.439%; and (iv) on or after November 1, 2022 — 100%.
- *6.375% Senior Notes:*
  (i) Prior to February 1, 2021, the 6.375% Senior Notes are redeemable under certain circumstances (as defined in the indenture governing the 6.375% Senior Notes), in whole at any time, or in part from time to time, at a price equal to 100% of the principal amount of the Notes to be redeemed plus the Applicable Premium (as defined in the indenture governing the 6.375% Senior Notes). The Applicable Premium is the greater of (i) 1.0% of the principal amount redeemed and (ii) the excess of the present value of the redemption amount at February 1, 2021 (see below) of the notes redeemed plus interest through the redemption date (discounted at the treasury rate on the redemption date plus 50 basis point) over the principal amount of the notes redeemed on the redemption date.

(ii) On and after February 1, 2021, redeemable by the Company, in whole or in part, at the redemption prices set forth as follows (as a percentage of the principal amount redeemed), plus accrued and unpaid interest to the redemption date: (i) on or after February 1, 2021 — 103.188%; (ii) on or after February 1, 2022 — 101.594%; (iii) on or after February 1, 2023 —100%.

Security. The 5.875% Senior Notes and 6.375% Senior Notes are unsubordinated, unsecured obligations of the Company.

Covenants. The 5.875% Senior Notes and 6.375% Senior Notes contain certain restrictions and covenants that, subject to certain exceptions, limit the Company's ability to incur additional indebtedness, pay dividends or repurchase the Company's common shares, make certain loans or investments, and sell or otherwise dispose of certain assets subject to certain conditions, among other limitations. As of March 31, 2019, the Company was in compliance with all applicable covenants.

Change in Control. The occurrence of a change of control will be a triggering event requiring the Company to offer to purchase from holders all of the 5.875% Senior Notes and 6.375% 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 5.875% Senior Notes and 6.375% Senior Notes at 100% of their principal amount, plus accrued and unpaid interest, if any to the date of purchase.

Capacity to Pay Dividends

At March 31, 2019, the capacity to pay dividends under the Senior Credit Facilities, the 5.875% Senior Notes and the 6.375% Senior Notes significantly exceeded the amount of the Company's retained earnings or net loss, and therefore the Company's net loss of $299.6 million and retained earnings of $208.7 million were deemed free of restrictions at March 31, 2019.

Debt Transactions

Fiscal 2019:

6.375% Senior Notes Issuance. On February 4, 2019, the Company issued $550.0 million aggregate principal amount of 6.375% Senior Notes. The Company used the proceeds of the 6.375% Senior Notes to pay down outstanding amounts under its Revolving Credit Facility and for working capital purposes.

Convertible Senior Subordinated Notes Repayment. On April 15, 2018, the 1.25% convertible senior subordinated notes due April 2018 (the "April 2013 1.25% Notes") matured, and upon maturity, the Company repaid the outstanding principal amount, together with accrued and unpaid interest.

Term Loan Prepayments. During the year ended March 31, 2019, the Company made voluntary prepayments totaling $130.0 million in principal outstanding under the Term Loan B, together with accrued and unpaid interest.

Fiscal 2018:

March 2018 Senior Credit Facilities Refinancing. On March 22, 2018, the Company entered into an amendment to the Credit Agreement (as amended, the "Amended Credit Agreement") to refinance its Previous Revolving Credit Facility, Previous Term Loan A and Previous Term Loan B, all as defined below. In connection with the amendment, the Company repaid in full the then outstanding principal amounts of $950.0 million under the Previous Term Loan A and $825.0 million under the Previous Term Loan B, and terminated all commitments under the Previous Revolving Credit Facility. In addition, the Company incurred a new five-year Term Loan A in aggregate principal amount of $750.0 million (the "Term

Loan A”), incurred a new seven-year Term Loan B in aggregate principal amount of $1,250.0 million (the “Term Loan B”), and obtained a new $1.5 billion five-year revolving credit facility (the “Revolving Credit Facility”, and together with the Term Loan A and Term Loan B, the “Senior Credit Facilities”).

December 2017 Previous Term Loan B Refinancing. On December 11, 2017, the Company entered into an amendment to the Credit Agreement to reduce the interest rate on the Previous Term Loan B and prepaid $25.0 million of principal outstanding under the Previous Term Loan B.

Term Loan Prepayments. In addition to the prepayments in connection with the amendments described above, during the year ended March 31, 2018, the Company made other voluntary prepayments totaling $740.0 million in principal outstanding under the Previous Term Loan B, together with accrued and unpaid interest.

Fiscal 2017:

Debt Issuances and Redemptions or Repayments Associated with the Starz Merger. On December 8, 2016, Lions Gate Entertainment Corp. entered into a credit and guarantee agreement (the “Credit Agreement”) which provided for a $1.0 billion five-year revolving credit facility (the “Previous Revolving Credit Facility”) (ii) a $1.0 billion five-year term loan A facility (the “Previous Term Loan A”) and (iii) a $2.0 billion seven-year term loan B facility (the “Previous Term Loan B”). In addition, on October 27, 2016, Lions Gate Entertainment Corp. issued $520.0 million aggregate principal amount of 5.875% senior notes due 2024 (the “5.875% Senior Notes”).

The Company used the proceeds of the 5.875% Senior Notes, the Previous Term Loan A, the Previous Term Loan B, and a portion of the Previous Revolving Credit Facility (amounting to $50.0 million) to finance a portion of the consideration and transaction costs for the Starz Merger and the associated transactions.

Term Loan Prepayments. During the year ended March 31, 2017, the Company made other voluntary prepayments totaling $400.0 million in principal outstanding under the Previous Term Loan B, together with accrued and unpaid interest.

Loss on Extinguishment of Debt

Accounting for the Debt Redemption and Repayment Transactions Discussed Above:

Revolving Credit Facilities. Any fees paid to creditors or third parties related to the issuance of the new revolving credit facility were capitalized and are being amortized over the term of the new revolving credit facility. To the extent the borrowing capacity, measured as the amount available under the revolving credit facility multiplied by the remaining term, on a creditor by creditor basis, was more than under the previous revolving credit facility, any prior unamortized debt issuance costs were capitalized and are being amortized over the term of the new revolving credit facility. To the extent the borrowing capacity on a creditor by creditor basis was less than under the previous credit facility the prior unamortized debt issuance costs were written off as a loss on extinguishment of debt in proportion to the decrease in borrowing capacity under the former revolving credit facility.

Term Loans and Senior Notes. In accounting for each contemporaneous issuance and repayment or redemption transaction discussed above, a portion of the prepayment and issuance was considered a modification of terms with creditors who participated in both the prepaid or redeemed debt and the new issuance, and a portion was considered a debt extinguishment. The previously incurred unamortized deferred financing costs, debt discount, call premiums (if any) and any fees or other amounts paid to creditors, on the prepaid or redeemed debt will be amortized over the life of the new issuance, to the extent the prepayment and issuance was considered a modification of terms, and expensed as a loss on extinguishment of debt to the extent considered an extinguishment. The new debt issuances associated with the existing creditors whose prior loans were prepaid were considered a modification of terms and therefore the new issuance costs associated with such issuances were expensed as a loss on extinguishment of debt. All costs and expenses associated with new creditors are capitalized and amortized over the life of the new issuance. Debt issuance costs and any debt discount are amortized using the effective interest method.

Loss on Extinguishment of Debt. The following tables summarize the accounting for the debt issuance costs incurred and the related loss on extinguishment of debt recorded in the years ended March 31, 2018 and March 31, 2017 associated with the debt transactions discussed above. During the year ended March 31, 2019, the Company recorded a loss on extinguishment of debt of $1.9 million related to early repayments on the Term Loan B.

	Year Ended March 31, 2018		
	Loss on Extinguishment of Debt	Capitalized & Amortized Over Life of New Issuances	Total
	(Amounts in millions)		
New debt issuance costs	$11.0	$11.6	$22.6
Previously incurred debt issuance costs or unamortized discount	24.7		
Total	$35.7		

	Year Ended March 31, 2017		
	Loss on Extinguishment of Debt	Capitalized & Amortized Over Life of New Issuances	Total
	(Amounts in millions)		
New debt issuance costs and call premium	$20.6	$115.0	$135.6
Previously incurred debt issuance costs or unamortized discount	19.8		
Total	$40.4		

Capital Lease Obligations

Capital lease obligations represent lease agreements acquired in the Starz Merger. As of March 31, 2019, these obligations include a ten-year commercial lease for a building, with four successive five-year renewal periods at the Company's option, with an imputed annual interest rate of 7.2%, and a capital lease arrangement for Starz's transponder capacity that expires in February 2021 and has an imputed annual interest rate of 7.0%.

Interest Expense

The table below sets forth the composition of the Company's interest expense for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
Interest expense			
Cash interest	$152.0	$122.9	$ 86.8
Amortization of debt discount and financing costs	11.6	14.3	12.9
	163.6	137.2	99.7
Interest on dissenting shareholders' liability (see Note 17)	35.3	56.5	15.5
Total interest expense	$198.9	$193.7	$115.2

8. Participations and Residuals

Theatrical Slate Participation

On March 10, 2015, the Company entered into a theatrical slate participation arrangement with TIK Films (U.S.), Inc. and TIK Films (Hong Kong) Limited (collectively, "TIK Films"), both wholly owned subsidiaries of Hunan TV & Broadcast Intermediary Co. Ltd. Under the arrangement, TIK Films, in general and subject to certain limitations including per picture and annual caps, contributed a minority share of 25% of the Company's production or acquisition costs of "qualifying" theatrical feature films, released during the three-year period ended January 23, 2018, and participated in a pro-rata portion of the pictures' net profits or losses similar to a co-production arrangement based on the portion of costs funded. The arrangement excluded, among others, any theatrical feature film incorporating any elements from the *Twilight, Hunger Games* or *Divergent* franchises. The percentage of the contribution could vary on certain pictures.

Amounts provided from TIK Films are reflected as a participation liability in the Company's consolidated balance sheets and amounted to $157.0 million at March 31, 2019 (March 31, 2018 — $151.8 million). The difference between the ultimate participation expected to be paid to TIK Films and the amount provided by TIK Films is amortized as a charge to or a reduction of participation expense under the individual-film-forecast method.

