REGAL ENTERTAINMENT GROUP
Form 10-K
February 27, 2017
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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 December 31, 2016
Commission file number: 001-31315

Regal Entertainment Group
(Exact name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	02-0556934 (I. R. S. Employer Identification Number)
7132 Regal Lane Knoxville, TN (Address of Principal Executive Offices)	37918 (Zip Code)

Registrant's Telephone Number, Including Area Code: 865-922-1123

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

Title of each class	Name of each exchange on which registered
Class A Common Stock, $.001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K: x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

(Do not check if a
smaller reporting company)

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2016, computed by reference to the price at which the registrant's Class A common stock was last sold on the New York Stock Exchange on such date was $1,774,940,796.16 (80,532,704 shares at a closing price per share of $22.04).

Shares of Class A common stock outstanding—133,337,241 shares at February 20, 2017
Shares of Class B common stock outstanding—23,708,639 shares at February 20, 2017

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement on Schedule 14A to be used in connection with its 2017 Annual Meeting of Stockholders and to be filed within 120 days after December 31, 2016 are incorporated by reference into Part III, Items 10-14, of this report on Form 10-K.

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REGAL ENTERTAINMENT GROUP

PART I

The information in this Annual Report on Form 10-K (this "Form 10-K") contains certain forward-looking statements, including statements related to trends in the Company's business. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed in "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as those discussed elsewhere in this Form 10-K.

Item 1. BUSINESS.

THE COMPANY

Regal Entertainment Group, a Delaware corporation organized on March 6, 2002 ("we," "us," "our," the "Company" or "Regal"), is the parent company of Regal Entertainment Holdings, Inc. ("REH"), which is the parent company of Regal Cinemas Corporation ("Regal Cinemas") and its subsidiaries. Regal Cinemas' subsidiaries include Regal Cinemas, Inc. ("RCI") and its subsidiaries, which include Edwards Theatres, Inc. ("Edwards"), Regal CineMedia Corporation ("RCM") and United Artists Theatre Company ("United Artists"). The terms Regal or the Company, REH, Regal Cinemas, RCI, Edwards, RCM and United Artists shall be deemed to include the respective subsidiaries of such entities when used in discussions included herein regarding the current operations or assets of such entities.

Our Internet address is www.regmovies.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to these reports, are available free of charge on our Internet website under the heading "Investor Relations" as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the "Commission"). The contents of our Internet website are not incorporated into this report.

The Company manages its business under one reportable segment: theatre exhibition operations.

DESCRIPTION OF BUSINESS

Overview

We operate one of the largest and most geographically diverse theatre circuits in the United States, consisting of 7,267 screens in 561 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of December 31, 2016, with approximately 211 million attendees for the year ended December 31, 2016 ("fiscal 2016"). Our geographically diverse circuit includes theatres in 46 of the top 50 U.S. designated market areas. We develop, acquire and operate multi-screen theatres primarily in mid-sized metropolitan markets and suburban growth areas of larger metropolitan markets throughout the United States.

For fiscal 2014 and prior periods, the Company's fiscal year ended on the first Thursday after December 25, which in certain years (such as fiscal 2014) resulted in a 53-week fiscal year. Beginning January 2, 2015, the Company's fiscal year changed from a 52-53 week fiscal year ending on the first Thursday after December 25 of each year to a fiscal year ending on December 31 of each year.

For fiscal 2016, we reported total revenues, income from operations and net income attributable to controlling interest of $3,197.1 million, $339.4 million and $170.4 million, respectively. In addition, we generated $410.5 million of cash flows from operating activities during fiscal 2016.

Business Strategy

Our business strategy is predicated on our ability to allocate capital effectively to enhance value for our stockholders. This strategy focuses on enhancing our position in the motion picture exhibition industry by capitalizing on prudent industry consolidation and partnership opportunities, managing, expanding and upgrading our existing asset base with new technologies and customer amenities and realizing selective growth opportunities through new theatre construction. Our business strategy should enable us to continue to produce the free cash flow necessary to maintain a prudent allocation of our capital among dividend payments, debt service and repayment and investment in our theatre assets, all to provide meaningful value to our stockholders. Key elements of our business strategy include:

Maximizing Stockholder Value. We believe that our cash dividends are an efficient means of distributing value to our stockholders. From our initial public offering ("IPO") in May 2002 through December 31, 2016, we have returned approximately $4.2 billion to our stockholders in the form of quarterly and extraordinary cash dividends. During our most

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recent five year period, we returned approximately $1.0 billion to our stockholders in quarterly and extraordinary cash dividends.