9. Film Obligations and Production Loans

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Film obligations	$ 270.3	$ 146.7
Production loans	386.4	352.9
Total film obligations and production loans	656.7	499.6
Unamortized debt issuance costs	(1.0)	(0.4)
Total film obligations and production loans, net	655.7	499.2
Less current portion	(512.6)	(327.9)
Total non-current film obligations and production loans	$ 143.1	$ 171.3

The following table sets forth future annual repayment of film obligations and production loans as of March 31, 2019:

	Year Ended March 31,						
	2020	2021	2022	2023	2024	Thereafter	Total
	(Amounts in millions)						
Film obligations	$177.3	$ 68.3	$13.9	$7.0	$3.0	$1.1	$270.6
Production loans	336.6	49.8	—	—	—	—	386.4
	$513.9	$118.1	$13.9	$7.0	$3.0	$1.1	$657.0
Less imputed interest on film obligations and debt issuance costs on production loans							(1.3)
							$655.7

Film Obligations

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

Production Loans

Production loans represent individual loans for the production of film and television programs that the Company produces. The majority of production loans have contractual repayment dates either at or near the expected completion date, with the exception of certain loans containing repayment dates on a longer term basis, and incur interest at rates ranging from 4.63% to 5.29%.

10. Fair Value Measurements

Fair Value

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

Fair Value Hierarchy

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

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

The following table sets forth the assets and liabilities required to be carried at fair value on a recurring basis as of March 31, 2019 and 2018:

	March 31, 2019			March 31, 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	(Amounts in millions)					
Assets:						
Available-for-sale equity securities (see Note 5)	$1.2	$ —	$ 1.2	$7.3	$ —	$ 7.3
Forward exchange contracts (see Note 18)	—	1.5	1.5	—	0.3	0.3
Liabilities:						
Forward exchange contracts (see Note 18)	—	(0.6)	(0.6)	—	(0.6)	(0.6)
Interest rate swaps (see Note 18)	—	(63.6)	(63.6)	—	—	—
	$1.2	$(62.7)	$(61.5)	$7.3	$(0.3)	$ 7.0

The following table sets forth the carrying values and fair values of the Company's outstanding debt at March 31, 2019 and March 31, 2018:

	March 31, 2019		March 31, 2018	
	(Amounts in millions)			
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Liabilities[(1)]:				
Term Loan A	733.3	742.5	729.7	750.9
Term Loan B	1,091.2	1,088.1	1,229.3	1,251.6
5.875% Senior Notes	502.8	534.3	500.4	539.5
6.375% Senior Notes	541.4	576.1	—	—
April 2013 1.25% Notes	—	—	60.0	60.3
Production loans	385.4	386.4	352.6	352.9
	$2,712.7	$2,891.3	$2,872.0	$2,955.2

(1) The Company measures the fair value of its outstanding debt using discounted cash flow techniques that use observable market inputs, such as LIBOR-based yield curves, swap rates, and credit ratings (Level 2 measurements).

The Company's financial instruments also include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, borrowings under the Revolving Credit Facility, if any, and capital lease obligations. The carrying values of these financial instruments approximated the fair values at March 31, 2019 and 2018.

11. Noncontrolling Interests

Redeemable Noncontrolling Interests

The table below presents the reconciliation of changes in redeemable noncontrolling interests:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Beginning balance	$101.8	$ 93.8	$90.5
Initial fair value of redeemable noncontrolling interests	15.8	—	—
Net income (loss) attributable to noncontrolling interests	(16.2)	0.5	(0.3)
Noncontrolling interest discount accretion	22.1	6.1	5.0
Adjustments to redemption value	6.5	9.3	5.5
Cash distributions	(2.4)	(7.9)	(6.9)
Ending balance	$127.6	$101.8	$93.8

Redeemable noncontrolling interests (included in temporary equity on the consolidated balance sheets) relate to the May 29, 2018 acquisition of a controlling interest in 3 Arts Entertainment and the November 12, 2015 acquisition of a controlling interest in Pilgrim Media Group.

Redeemable noncontrolling interests are measured at the greater of (i) the redemption amount that would be paid if settlement occurred at the balance sheet date less the amount attributed to unamortized noncontrolling interest discount if applicable, or (ii) the historical value resulting from the original acquisition date value plus or minus any earnings or loss attribution, plus the amount of amortized noncontrolling interest discount, less the amount of cash distributions that are not accounted for as compensation, if any. The amount of the redemption value in excess of the historical values of the noncontrolling interest, if any, is recognized as an increase to redeemable noncontrolling interest and a charge to retained earnings.

3 Arts Entertainment. In connection with the acquisition of a controlling interest in 3 Arts Entertainment on May 29, 2018, the Company recorded a non-compensatory (see below) redeemable noncontrolling interest of $15.8 million, representing the noncontrolling interest holders 49% equity interest in 3 Arts Entertainment (see Note 2). The noncontrolling interest holders have a right to put the noncontrolling interest of 3 Arts Entertainment, at fair value, exercisable at five years after the acquisition date of May 29, 2018, for a 60 day period. Beginning 30 days after the expiration of the exercise period for the put rights held by the noncontrolling interest holders, the Company has a right to call the noncontrolling interest of 3 Arts Entertainment, at fair value, for a 60 day period. The put and call options have been determined to be embedded in the noncontrolling interest, and because the put rights are outside the control of the Company, the noncontrolling interest holder's interest is presented as redeemable noncontrolling interest outside of shareholders' equity on the Company's consolidated balance sheets.

In addition, the noncontrolling interest holders have continued as employees of 3 Arts Entertainment. Pursuant to the various 3 Arts Entertainment acquisition and related agreements, a portion of the noncontrolling interest holders' participation in the put and call proceeds is based on the noncontrolling interest holders' performance during the period. Further, if the employment of a noncontrolling interest holder is terminated, under certain circumstances, their participations in distributions cease and the put and call value is discounted from the fair value of their equity ownership percentage. Accordingly, earned distributions are accounted for as compensation and are being expensed within general and administrative expense as incurred. Additionally, the amount of the put and call proceeds subject to the discount is also accounted for as compensation, and is being amortized over the vesting period within general and administrative expense and reflected as an addition to redeemable noncontrolling interest.

Pilgrim Media Group. In connection with the acquisition of a controlling interest in Pilgrim Media Group on November 12, 2015, the Company recorded a redeemable noncontrolling interest of $90.1 million, representing 37.5% of Pilgrim Media Group. The noncontrolling interest holder has a right to put and the Company has a right to call a portion of the noncontrolling interest, equal to 17.5% of Pilgrim Media Group, at fair value, exercisable at five years after the acquisition date of November 12, 2015. In addition, the noncontrolling interest holder has a right to put and the Company has a right to call the remaining amount of noncontrolling interest at fair value, subject to a cap, exercisable at seven years after the acquisition date of November 12, 2015. The put and call options have been determined to be embedded in the noncontrolling interest, and because the put rights are outside the control of the Company and require partial cash settlement, the noncontrolling interest holder's interest is presented as redeemable noncontrolling interest outside of shareholders' equity on the Company's consolidated balance sheets.

In addition, the noncontrolling interest holder is the President and CEO of Pilgrim Media Group. Pursuant to the operating agreement of Pilgrim Media Group, if the employment of the noncontrolling interest holder is terminated, under certain circumstances as defined in the operating agreement, the Company can call and the noncontrolling interest holder can put the noncontrolling interest at a discount to fair value. The amount of the discount related to the 17.5% noncontrolling interest is being expensed through the five-year call period, and the portion of the discount related to the remaining noncontrolling interest is being expensed over the seven-year call period. The amounts are included in general and administrative expense of Pilgrim Media Group and reflected as an addition to redeemable noncontrolling interest.

Other Noncontrolling Interests

The Company has other noncontrolling interests that are not redeemable. These noncontrolling interests primarily relate to Pantaya (a joint venture between the Company and Hemisphere Media Group), a premium Spanish-language streaming service in which the Company owns a controlling interest. The Pantaya service was launched in the three months ended September 30, 2017.

12. Revenue

Revenue by Segment, Market or Product Line

The table below presents revenues by segment, market or product line for the fiscal years ended March 31, 2019, 2018 and 2017. The prior year information in the below table has not been adjusted under the modified retrospective method of adoption of the new revenue recognition guidance.

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Revenue by Type:			
Motion Picture			
Theatrical	$ 215.8	$ 281.4	$ 371.3
Home Entertainment			
Digital Media	334.7	373.7	303.9
Packaged Media	257.5	400.3	403.8
Total Home Entertainment	592.2	774.0	707.7
Television	274.4	278.5	279.1
International	341.1	456.7	533.8
Other	40.9	31.5	28.7
Total Motion Picture revenues	1,464.4	1,822.1	1,920.6
Television Production			
Television	655.8	744.5	667.3
International	136.0	179.6	163.2
Home Entertainment			
Digital Media	66.9	96.3	50.1
Packaged Media	7.6	11.2	6.3
Total Home Entertainment	74.5	107.5	56.4
Other	54.6	1.6	5.9
Total Television Production revenues	920.9	1,033.2	892.8
Media Networks – Programming Revenues			
Domestic(1)	1,458.9	1,411.2	426.3
International	2.1	—	—
	1,461.0	1,411.2	426.3
Intersegment eliminations	(165.8)	(137.4)	(38.2)
Total revenues	$3,680.5	$4,129.1	$3,201.5

(1) Media Networks domestic revenues include revenue from the Company's Streaming Services product line of $18.0 million, $7.1 million and $2.9 million in the years ended March 31, 2019, 2018 and 2017, respectively.

Remaining Performance Obligations

Remaining performance obligations represent deferred revenue on the balance sheet plus fixed fee or minimum guarantee contracts where the revenue will be recognized and the cash received in the future (i.e., backlog). Revenues expected to be recognized in the future related to performance obligations that are unsatisfied at March 31, 2019 are as follows:

	Year Ended March 31,				
	2020	2021	2022	Thereafter	Total
	(Amounts in millions)				
Remaining Performance Obligations	$1,257.1	$275.4	$120.1	$163.4	$1,816.0

The above table does not include estimates of variable consideration for transactions involving sales or usage-based royalties in exchange for licenses of intellectual property. The revenues included in the above table include all fixed fee contracts regardless of duration.

Revenues of $231.7 million, including variable and fixed fee arrangements, were recognized during the year ended March 31, 2019, respectively, from performance obligations satisfied prior to March 31, 2018. These revenues were primarily associated with the distribution of television and theatrical product in electronic sell-through and video-on-demand formats, and to a lesser extent, the distribution of theatrical product in the domestic and international markets related to films initially released in prior periods.

Contract Assets and Deferred Revenue

The timing of revenue recognition, billings and cash collections affects the recognition of accounts receivable, contract assets and deferred revenue (see Note 1). At March 31, 2019 and April 1, 2018, accounts receivable, contract assets and deferred revenue are as follows:

	March 31, 2019	April 1, 2018	Addition (Reduction)
	(Amounts in millions)		
Accounts receivable, net – current	$647.2	$1,042.2	$(395.0)
Accounts receivable, net – non-current[(1)]	176.1	257.7	(81.6)
Contract asset – current[(2)]	97.3	78.3	19.0
Contract asset – non-current[(3)]	72.1	71.5	0.6
Deferred revenue – current	146.5	183.8	(37.3)
Deferred revenue – non-current	62.8	70.5	(7.7)

(1) Included in accounts receivable within non-current other assets in the consolidated balance sheets.

(2) Included in prepaid expenses and other within other current assets in the consolidated balance sheets.

(3) Included in prepaid expenses and other within non-current other assets in the consolidated balance sheets.

Contract assets relate to the Company's conditional right to consideration for completed performance under the contract (e.g., unbilled receivables). Amounts relate primarily to contractual payment holdbacks in cases in which the Company is required to deliver additional episodes or seasons of television content in order to receive payment, complete certain administrative activities, such as guild filings, or allow the Company's customers' audit rights to expire. The change in balance of contract assets is primarily due to the satisfaction of the condition related to payment holdbacks.

Deferred revenue relates primarily to customer cash advances or deposits received prior to when the Company satisfies the corresponding performance obligation. Revenues of $143.0 million were recognized during the year ended March 31, 2019, related to the balance of deferred revenue at April 1, 2018.

Summarized Balance Sheet and Statement of Operations Comparison of New and Prior Revenue Recognition Guidance

The following table presents the line items impacted by the adoption of the new revenue recognition guidance (described in Note 1) on the consolidated balance sheet and statement of operations:

	March 31, 2019		
	As Reported	Impact of Adoption	Without Adoption of New Revenue Guidance
	(Amounts in millions)		
Balance Sheet Information:			
Assets			
Accounts receivable, net – current	$ 647.2	$ (6.2)	$ 641.0
Other assets – current	267.2	(97.3)	169.9
Other assets – non-current	436.1	(0.5)	435.6
Investment in films and television programs and program rights, net	1,672.0	37.3	1,709.3
Liabilities			
Accounts payable and accrued liabilities	531.2	(58.7)	472.5
Participations and residuals – current	408.5	1.9	410.4
Deferred revenue – current	146.5	(0.6)	145.9
Deferred revenue – non-current	62.8	0.8	63.6
Deferred tax liabilities	56.5	(1.9)	54.6
Equity			
Retained earnings	208.7	(8.2)	200.5

	Year Ended March 31, 2019		
	As Reported	Impact of Adoption	Without Adoption of New Revenue Guidance
	(Amounts in millions)		
Statement of Operations Information:			
Revenues	$3,680.5	$44.9	$3,725.4
Direct operating	2,028.2	31.0	2,059.2
Operating income	130.0	13.9	143.9
Interest and other income	12.0	—	12.0
Loss before income taxes	(308.1)	13.9	(294.2)
Income tax benefit	8.5	(3.4)	5.1
Net loss	(299.6)	10.5	(289.1)

13. Capital Stock

(a) Common Shares

The Company had 500 million authorized Class A voting shares, and 500 million authorized Class B non-voting shares, at March 31, 2019 and March 31, 2018.

As discussed in Note 2, immediately prior to the consummation of the December 8, 2016 Starz Merger, the Company effected the reclassification of its capital stock, pursuant to which each previously existing Lionsgate common share was converted into 0.5 shares of a newly issued Class A voting shares and 0.5 shares of a newly issued Class B non-voting shares, subject to the terms and conditions of the Merger Agreement, resulting in 74.2 million of Class A voting shares and 74.2 million of Class B non-voting shares.

The table below outlines common shares reserved for future issuance:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Stock options and equity-settled SARs outstanding	34.6	32.1
Restricted stock and restricted share units – unvested	2.0	2.2
Common shares available for future issuance under the 2017 Plan (as defined below)	6.7	10.3
Shares issuable upon conversion of April 2013 1.25% Notes	—	2.1
Shares reserved for future issuance	43.3	46.7

(b) Share Repurchases

On February 2, 2016, the Company's Board of Directors authorized the Company to increase its previously announced share repurchase plan from a total authorization of $300 million to $468 million. During the years ended March 31, 2019, 2018 and 2017 the Company did not repurchase any common shares. To date, approximately $283.2 million common shares have been repurchased, leaving approximately $184.7 million of authorized potential purchases.

(c) Dividends

The amount of dividends, if any, that the Company pays to its shareholders is determined by its Board of Directors, at its discretion, and is dependent on a number of factors, including our financial position, results of operations, cash flows, capital requirements and restrictions under its credit agreements, and shall be in compliance with applicable law. In November 2018, the Company's Board of Directors suspended the Company's quarterly cash dividend to focus on driving long-term shareholder value by investing in global growth opportunities for Starz, while also strengthening its balance sheet.

During the fiscal years ended March 31, 2019, 2018 and 2017, the Company's Board of Directors declared the following quarterly cash dividends:

	Dividends Declared Per Common Share	Total Amount	Payment Date
		(in millions)	
Fiscal Year 2019:			
Second quarter ended September 30, 2018	$0.09	$19.3	November 8, 2018
First quarter ended June 30, 2018	$0.09	19.2	August 9, 2018
Total cash dividends declared in fiscal year 2019	$0.18	$38.5	
Fiscal Year 2018:			
Fourth quarter ended March 31, 2018	$0.09	$19.1	May 1, 2018
Fiscal Year 2017:			
First quarter ended June 30, 2016	$0.09	$13.3	August 5, 2016

As of March 31, 2019, the Company was not limited in its capacity to pay dividends under the Senior Credit Facilities Amended Credit Agreement and the indenture governing the 5.875% Senior Notes and the 6.375% Senior Notes (see Note 7).

(d) Share-based Compensation

On September 12, 2017, the Company's shareholders approved the Lions Gate Entertainment Corp. 2017 Performance Incentive Plan (the "2017 Plan") previously adopted by the Board of Directors (the "Board") of the Company. The types of awards that may be granted under the 2017 Plan include stock options, share appreciation rights ("SARs"), restricted stock, restricted share units, stock bonuses and other forms of awards granted or denominated in Class A voting shares and Class B non-voting shares ("Common Shares") or units of Common Shares, as well as certain cash bonus awards. Persons eligible to receive awards under the 2017 Plan include 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.

Stock options are generally granted at exercise prices equal to or exceeding the market price of the Company's Common Shares at the date of grant. Substantially all stock options vest ratably over one to five years from the grant date based on continuous service and expire seven to ten years from the date of grant. Restricted stock and restricted share units generally vest ratably over one to four years based on continuous service. The Company satisfies stock option exercises and vesting of restricted stock and restricted share units with newly issued shares.

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

The Company recognized the following share-based compensation expense during the years ended March 31, 2019, 2018 and 2016:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Compensation Expense:			
Stock options	$ 23.0	$ 43.1	$ 42.5
Restricted share units and other share-based compensation	24.7	36.2	34.0
Share appreciation rights	4.4	6.3	0.6
	52.1	85.6	77.1
Impact of accelerated vesting on equity awards(1)	16.0	2.9	2.4
Total share-based compensation expense	$ 68.1	$ 88.5	$ 79.5
Tax impact(2)	(15.7)	(29.6)	(28.0)
Reduction in net income	$ 52.4	$ 58.9	$ 51.5

(1) Represents the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements.

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

Share-based compensation expense, by expense category, consisted of the following:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Compensation Expense:			
Direct operating	$ 1.1	$ 1.1	$ 1.2
Distribution and marketing	0.4	0.9	0.4
General and administration	50.6	83.6	75.5
Restructuring and other	16.0	2.9	2.4
	$68.1	$88.5	$79.5

Stock Options

The following table sets forth the stock option and equity-settled share appreciation rights activity during the year ended March 31, 2019:

	Stock Options and Equity-Settled SARs							
	Class A Voting Shares				Class B Non-Voting Shares			
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
	(Amounts in millions, except for weighted-average exercise price and years)							
Outstanding at March 31, 2018	8.6	$26.93			23.5	$20.56		
Granted	0.2	$28.07			4.2	$21.52		
Exercised	—(1)	$15.76			(0.7)	$10.78		
Forfeited or expired	(0.4)	$33.42			(0.8)	$29.00		
Outstanding at March 31, 2019	8.4	$26.70	4.97	$0.1	26.2	$20.72	4.17	$25.4
Vested or expected to vest at March 31, 2019	8.4	$26.71	4.96	$0.1	25.8	$20.70	4.13	$25.4
Exercisable at March 31, 2019	6.1	$27.91	4.18	$0.1	19.1	$19.72	2.74	$25.3

(1) Represents less than 0.1 million shares.

The fair value of each option award is estimated on the date of grant using a closed-form option valuation model (Black-Scholes). The following table presents the weighted average grant-date fair value of options granted in the years ended March 31, 2019, 2018 and 2017, and the weighted average applicable assumptions used in the Black-Scholes option-pricing model for stock options and share-appreciation rights granted during the years then ended:

	Year Ended March 31,		
	2019	2018	2017
Weighted average fair value of grants	$5.48	$8.38	$6.88
Weighted average assumptions:			
Risk-free interest rate(1)	2.2% – 3.1%	1.7% – 2.7%	1.2% – 2.4%
Expected option lives (in years)(2)	1 – 7 years	4 – 6 years	4 – 10 years
Expected volatility for options(3)	34%	35%	35%
Expected dividend yield(4)	0.0% – 1.7%	0.0% – 1.5%	0.0% – 1.8%

(1) The risk-free rate assumed in valuing the options is based on the U.S. Treasury Yield curve in effect applied against the expected term of the option at the time of the grant.

(2) The expected term of options granted represents the period of time that options granted are expected to be outstanding.

(3) Expected volatilities are based on implied volatilities from traded options on the Company's shares, historical volatility of the Company's shares and other factors.

(4) The expected dividend yield is estimated by dividing the expected annual dividend by the market price of the Company's shares at the date of grant.

The total intrinsic value of options exercised during the year ended March 31, 2019 was $5.3 million (2018 — $36.9 million, 2017 — $30.0 million).

During the year ended March 31, 2019, less than 0.1 million shares (2018 — 0.1 million shares, 2017 — 0.8 million shares) were cancelled to fund withholding tax obligations upon exercise of options.

Restricted Share Units

The following table sets forth the restricted share unit and restricted stock activity during the year ended March 31, 2019:

	Restricted Share Units				Restricted Stock	
	Class A Voting Shares	Weighted-Average Grant-Date Fair Value	Class B Non-Voting Shares	Weighted-Average Grant-Date Fair Value	Class B Non-Voting Shares	Weighted-Average Grant-Date Fair Value
	(Amounts in millions, except for weighted-average grant date fair value)					
Outstanding at March 31, 2018	0.2	$28.49	1.5	$28.71	0.5	$25.70
Granted	—[1]	$23.51	1.3	$19.88	—	—
Vested	(0.1)	$29.05	(0.9)	$26.14	(0.2)	$25.70
Forfeited	—[1]	$24.83	(0.3)	$23.24	—[1]	$25.70
Outstanding at March 31, 2019	0.1	$25.68	1.6	$24.01	0.3	$25.70

(1) Represents less than 0.1 million shares.

The fair values of restricted stock and restricted share units are determined based on the market value of the shares on the date of grant. The total fair value of restricted share units and restricted stock vested during the year ended March 31, 2019 was $33.7 million (2018 — $41.6 million, 2017 — $60.7 million).

The following table summarizes the total remaining unrecognized compensation cost as of March 31, 2019 related to non-vested stock options and restricted stock and restricted share units and the weighted average remaining years over which the cost will be recognized:

	Total Unrecognized Compensation Cost	Weighted Average Remaining Years
	(Amounts in millions)	
Stock Options	$43.4	2.8
Restricted Stock and Restricted Share Units	31.9	2.0
Total	$75.3	

Under the Company's stock option and long term incentive plans, the Company withholds shares to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of restricted stock and restricted share units. During the year ended March 31, 2019, 0.5 million shares (2018 — 0.7 million shares, 2017 — 1.0 million shares) were withheld upon the vesting of restricted stock and restricted share units.

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

The Company recognized excess tax deficiencies of $14.9 million associated with its equity awards in its tax benefit for the year ended March 31, 2019 (2018 — benefit of $5.2 million, 2017 — none).

Other Share-Based Compensation

Pursuant to the terms of certain employment agreements, during the year ended March 31, 2019, the Company granted the equivalent of $2.3 million (2018 — $0.8 million, 2017 — $1.1 million) in shares to certain employees through the term of their employment contracts, which were recorded as compensation expense in the applicable period. Pursuant to this arrangement, for the year ended March 31, 2019, the Company issued 0.1 million shares (2018 — less than 0.1 million shares, 2017 — less than 0.1 million shares), net of shares withheld to satisfy minimum tax withholding obligations.

(e) Other

In connection with an amendment of an affiliation agreement with a customer and effective upon the close of the Starz Merger, the Company agreed to issue to the customer three $16.67 million annual installments of equity (or cash at the Company's election). The total value of the contract of $50 million is being amortized as a reduction of revenue over the period from December 8, 2016 to August 31, 2019. During the year ended March 31, 2019, Lionsgate issued to the customer 0.4 million Class A voting shares valued at $8.3 million and 0.5 million Class B voting shares valued at $8.3 million (2018 — 0.3 million Class A voting shares valued at $8.3 million and 0.3 million Class B non-voting shares valued at $8.3 million).

14. Income Taxes

On December 22, 2017, Tax Act was signed into law, making significant changes to the taxation of U.S. business entities. The Tax Act reduced the U.S. corporate income tax rate from 35% to 21%, imposed a one-time transition tax in connection with the move from a worldwide tax system to a territorial tax system, provided for accelerated deductions for certain U.S. film production costs, imposed limitations on certain tax deductions such as executive compensation in future periods, and included numerous other provisions. As the Company has a March 31 fiscal year-end, the lower corporate income tax rate was phased in, resulting in a U.S. statutory federal rate of approximately 31.5% for the fiscal year ended March 31, 2018, and 21% for subsequent fiscal years. The Company's U.S. tax provision consists primarily of deferred tax benefits calculated at the 21% tax rate.

In connection with the Tax Act, the SEC issued Staff Accounting Bulletin No. 118 ("SAB 118") to provide guidance to companies that have not completed their accounting for the income tax effects of the Tax Act. Under SAB 118, provisional amounts can be recorded to the extent a reasonable estimate can be made. Additional tax effects and adjustments to previously recorded provisional amounts can be recorded upon obtaining, preparing, or analyzing additional information (including computations) within one year from the enactment date of the Tax Act. The Company previously made provisional estimates of the effects of the Tax Act, such as the measurement of deferred tax assets and liabilities, the tax effects of executive compensation, the one-time transition tax, net operating loss carryovers, foreign tax credits, and accelerated deductions for U.S. film costs. The estimated impact of the Tax Act was based on a preliminary review of the new law, subject to revision based upon further analysis and interpretation of the Tax Act. During the quarter ended December 31, 2018, the Company completed its analysis and its accounting for the Tax Act, and there were no material adjustments to its provisional estimates.

The Company's income tax provision (benefit) differs from the federal statutory rate multiplied by pre-tax income (loss) due to the mix of the Company's pre-tax income (loss) generated across the various jurisdictions in which the Company operates and the tax deductions generated by the Company's capital structure. However, the Company's income tax benefit for the fiscal year ended March 31, 2019 was offset by valuation allowances against certain U.S. and foreign deferred tax assets, certain minimum taxes imposed by the Tax Act, and the nondeductible portion of shareholder litigation settlements.

The Company's income tax provision (benefit) can be affected by many factors, including the overall level of pre-tax income, the mix of pre-tax income generated across the various jurisdictions in which the Company operates, changes in tax laws and regulations in those jurisdictions, further interpretation and legislative guidance regarding the new Tax Act, changes in valuation allowances on its deferred tax assets, tax planning strategies available to the Company, and other discrete items.

The components of pretax income, net of intercompany eliminations, are as follows:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
United States	$(505.7)	$(824.1)	$(409.2)
International	197.6	972.8	274.8
	$(308.1)	$ 148.7	$(134.4)

The Company's U.S. pre-tax losses and international pre-tax income are primarily driven by non-operating, intercompany items resulting from the Company's internal capital structure. The Company's capital structure generally provides foreign affiliate dividends to its Canadian parent company (i.e., Lionsgate) and interest-related tax deductions to its U.S. companies. The Company's international pre-tax income may be significantly impacted by these foreign affiliate dividends related to its internal capital structure.

The Company's current and deferred income tax provision (benefits) are as follows:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Current provision (benefit):			
Federal	$ 9.1	$ (17.6)	$ 7.8
States	(0.7)	(4.3)	2.2
International	6.7	2.0	4.5
Total current provision (benefit)	$ 15.1	$ (19.9)	$ 14.5
Deferred benefit:			
Federal	$(48.2)	$(269.0)	$(143.3)
States	5.8	(18.5)	(9.9)
International	18.8	(12.0)	(10.2)
Total deferred benefit	(23.6)	(299.5)	(163.4)
Total benefit for income taxes	$ (8.5)	$(319.4)	$(148.9)

The differences between income taxes expected at U.S. statutory income tax rates and the income tax provision are as set forth below:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Income taxes computed at Federal statutory rate	$ (64.7)	$ 46.8	$ (47.1)
Foreign affiliate dividends	(37.5)	(329.1)	(84.2)
Foreign operations subject to different income tax rates	(235.7)	7.1	(14.6)
State income tax	(8.5)	(21.2)	(6.0)
Remeasurement of opening U.S. deferred tax liabilities due to the Tax Act	—	(165.0)	—
Additional remeasurements of originating deferred tax assets and liabilities	—	75.6	—
Transaction costs	—	—	7.3
Permanent differences	6.8	3.5	(0.5)
Nondeductible settlement costs	16.9	—	—
Other	0.3	(5.3)	(2.3)
Increase (decrease) in valuation allowance	313.9	68.2	(1.5)
Total benefit for income taxes	$ (8.5)	$(319.4)	$(148.9)

For the years ended March 31, 2019, 2018, and 2017, the tax provision includes certain foreign affiliate dividends in our Canadian jurisdiction that can be received without being subject to tax under Canadian tax law. Additionally, as a result of an internal capital restructuring during the year ended March 31, 2019, the Company generated a foreign net operating loss carryforward under local tax law which was offset by a valuation allowance based on the Company's assessment.

Although the Company is incorporated under Canadian law, the majority of its global operations are currently subject to tax in the U.S. As a result, the Company believes it is more appropriate to use the U.S. Federal statutory rate in its reconciliation of the statutory rate to its reported income tax rate.

The income tax effects of temporary differences between the book value and tax basis of assets and liabilities are as follows:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Deferred tax assets:		
Net operating losses	$ 609.5	$ 336.7
Foreign tax credits	74.2	68.3
Investment in film and television obligations	79.0	101.5
Accounts payable	78.9	96.4
Other assets	71.7	59.0
Reserves	13.9	21.4
Total deferred tax assets	927.2	683.3
Valuation allowance	(401.1)	(73.2)
Deferred tax assets, net of valuation allowance	526.1	610.1
Deferred tax liabilities:		
Intangible assets	(438.4)	(475.5)
Fixed assets	(8.6)	(19.5)
Accounts receivable	(110.6)	(150.7)
Other	(5.2)	(17.5)
Total deferred tax liabilities	$(562.8)	$(663.2)
Net deferred tax liabilities	$ (36.7)	$ (53.1)

The Company has recorded valuation allowances for certain deferred tax assets, which are primarily related to U.S. and foreign net operating loss carryforwards and U.S. foreign tax credit carryforwards as sufficient uncertainty exists regarding the future realization of these assets.

At March 31, 2019, the Company had U.S. net operating loss carryforwards (“NOLs”) of approximately $1,367.9 million available to reduce future federal income taxes which expire beginning in 2029 through 2038. At March 31, 2019, the Company had state NOLs of approximately $791.3 million available to reduce future state income taxes which expire in varying amounts beginning 2021. At March 31, 2019, the Company had Canadian loss carryforwards of $106.9 million which will expire beginning in 2034. At March 31, 2019, the Company had Luxembourg loss carryforwards of $947.0 million which will expire beginning in 2036. In addition, at March 31, 2019, the Company had U.S. credit carryforwards related to foreign taxes paid of approximately $74.2 million to offset future federal income taxes that will expire beginning in 2021.

The following table summarizes the changes to the gross unrecognized tax benefits for the years ended March 31, 2019, 2018, and 2017:

	Amounts in millions
Gross unrecognized tax benefits at March 31, 2016	$ 4.5
Increases related to prior year tax positions	14.2
Decreases related to prior year tax positions	(4.5)
Settlements	—
Lapse in statute of limitations	—
Gross unrecognized tax benefits at March 31, 2017	14.2
Increases related to current year tax position	0.1
Increases related to prior year tax positions	11.5
Decreases related to prior year tax positions	(8.2)
Settlements	—
Lapse in statute of limitations	—
Gross unrecognized tax benefits at March 31, 2018	17.6
Increases related to current year tax position	0.3
Increases related to prior year tax positions	2.5
Decreases related to prior year tax positions	(1.0)
Settlements	(1.8)
Lapse in statute of limitations	(0.8)
Gross unrecognized tax benefits at March 31, 2019	$16.8

For the years ended March 31, 2019, 2018, and 2017, interest and penalties were not significant. The Company records interest and penalties on unrecognized tax benefits as part of income tax provision. The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. With a few exceptions, the Company is subject to income tax examination by U.S. and state tax authorities for the fiscal years ended March 31, 2008 and forward. However, to the extent allowed by law, the taxing authorities may have the right to examine prior periods where NOLs were generated and carried forward, and make adjustments up to the amount of the NOLs. Currently, audits are occurring in federal and various state and local tax jurisdictions. In addition, the Company's Canadian tax returns are under examination for the years ended March 31, 2014 and March 31, 2015.

The total amount of unrecognized tax benefits as of March 31, 2019 that, if realized, would affect the Company's tax benefit (provision) are $17.6 million.

The Company estimates that approximately $3.8 million in unrecognized tax benefits may be realized in the next 12 months.

15. Restructuring and Other

Restructuring and other includes restructuring and severance costs, certain transaction and related costs, and certain unusual items, when applicable, and were as follows for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Restructuring and other:			
Severance(1)			
Cash	$ 31.5	$21.5	$26.7
Accelerated vesting on equity awards (see Note 13)	16.0	2.9	2.4
Total severance costs	47.5	24.4	29.1
Transaction and related costs(2)	30.5	22.2	59.6
Development expense(3)	—	13.2	—
Total restructuring and other	78.0	59.8	88.7
Programming and content charges(4)	35.1	—	—
Total restructuring and other and programming and content charges	$113.1	$59.8	$88.7

(1) Severance costs in the fiscal years ended March 31, 2019, 2018 and 2017 were primarily related to restructuring activities in connection with recent acquisitions, and other cost-saving initiatives. Of the severance costs, $21.2 million is recorded as a liability and is expected to be paid by March 31, 2020.

(2) Transaction and related costs in the fiscal years ended March 31, 2019, 2018 and 2017 reflect transaction, integration and legal costs incurred associated with certain strategic transactions and legal matters. In fiscal 2019, these costs were primarily related to the legal fees associated with the Starz class action lawsuits and other matters and, to a lesser extent, costs related to the acquisition of 3 Arts Entertainment and other strategic transactions. In fiscal 2018, these costs were primarily related to the sale of EPIX (see Note 5), the legal fees associated with the Starz class action lawsuits and other matters, and the integration of Starz. In fiscal 2017, these costs were primarily related to the Starz Merger, the legal fees associated with the Starz class action lawsuits, and an arbitration award of $5.8 million and related legal expenses.

(3) Development expense in the fiscal year ended March 31, 2018 represents write-downs resulting from the restructuring of the Motion Picture business in connection with the acquisition of Good Universe and new management's decisions around the creative direction on certain development projects which were abandoned in the fiscal year ended March 31, 2018.

(4) During the fourth quarter of the fiscal year ended March 31, 2019, in connection with recent management changes, the Company implemented changes to its programming strategy including programming that will no longer be broadcast on Starz networks. As a result, the Company recorded certain programming and content charges of $35.1 million in fiscal 2019, which are included in direct operating expense in the consolidated statement of operations.

Changes in the restructuring and other severance liability were as follows for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Severance liability			
Beginning balance	$ 14.7	$ 22.2	$ 0.6
Accruals	31.5	21.5	26.7
Severance payments	(25.0)	(27.9)	(10.6)
Other[1]	—	(1.1)	5.5
Ending balance	$ 21.2	$ 14.7	$ 22.2

(1) In the year ended March 31, 2018, other represents noncash reductions related to the settlement of certain liabilities relating to employee compensation with equity instruments. In the year ended March 31, 2017, other represents a severance liability acquired in connection with the Starz Merger.

16. Segment Information

The Company's reportable segments have been determined based on the distinct nature of their operations, the Company's internal management structure, and the financial information that is evaluated regularly by the Company's chief operating decision maker.

The Company has three reportable business segments: (1) Motion Picture, (2) Television Production and (3) Media Networks.

Motion Picture. Motion Picture 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. 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. Television Production includes the licensing of Starz original series productions to Starz Networks and STARZPLAY International, and the ancillary market distribution of Starz original productions and licensed product. Additionally, the results of operations of 3 Arts Entertainment is included in the Television Production segment from the acquisition date of May 29, 2018 (see Note 2).

Media Networks. Media Networks consists of the following product lines (i) Starz Networks, which includes the domestic licensing of premium subscription video programming to Distributors, and on a direct-to-consumer basis (ii) STARZPLAY International, which represents revenues primarily from the OTT distribution of the Company's STARZ branded premium subscription video services internationally and (iii) Streaming Services, which represents the Lionsgate legacy start-up direct to consumer streaming services on its SVOD platforms.

In the ordinary course of business, the Company's reportable segments enter into transactions with one another. The most common types of intersegment transactions include licensing motion pictures or television programming (including Starz original productions) from the Motion Picture and Television Production segments to the Media Networks segment. While intersegment transactions are treated like third-party transactions to determine segment performance, the revenues (and corresponding expenses, assets, or liabilities recognized by the segment that is the counterparty to the transaction) are eliminated in consolidation and, therefore, do not affect consolidated results.

Segment information is presented in the table below. Due to the Starz Merger, fiscal 2017 includes the results of operations from Starz from the acquisition date of December 8, 2016 (see Note 2).

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Segment revenues			
Motion Picture	$1,464.4	$1,822.1	$1,920.6
Television Production	920.9	1,033.2	892.8
Media Networks	1,461.0	1,411.2	426.3
Intersegment eliminations	(165.8)	(137.4)	(38.2)
	$3,680.5	$4,129.1	$3,201.5
Intersegment revenues			
Motion Picture	$ 10.9	$ 10.7	$ 6.6
Television Production	154.8	126.4	30.7
Media Networks	0.1	0.3	0.9
	$ 165.8	$ 137.4	$ 38.2
Gross contribution			
Motion Picture	$ 234.1	$ 292.6	$ 237.8
Television Production	109.6	151.3	107.4
Media Networks	534.0	530.0	175.3
Intersegment eliminations	(6.3)	(5.5)	(10.4)
	$ 871.4	$ 968.4	$ 510.1
Segment general and administration			
Motion Picture	$ 105.6	$ 113.2	$ 105.3
Television Production	43.5	40.3	32.1
Media Networks	97.7	100.9	45.0
	$ 246.8	$ 254.4	$ 182.4
Segment profit			
Motion Picture	$ 128.5	$ 179.4	$ 132.5
Television Production	66.1	111.0	75.3
Media Networks	436.3	429.1	130.3
Intersegment eliminations	(6.3)	(5.5)	(10.4)
	$ 624.6	$ 714.0	$ 327.7

The Company's primary measure of segment performance is segment profit. Segment profit is defined as gross contribution (revenues, less direct operating and distribution and marketing expense) less segment general and administration expenses. Segment profit excludes corporate general and administrative expense, restructuring and other costs, share-based compensation, other than annual bonuses granted in immediately vested stock awards when applicable, certain programming and content charges as a result of management changes and associated changes in strategy, and purchase accounting and related adjustments, when applicable. The Company believes the presentation of segment profit is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by the Company's management and enables them to understand the fundamental performance of the Company's businesses.

The reconciliation of total segment profit to the Company's income (loss) before income taxes is as follows:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Company's total segment profit	$ 624.6	$ 714.0	$ 327.7
Corporate general and administrative expenses	(104.2)	(110.3)	(92.6)
Adjusted depreciation and amortization[(1)]	(41.1)	(39.3)	(22.8)
Restructuring and other[(2)]	(78.0)	(59.8)	(88.7)
Programming and content charges[(3)]	(35.1)	—	—
Adjusted share-based compensation expense[(4)]	(52.1)	(85.6)	(77.1)
Purchase accounting and related adjustments[(5)]	(184.1)	(170.3)	(62.8)
Operating income (loss)	130.0	248.7	(16.3)
Interest expense	(198.9)	(193.7)	(115.2)
Shareholder litigation settlements	(114.1)	—	—
Interest and other income	12.0	10.4	6.4
Other expense	(4.7)	—	—
Loss on extinguishment of debt	(1.9)	(35.7)	(40.4)
Gain (loss) on investments	(87.6)	171.8	20.4
Equity interests income (loss)	(42.9)	(52.8)	10.7
Income (loss) before income taxes	$(308.1)	$ 148.7	$(134.4)

(1) Adjusted depreciation and amortization represents depreciation and amortization as presented on our consolidated statements of operations less the depreciation and amortization related to the non-cash fair value adjustments to property and equipment and intangible assets acquired in recent acquisitions which are included in the purchase accounting and related adjustments line item above, as shown in the table below:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Depreciation and amortization	$ 163.4	$ 159.0	$ 63.1
Less: Amount included in purchase accounting and related adjustments	(122.3)	(119.7)	(40.3)
Adjusted depreciation and amortization	$ 41.1	$ 39.3	$ 22.8

(2) Restructuring and other includes restructuring and severance costs, certain transaction and related costs, and certain unusual items, when applicable (see Note 15).

(3) During the fourth quarter of the fiscal year ended March 31, 2019, in connection with recent management changes, the Company implemented changes to its programming strategy including programming that will no longer be broadcast on Starz networks. As a result, the Company recorded certain programming and content charges of $35.1 million in fiscal 2019, which are included in direct operating expense in the consolidated statement of operations.

(4) The following table reconciles total share-based compensation expense to adjusted share-based compensation expense:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Total share-based compensation expense	$ 68.1	$88.5	$79.5
Less:			
Amount included in restructuring and other[(i)]	(16.0)	(2.9)	(2.4)
Adjusted share-based compensation	$ 52.1	$85.6	$77.1

(i) Represents share-based compensation expense included in restructuring and other expenses reflecting the impact of the acceleration of certain vesting schedules for equity awards pursuant to certain severance arrangements.

(5) Purchase accounting and related adjustments represent the amortization of non-cash fair value adjustments to certain assets acquired in recent acquisitions. These adjustments include the accretion of the noncontrolling interest discount related to Pilgrim Media Group and 3 Arts Entertainment, the amortization of the recoupable portion of the purchase price and the expense associated with the earned distributions related to 3 Arts Entertainment, all of which are accounted for as compensation and are included in general and administrative expense. The following sets forth the amounts included in each line item in the financial statements:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Purchase accounting and related adjustments:			
Direct operating	$ 18.0	$ 44.5	$17.5
General and administrative expense	43.8	6.1	5.0
Depreciation and amortization	122.3	119.7	40.3
	$184.1	$170.3	$62.8

(6) Shareholder litigation settlements of $114.1 million in the year ended March 31, 2019 includes the following: (i) $54.8 million for the net expense recorded for the settlement of the Fiduciary Litigation (representing the settlement amount of $92.5 million, net of aggregate insurance reimbursement of $37.8 million and (ii) $59.3 million related to the Appraisal Litigation, representing the amount by which the settlement amount of approximately $964 million exceeded the previously accrued (at date of acquisition) dissenting shareholders' liability plus interest through the date agreed in the settlement. See Note 17.

See Note 12 for revenues by media or product line as broken down by segment for the fiscal years ended March 31, 2019, 2018, and 2017.

The following table reconciles segment general and administration to the Company's total consolidated general and administration expense:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
General and administration			
Segment general and administrative expenses	$246.8	$254.4	$182.4
Corporate general and administrative expenses	104.2	110.3	92.6
Share-based compensation expense included in general and administrative expense	50.6	83.6	75.4
Purchase accounting and related adjustments	43.8	6.1	5.0
	$445.4	$454.4	$355.4

The reconciliation of total segment assets to the Company's total consolidated assets is as follows:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Assets		
Motion Picture	$1,694.5	$1,757.4
Television Production	1,394.2	1,400.5
Media Networks	4,850.3	5,166.5
Other unallocated assets[1]	469.9	643.2
	$8,408.9	$8,967.6

(1) Other unallocated assets primarily consist of cash, other assets and investments.

The following table sets forth acquisition of investment in films and television programs and program rights, as broken down by segment for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Acquisition of investment in films and television programs and program rights			
Motion Picture	$ 388.4	$ 462.0	$ 412.7
Television Production[1]	681.6	706.8	506.6
Media Networks	594.3	483.5	218.6
Intersegment eliminations	(194.3)	(125.9)	(45.9)
	$1,470.0	$1,526.4	$1,092.0

The following table sets forth capital expenditures, as broken down by segment for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Capital expenditures			
Motion Picture	$ —	$ —	$ —
Television Production	3.2	1.4	1.8
Media Networks	30.0	31.5	10.6
Corporate[1]	10.6	13.0	12.8
	$43.8	$45.9	$25.2

(1) Represents unallocated capital expenditures primarily related to the Company's corporate headquarters.

Revenue by geographic location, based on the location of the customers, with no other foreign country individually comprising greater than 10% of total revenue, is as follows:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Revenue			
Canada	$ 47.9	$ 48.3	$ 56.0
United States	3,124.6	3,383.0	2,431.9
Other foreign	508.0	697.8	713.6
	$3,680.5	$4,129.1	$3,201.5

Long-lived assets by geographic location are as follows:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Long-lived assets[1]		
Canada	$ —	$ —
United States	1,737.8	1,824.5
Other foreign	93.3	34.6
	$1,831.1	$1,859.1

(1) Long-lived assets represents total assets less the following: current assets, investments, long-term receivables, intangible assets, goodwill and deferred tax assets.

For the year ended March 31, 2019, the Company had revenue from one individual customer which represented greater than 10% of consolidated revenues, amounting to $401.9 million, primarily related to the Company's Media Networks segment (2018 — revenue from one individual customer which represented greater than 10% of consolidated revenues, amounting to $413.2 million, primarily related to the Company's Media Networks segment). For the year ended March 31, 2017, no individual customer represented greater than 10% of consolidated revenue.

As of March 31, 2019, the Company had accounts receivable due from two customers which individually represented greater than 10% of total consolidated accounts receivable. Accounts receivable due from these two customers amounted to 31% of consolidated gross accounts receivable (current and non-current) at March 31, 2019, or gross accounts receivable of approximately $269.9 million (2018 – one individual customer represented 32% of consolidated gross accounts receivable, or gross accounts receivable of approximately $419.2 million).

17. Commitments and Contingencies

The following table sets forth our future annual repayment of contractual commitments as of March 31, 2019:

	Year Ended March 31,						
	2020	2021	2022	2023	2024	Thereafter	Total
	(Amounts in millions)						
Contractual commitments by expected repayment date (off-balance sheet arrangements)							
Film obligation and production loan commitments(1)	$648.6	$225.4	$108.7	$ 32.0	$ 8.8	$ 5.6	$1,029.1
Interest payments(2)	154.3	151.6	148.1	144.1	112.8	104.6	815.5
Operating lease commitments	37.2	36.5	35.8	35.5	20.1	52.3	217.4
Other contractual obligations	128.8	44.5	26.2	10.7	0.9	—	211.1
Total future commitments under contractual obligations(3)	$968.9	$458.0	$318.8	$222.3	$142.6	$162.5	$2,273.1

(1) Film obligation commitments include distribution and marketing commitments, minimum guarantee commitments and program rights commitments. Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which we will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film. Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future. Program rights commitments represent contractual commitments under programming license agreements related to films that are not available for exhibition until some future date (see below for further details). Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or release dates of the related film or contractual due dates of the commitment. The amounts include estimated future interest payments associated with the commitment.

(2) Includes cash interest payments on the Company's debt, excluding the interest payments on the revolving credit facility as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

(3) Not included in the amounts above are $127.6 million of redeemable noncontrolling interest, as future amounts and timing are subject to a number of uncertainties such that we are unable to make sufficiently reliable estimations of future payments (see Note 11).

The Company is obligated to pay programming fees for all qualifying films that are released theatrically in the U.S. by Sony's Columbia Pictures, Screen Gems, Sony Pictures Classics and TriStar labels through 2021. The Company does not license films produced by Sony Pictures Animation. The programming fees to be paid by the Company to Sony are based on the quantity and domestic theatrical exhibition receipts of qualifying films. Since the term of the output programming agreement with Sony applies to all films released theatrically through December 31, 2021, the Company is obligated to pay fees for films that have not yet been released in theaters. The Company is unable to estimate the amounts to be paid under these agreements for films that have not yet been released in theaters, however, such amounts are expected to be significant. The Company has also entered into agreements with a number of other motion picture producers and is obligated to pay fees for the rights to exhibit certain films that are released by these producers.

Operating Leases. The Company has operating leases for offices, back-up transponder capacity and equipment. Certain of the Company's operating leases for its Corporate and United Kingdom offices include certain lease and leasehold improvement incentives. These amounts and the required lease payments are aggregated and amortized on a straight line basis to rent expense over the lease period.

The operating lease for the Company's principal office expires in August 2023. The Company incurred rental expense of $27.0 million during the year ended March 31, 2019 (2018 — $20.7 million; 2017 — $15.6 million).

Multiemployer Benefit Plans. The Company contributes to various multiemployer pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The Company makes periodic contributions to these plans in accordance with the terms of applicable collective bargaining agreements and laws but does not sponsor or administer these plans. The risks of participating in these multiemployer pension plans are different from single-employer pension plans such that (i) contributions made by the Company to the multiemployer pension plans may be used to provide benefits to employees of other participating employers; (ii) if the Company chooses to stop participating in certain of these multiemployer pension plans, it may be required to pay those plans an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability; and (iii) actions taken by a participating employer that lead to a deterioration of the financial health of a multiemployer pension plan may result in the unfunded obligations of the multiemployer pension plan to be borne by its remaining participating employers.

The Company does not participate in any multiemployer benefit plans that are considered to be individually significant to the Company, and as of March 31, 2019, all except two of the largest plans in which the Company participates were funded at a level of 80% or greater. The other two plans, the Motion Picture Industry Pension Plan and the Screen Actors Guild — Producers Pension Plan were funded at 66.80% and 76.97%, respectively for the 2018 plan year, but neither of these plans were considered to be in endangered, critical, or critical and declining status in the 2018 plan year. Total contributions made by the Company to multiemployer pension and other benefit plans for the years ended March 31, 2019, 2018 and 2017 were $56.9 million, $70.9 million, and $59.4 million, respectively.

If the Company ceases to be obligated to make contributions or otherwise withdraws from participation in any of these plans, applicable law requires the Company to fund its allocable share of the unfunded vested benefits, which is known as a withdrawal liability. In addition, actions taken by other participating employers may lead to adverse changes in the financial condition of one of these plans, which could result in an increase in the Company's withdrawal liability.

Contingencies

From time to time, the Company is involved in certain claims and legal proceedings arising in the normal course of business. In addition, the matters discussed below under the captions *Fiduciary Litigation* and *Appraisal Litigation* have arisen in connection with the Starz Merger.

The Company establishes an accrued liability for claims and legal proceedings when the Company determines that a loss is both probable and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. The amount of any loss ultimately incurred in relation to matters for which an accrual has been established may be higher or lower than the amounts accrued for such matters.

Due to the inherent difficulty of predicting the outcome of claims and legal proceedings, the Company often cannot predict what the eventual outcome of the pending matters will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, if any, related to each pending matter may be. Accordingly, at this time, the Company has determined a loss related to these matters in excess of accrued liabilities is reasonably possible, however a reasonable estimate of the possible loss or range of loss cannot be made at this time.

Fiduciary Litigation

Between July 19, 2016 and August 30, 2016, seven putative class action complaints were filed by purported Starz stockholders in the Court of Chancery of the State of Delaware (the "Fiduciary Litigation"). On August 22, 2018, the parties to the Fiduciary Litigation reached an agreement in principle providing for the settlement of the Fiduciary Litigation on the terms and conditions set forth in an executed term sheet. On October 9, 2018, the parties to the Litigation executed a stipulation of settlement, which was filed with the court (the "Stipulation"). The Stipulation provides for, among other things, the final dismissal of the Fiduciary Litigation in exchange for a settlement payment made in the amount of $92.5 million, of which $37.8 million was reimbursed by insurance. The Company is continuing to seek additional insurance reimbursement, including pursuant to a lawsuit submitted by the Company on November 7, 2018 against certain insurers. Accordingly, in the year ended March 31, 2019, the Company has recorded the net expense of $54.8 million in the "shareholder litigation settlements" line item in the consolidated statement of operations related to these items. The Fiduciary Litigation settlement was approved by the Court of Chancery of the State of Delaware and the settlement amount and insurance reimbursement discussed above were paid during the quarter ended December 31, 2018. On November 5, 2018, an insurer that entered into an agreement and contributed $10.0 million to the Company's aggregate insurance reimbursement filed a lawsuit seeking declaratory judgment for reimbursement of its agreed upon payment. The Company believes the lawsuit to be without merit and intends to vigorously defend it.

Appraisal Litigation

Between December 8, 2016 and March 16, 2017, five verified petitions for appraisal (representing approximately 22.5 million shares of Starz Series A common stock) were filed by purported Starz stockholders (dissenting shareholders) in the Court of Chancery of the State of Delaware (the "Appraisal Litigation"). These actions were consolidated into *In re Starz Appraisal*, Consolidated C.A. No. 12968-VCG. On November 8, 2018, the parties to the Appraisal Litigation entered into a settlement agreement that provides for, among other things, the final dismissal of the Appraisal Litigation in exchange for a settlement payment made by the Company of approximately $964.0 million, which the Company paid during the three months ended December 31, 2018. During the year ended March 31, 2019, the Company recorded a shareholder litigation charge of $59.3 million in the "shareholder litigation settlements" line item in the consolidated statement of operations related to the Appraisal Litigation, representing the amount by which the settlement amount exceeded the previously accrued (at date of acquisition) dissenting shareholders' liability plus interest through the date agreed in the settlement. The portion of the settlement payment representing the $797.3 million value of the original merger consideration attributable to the dissenting shareholders that was accrued at the time of acquisition is reflected within cash flows from financing activities in the statement of cash flows, with the remainder of the settlement payment reflected within cash flows from operating activities in the statement of cash flows. The Appraisal Litigation settlement was approved by the Court of Chancery of the State of Delaware and the claims in the Appraisal Litigation were dismissed on November 19, 2018.

18. Financial Instruments

(a) Credit Risk

Concentration of credit risk with the Company's customers is limited due to the Company's customer base and the diversity of its sales throughout the world. The Company performs ongoing credit evaluations and maintains a provision for potential credit losses. The Company generally does not require collateral for its trade accounts receivable.

(b) Derivative Instruments and Hedging Activities

Forward Foreign Exchange Contracts

The Company enters into forward foreign exchange contracts to hedge its foreign currency exposures on future production expenses and tax credit receivables denominated in various foreign currencies (i.e., cash flow hedges). The Company also enters into forward foreign exchange contracts that economically hedge certain of its foreign currency risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting. The Company monitors its positions with, and the credit quality of, the financial institutions that are party to its financial transactions. Changes in the fair value of the foreign exchange contracts that are designated as hedges are reflected in accumulated other comprehensive income (loss), and changes in the fair value of foreign exchange contracts that are not designated as hedges and do not qualify for hedge accounting are recorded in direct operating expense. Gains and losses realized upon settlement of the foreign exchange contracts that are designated as hedges are amortized to direct operating expense on the same basis as the production expenses being hedged.

As of March 31, 2019, the Company had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 12 months from March 31, 2019):

March 31, 2019				
Foreign Currency	**Foreign Currency Amount**		**US Dollar Amount**	**Weighted Average Exchange Rate Per $1 USD**
	(Amounts in millions)		**(Amounts in millions)**	
British Pound Sterling	£5.0	in exchange for	$ 7.2	£0.69
Canadian Dollar	C$20.7	in exchange for	$16.2	C$1.28
Australian Dollar	A$3.5	in exchange for	$ 2.7	A$1.27
Mexican Peso	$108.3	in exchange for	$ 5.6	$19.30

Interest Rate Swaps

The Company is exposed to the impact of interest rate changes primarily through its borrowing activities. The Company's objective is to mitigate the impact of interest rate changes on earnings and cash flows. The Company primarily uses pay-fixed interest rate swaps to facilitate its interest rate risk management activities, which the Company designates as cash flow hedges of interest payments on floating-rate borrowings. Pay-fixed swaps effectively convert floating-rate borrowings to fixed-rate borrowings. The unrealized gains or losses from these cash flow hedges are deferred in accumulated other comprehensive income (loss) and recognized in interest expense as the interest payments occur.

As of March 31, 2019 and March 31, 2018, the total notional amount of the Company's pay-fixed interest rate swaps was $1.7 billion and nil, respectively.

The major terms of the Company's interest rate swap agreements as of March 31, 2019 are as follows (all related to the Company's LIBOR-based debt, see Note 7):

Effective Date	**Notional Amount (in millions)**	**Fixed Rate Paid**	**Maturity Date**
May 23, 2018	$1,000.0	2.915%	March 24, 2025
June 25, 2018	$ 200.0	2.723%	March 23, 2025
July 31, 2018	$ 300.0	2.885%	March 23, 2025
December 24, 2018	$ 50.0	2.744%	March 23, 2025
December 24, 2018	$ 100.0	2.808%	March 23, 2025
December 24, 2018	$ 50.0	2.728%	March 23, 2025

The following table presents the effect, net of tax, of the Company's derivatives on the accompanying consolidated statements of operations and comprehensive income (loss) for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Derivatives designated as cash flow hedges:			
Forward exchange contracts			
Gain (loss) recognized in accumulated other comprehensive income (loss)	$ 1.1	$ (0.2)	$ (3.5)
Gain (loss) reclassified from accumulated other comprehensive income (loss) into direct operating expense	—	(1.5)	5.0
Interest rate swap agreements			
Loss recognized in accumulated other comprehensive income (loss)	$ (71.3)	$ —	$ —
Loss reclassified from accumulated other comprehensive income (loss) into interest expense	(7.7)	—	—
Derivatives not designated as cash flow hedges:			
Forward exchange contracts			
Gain recognized in direct operating expense	$ —	$ 0.1	$ —
Total direct operating expense on consolidated statements of operations	$2,028.2	$2,309.6	$1,903.8
Total interest expense on consolidated statements of operations[1]	$ 163.6	$ 137.2	$ 99.7

(1) Represents interest expense before interest on dissenting shareholders' liability.

The Company classifies its forward foreign exchange contracts and interest rate contracts within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments (see Note 10). As of March 31, 2019 and March 31, 2018, the Company had the following amounts recorded in the accompanying consolidated balance sheets related to the Company's use of derivatives:

	March 31, 2019		
	Other Current Assets	Accounts Payable and Accrued Liabilities	Other Non-Current Liabilities
	(Amounts in millions)		
Derivatives designated as cash flow hedges:			
Forward exchange contracts	$1.5	$0.6	$ —
Interest rate swap agreements	—	—	63.6
Fair value of derivatives	$1.5	$0.6	$63.6

	March 31, 2018	
	Other Current Assets	Accounts Payable and Accrued Liabilities
	(Amounts in millions)	
Derivatives designated as cash flow hedges:		
Forward exchange contracts	$0.3	$0.6
Fair value of derivatives	$0.3(1)	$0.6(1)

(1) Includes an immaterial amount of forward foreign exchange contracts not designated as hedging instruments as of March 31, 2018.

As of March 31, 2019, based on the current release schedule, the Company estimates less than $0.1 million of losses associated with forward foreign exchange contract cash flow hedges in accumulated other comprehensive loss to be reclassified into earnings during the one-year period ending March 31, 2020.

As of March 31, 2019, the Company estimates approximately $3.7 million of losses recorded in accumulated other comprehensive loss associated with interest rate swap agreement cash flow hedges will be reclassified into interest expense during the one-year period ending March 31, 2020.

19. Additional Financial Information

The following tables present supplemental information related to the consolidated financial statements.

Cash, Cash Equivalents and Restricted Cash

Cash equivalents consist of investments that are readily convertible into cash. Cash equivalents are carried at cost, which approximates fair value. The Company classifies its cash equivalents within Level 1 of the fair value hierarchy because the Company uses quoted market prices to measure the fair value of these investments (see Note 10). The Company monitors concentrations of credit risk with respect to cash and cash equivalents by placing such balances with higher quality financial institutions or investing such amounts in liquid, short-term, highly-rated instruments or investment funds holding similar instruments. As of March 31, 2019, the majority of the Company's cash and cash equivalents were held in bank depository accounts.

There was no restricted cash in the consolidated balance sheets as of March 31, 2019 or March 31, 2018.

Accounts Receivable, net

Accounts receivable are presented net of a provision for doubtful accounts of $5.4 million (March 31, 2018 — $7.5 million). Accounts receivable at March 31, 2018 are presented net of reserves for returns and allowances of $56.2 million. Under the new revenue recognition guidance, as of March 31, 2019, the Company presents sales returns and certain sales incentive allowances as refund liabilities instead of as contra asset allowances within accounts receivable (see Note 1).

Accounts Receivable Monetization

The Company has entered into agreements to monetize certain of its trade accounts receivable directly with third-party purchasers. The third-party purchasers have no recourse to other assets of the Company in the event of non-payment by the customers. Upon transfer of the receivables, the Company receives cash proceeds from the third-party purchaser, and the Company continues to service the receivables for the purchasers. The Company accounts for the transfers of these receivables as a sale, and classifies the proceeds as cash flows from operating activities in the statement of cash flows. During the year ended

March 31, 2019, the Company monetized trade accounts receivable with a carrying value of $473.9 million with third-party purchasers, which were derecognized from the Company's consolidated balance sheet, in exchange for net cash proceeds of $469.2 million. The amount of proceeds received is based on the present value of the timing of the payment of the underlying trade accounts receivable transferred discounted at an average rate which is lower than the Company's average borrowing rate under its Revolving Credit Facility. The Company recorded a loss of $4.7 million, which is included in the "other expense" line item on the consolidated statement of operations. The Company receives fees for servicing the accounts receivable for the purchasers, which represent the fair value of the services and were immaterial for the year ended March 31, 2019. At March 31, 2019, the outstanding amount of receivables derecognized from the Company's consolidated balance sheets, but which the Company continues to service, was $350.6 million.

Other Assets

The composition of the Company's other assets is as follows as of March 31, 2019 and March 31, 2018:

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Other current assets		
Prepaid expenses and other	$150.6	$ 34.1
Product inventory	19.9	20.3
Tax credits receivable	96.7	141.4
	$267.2	$195.8
Other non-current assets		
Prepaid expenses and other[(1)]	$109.2	$ 23.8
Accounts receivable[(1)]	176.1	325.2
Tax credits receivable	150.8	109.6
	$436.1	$458.6

(1) Unamortized discounts on contract assets included in prepaid expenses and other were $3.9 million at March 31, 2019, and unamortized discounts on long-term, non-interest bearing receivables were $9.7 million and $18.0 million at March 31, 2019 and 2018, respectively.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in the components of accumulated other comprehensive loss, net of tax:

	Foreign currency translation adjustments	Net unrealized gain (loss) on available-for-sale securities	Net unrealized gain (loss) on cash flow hedges	Total
	(Amounts in millions)			
March 31, 2016	$(11.3)	$(35.5)	$ 3.7	$(43.1)
Reclassification adjustment for gain on available-for-sale securities realized in net income	—	(17.8)	—	(17.8)
Other comprehensive income (loss)	(8.1)	56.4	(3.4)	44.9
March 31, 2017	(19.4)	3.1	0.3	(16.0)
Other comprehensive income (loss)	7.0	(0.5)	(0.2)	6.3
March 31, 2018	(12.4)	2.6	0.1	(9.7)
Cumulative effect of accounting changes	—	(2.6)	—	(2.6)
Other comprehensive loss	(5.8)	—	(62.2)	(68.0)
March 31, 2019	$(18.2)	$ —	$(62.1)	$(80.3)

Supplemental Cash Flow Information

Interest paid during the fiscal year ended March 31, 2019 amounted to $146.7 million (2018 — $119.7 million; 2017 — $79.8 million).

Income taxes paid (refunded) during the fiscal year ended March 31, 2019 amounted to net tax paid of $13.5 million (2018 — net tax refunds received of $20.3 million; 2017 — net tax paid of $14.3 million).

The supplemental schedule of non-cash investing and financing activities is presented below:

	Year Ended March 31,		
	2019	2018	2017
	(Amounts in millions)		
Non-cash investing activities:			
Issuance of common shares related to business acquisitions	$83.7	$ —	$1,327.7
Accrued purchase consideration for dissenting shareholders (see Note 17)	$ —	$ —	$ 797.3
Issuance of Starz share-based payment replacement awards	$ —	$ —	$ 186.5
Non-cash financing activities:			
Accrued dividends (see Note 13)	$ —	$19.1	$ —
Conversions of convertible senior subordinated notes	$ —	$ —	$ 41.9

20. Quarterly Financial Data (Unaudited)

Certain quarterly information is presented below:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Amounts in millions, except per share amounts)			
2019				
Revenues	$932.7	$ 901.0	$933.2	$ 913.7
Operating income (loss)(1)	$ 38.2	$ 39.1	$ 86.8	$ (34.0)
Net income (loss)(1)(2)	$ (11.4)	$(149.3)	$ 20.1	$(159.1)
Net income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$ (7.9)	$(144.1)	$ 22.9	$(155.2)
Per share information attributable to Lions Gate Entertainment Corp. shareholders:				
Basic net income (loss) per common share	$ (0.04)	$ (0.67)	$ 0.11	$ (0.72)
Diluted net income (loss) per common share	$ (0.04)	$ (0.67)	$ 0.10	$ (0.72)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Amounts in millions, except per share amounts)			
2018				
Revenues	$1,005.3	$940.8	$1,142.7	$1,040.2
Operating income (loss)(3)	$ 89.7	$ 30.4	$ 80.2	$ 48.4
Net income (loss)(3)(4)	$ 174.5	$ 12.9	$ 191.1	$ 89.6
Net income (loss) attributable to Lions Gate Entertainment Corp. shareholders	$ 173.8	$ 15.5	$ 193.0	$ 91.3
Per share information attributable to Lions Gate Entertainment Corp. shareholders:				
Basic net income (loss) per common share	$ 0.84	$ 0.07	$ 0.92	$ 0.43
Diluted net income (loss) per common share	$ 0.80	$ 0.07	$ 0.87	$ 0.41

(1) During fiscal 2019, operating income and net income included the following items:

- *Restructuring and Other.* The first, second, third and fourth quarter of fiscal 2019 included restructuring and other items of $10.5 million, $15.0 million, $16.6 million and $35.9 million, respectively (after tax $7.8 million, $11.5 million, $12.6 million, and $27.3 million, respectively) (see Note 15).

- *Programming and Content Charges.* During the fourth quarter of fiscal 2019, in connection with recent management changes, the Company implemented changes to its programming strategy including programming that will no longer be broadcast on Starz networks. As a result, the Company recorded certain programming and content charges of $35.1 million (after tax $26.7 million) in connection with recent management changes, and changes to the Company's programming strategy, which are included in direct operating expense in the consolidated statement of operations in the fourth quarter of fiscal 2019 (see Note 15).

(2) During fiscal 2019, net income also included the following items:

- *Shareholder Litigation Settlements.* The second quarter of fiscal 2019 included shareholder litigation settlements of $114.1 million (after tax $104.7 million) (see Note 17).

- *Loss on Investments.* The first, second, third and fourth quarter of fiscal 2019 included a loss on investments of $0.9 million, $36.1 million, $6.2 million and $44.4 million, respectively (after tax $0.7 million, $32.4 million, $4.7 million and $33.7 million, respectively) (see Note 5).

- *Loss on Extinguishment of Debt.* The fourth quarter of fiscal 2019 included a loss on extinguishment of debt of $1.9 million (after tax $1.4 million) (see Note 7).
- *Deferred Tax Valuation Allowance.* The fourth quarter of fiscal 2019 included a charge of $53.7 million from an increase in the valuation allowance for certain of the Company's deferred tax assets (see Note 14).

(3) During fiscal 2018, operating income and net income included the following items:

- *Restructuring and Other.* The first, second, third and fourth quarter of fiscal 2018 included restructuring and other items of $10.9 million, $3.5 million, $21.4 million, and $24.0 million, respectively (after tax $8.9 million, $2.5 million, $14.5 million, and $15.7 million, respectively) (see Note 15).

(4) During fiscal 2018, net income also included the following items:

- *Loss on Extinguishment of Debt.* The first, second, third and fourth quarter of fiscal 2018 included a loss on extinguishment of debt of $11.6 million, $6.4 million, $6.2 million and $11.6 million, respectively (after tax $8.5 million, $4.7 million, $4.6 million and $7.8 million, respectively) (see Note 7).
- *Gain (Loss) on Investments.* The first and third quarter of fiscal 2018 included a gain on investments of $201.0 million and a loss on investments of $29.2 million, respectively (after tax gain of $127.0 million and loss of $20.1 million, respectively) (see Note 5).
- *Impact of Corporate Tax Rate Change on Deferred Tax Liabilities.* The third quarter of fiscal 2018 included a deferred tax benefit of $165.0 million resulting from the impact of the change in the U.S. federal corporate income tax rate from 35% to 21% under the Tax Cuts and Jobs Act on the Company's beginning net deferred tax liabilities (see Note 14).
- *Tax Benefit from Internal Capital Restructuring.* The fourth quarter of fiscal 2018 included a net tax benefit of $94.1 million primarily from the internal capital restructuring in connection with our third party debt refinancing (see Note 7 to our consolidated financial statements), net of the charge from an increase in its valuation allowance associated with certain deferred tax assets (see Note 14).

21. Related Party Transactions

Voting Agreements regarding former Company Shares

On June 30, 2016, in connection with the Merger Agreement, the Company, Starz and MHR Fund Management LLC and affiliates (collectively, "MHR Fund Management") entered into a voting agreement with respect to MHR Fund Management's common shares of the Company (the "MHR Voting Agreement"). Under the MHR Voting Agreement, the Company agreed to indemnify MHR Fund Management for losses relating to or arising out of the MHR Voting Agreement, the merger agreement or that certain stock exchange agreement of even date therewith and to pay up to $1.6 million in reasonable out-of-pocket expenses of MHR Fund Management. The Company has incurred expenses on behalf of MHR Fund Management for such costs amounting to approximately $0.5 million, which are included in restructuring and other in the consolidated statement of operations for the year ended March 31, 2017. Mark H. Rachesky, the Chairman of the Board of the Company, is the principal of MHR Fund Management, which holds approximately 19% of the Company's outstanding Class A voting shares and 11% of the Company's outstanding Class B non-voting common stock as of May 20, 2019.

Voting Agreement regarding former Starz Shares

On June 30, 2016, in connection with the Merger Agreement, the Company and Starz entered into a Voting Agreement with LG Leopard Canada LP, an Ontario limited partnership and indirect wholly owned subsidiary of the Company, and the stockholders of Starz listed on Schedule A thereto (including John C.

Malone, a former director of the Company, and affiliated entities) (such stockholders the "Individual Stockholders"), with respect to shares of previously issued Starz common stock (the "Starz Voting Agreement"). Under the Starz Voting Agreement, the Company agreed to indemnify the Individual Stockholders for losses relating to or arising out of the Starz Voting Agreement, the Merger Agreement and that certain stock exchange agreement of even date therewith and to pay up to $1.6 million in reasonable out-of-pocket expenses of the Individual Stockholders. The Company has incurred expenses on behalf of the Individual Stockholders for such costs amounting to approximately $1.5 million, which are included in restructuring and other in the consolidated statement of operations for the year ended March 31, 2017.

Other

In the year ended March 31, 2019, we have incurred expenses on behalf of Dr. Malone and Mark H. Rachesky for reimbursement of certain litigation costs of approximately $3.3 million (2018 — $5.6 million; 2017 — $1.0 million), which are included in restructuring and other in the consolidated statement of operations.

Atom Tickets

During the year ended March 31, 2018, the Company participated in an equity offering of its equity method investee, Atom Tickets, and subscribed for an additional $10.0 million in equity interests (2017 — none). Gordon Crawford, a director of the Company, is a director of and an investor in Atom Tickets.

Shrink, LLC

In April 2008, Lions Gate Films, Inc., a wholly-owned subsidiary of the Company ("LGF"), entered into a sales agency agreement (as amended) with Shrink, LLC for distribution rights to the film *Shrink*. Michael Burns, the Vice Chairman and a director of the Company, owns a 100% interest in Shrink, LLC. During the year ended March 31, 2019, less than $0.1 million was paid to Shrink, LLC under this agreement (2018 — $0.1 million, 2017 — none).

Transactions with Equity Method Investees

In the ordinary course of business, we are involved in related party transactions with equity method investees. These related party transactions primarily relate to the licensing and distribution of the Company's films and television programs, for which the impact on the Company's consolidated balance sheets and consolidated statements of operations is as follows (see Note 1 and Note 5). In addition, during the year ended March 31, 2019, the Company made loans of $20.7 million to certain of its equity method investees, $7.3 million of which are included in other assets, noncurrent in the Company's consolidated balance sheet (net of equity interests losses applied against such loans), and included in the table below.

	March 31, 2019	March 31, 2018
	(Amounts in millions)	
Consolidated Balance Sheets		
Accounts receivable	$ 2.2	$ 6.0
Other assets, noncurrent	7.3	0.2
Total due from related parties	$ 9.5	$ 6.2
Participations and residuals, current	9.5	6.5
Participations and residuals, noncurrent	8.2	6.0
Deferred revenue, current	—	0.2
Total due to related parties	$17.7	$12.7

	Year Ended March 31, 2019	2018	2017
	(Amounts in millions)		
Consolidated Statements of Operations			
Revenues	$ 4.7	$ 8.9	$88.8
Direct operating expense	$32.2	$22.0	$10.5
Distribution and marketing expense	$ 3.0	$ 3.5	$ 0.8
General and administrative expense[(1)]	$ 0.7	$ (3.7)	$ (0.7)
Interest and other income	$ 0.4	$ —	$ —

(1) Amounts primarily represent reimbursement for certain shared services for equity method investees.