Pursuing Prudent Acquisitions and Maximizing Strategic Partnerships. We believe that our acquisition experience and capital structure position us well to take advantage of future acquisition opportunities and to participate in various partnership initiatives. We intend to selectively pursue accretive theatre acquisitions and theatre-related investments that enhance and more fully utilize our asset base to improve our consolidated operating results and free cash flow. With respect to partnership initiatives, we own approximately 19.7% of National CineMedia, LLC ("National CineMedia" or "NCM") as of December 31, 2016. National CineMedia operates the largest digital in-theatre advertising network in North America and focuses on in-theatre advertising for its theatrical exhibition partners, which includes us, AMC Entertainment, Inc. ("AMC"), and Cinemark, Inc. ("Cinemark"). See "National CineMedia Joint Venture" under Part I, Item I of this Form 10-K for further discussion of National CineMedia. We also participate in other joint ventures and partnerships such as Digital Cinema Implementation Partners, LLC ("DCIP"), Open Road Films, AC JV, LLC ("AC JV"), Digital Cinema Distribution Coalition ("DCDC") and Atom Tickets, LLC ("Atom Tickets"), which are also further discussed under Part I, Item I of this Form 10-K. We believe our investment in National CineMedia and other joint venture arrangements generate incremental value for our stockholders.

Pursuing Premium Experience Opportunities. We continue to embrace innovative concepts that generate incremental revenue and cash flows for the Company and deliver a premium movie-going experience for our customers on several complementary fronts:

- First, we continued to improve customer amenities, primarily through the installation of luxury reclining seats. With respect to our luxury reclining seating initiative, as of December 31, 2016, we offered luxury reclining seating in 1,369 auditoriums at 113 theatre locations. We expect to install luxury reclining seating in approximately 40-45 locations during 2017 and expect to outfit approximately 45% of the total screens in our circuit by the end of 2019. The costs of these conversions in some cases are partially covered by contributions from our theatre landlords.
- Second, to address consumer trends and customer preferences, we have continued to expand our menu of food and alcoholic beverage products to an increasing number of attendees. The enhancement of our food and alcoholic beverage offerings has had a positive effect on our operating results, and we expect to continue to invest in such offerings in our theatres. As of December 31, 2016, we offered an expanded menu of food in 216 locations (reaching approximately 53% of our fiscal 2016 attendees) and alcoholic beverages in 143 locations (reaching approximately 28% of our fiscal 2016 attendees), and we expect to offer an expanded menu of food in approximately 270 locations and alcoholic beverages in approximately 215 locations by the end of 2017.
- Third, we continued to implement various customer engagement initiatives aimed at delivering a premium movie-going experience for our customers in order to better compete for patrons and build brand loyalty. For example, we maintain a frequent moviegoer loyalty program, named the Regal Crown Club®, to actively engage our core customers. During the first quarter of 2016, we completed the national rollout of the new Regal Crown Club®. Members of the enhanced program can earn unlimited credits and can redeem such credits for movie tickets, concession items and movie memorabilia at the theatre or in an online reward center where members can select the rewards of their choice. We believe these changes allow us to offer more relevant offers to our members and increase customer engagement in the program. As of December 31, 2016, we had approximately 11.8 million active members in the Regal Crown Club®, making it the largest loyalty program in our industry.
- In addition, we continued to develop and enhance other customer engagement initiatives such as mobile ticketing applications, internet ticketing, social media and other marketing initiatives. For example, we have improved the customer experience of purchasing tickets by expanding our ability to sell tickets remotely via our mobile ticketing application and through our internet ticketing partners such as Fandango.com and Atom Tickets. Customers can choose their preferred ticketing option, which in many cases means they can pre-purchase tickets, scan their mobile device and proceed directly to their reserved seat without waiting in line. In addition to providing customers the ability to pre-purchase tickets, our mobile ticketing application provides customers the ability to find films, movie information, showtimes, track Regal Crown Club® credits and receive special offers from Regal. Finally, at nearly one third of our locations, our newest ticketing partner, Atom Tickets, provides our patrons the ability to bypass

concession stand lines by pre-purchasing concession items via their mobile device. We believe these technologies provide a platform for delivering a quality customer experience and will drive incremental revenues and cash flows in a more cost-effective manner.

- Finally, our IMAX® digital projection systems and our proprietary large screen format, RPX℠, offer our patrons all-digital, large format premium experiences and generate incremental revenue and cash flows for the Company. As of December 31, 2016, our IMAX® footprint consisted of 89 IMAX® screens, and we operated 93 RPX℠

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screens. We continue to selectively install RPX℠ screens where we can generate a financial return, and we have recently agreed to install an additional 11 IMAX® digital projection systems, which will ultimately expand our IMAX® footprint to 100 screens.
We believe the continued rollout of premium amenities such as luxury reclining seating, a wider array of food and alcoholic beverage offerings and IMAX® and RPX℠ screens allow us to deliver a premium movie-going experience for a majority of our customers. We believe this strategy will enable us to better compete for patrons and build brand loyalty, which we believe will provide us the opportunity for incremental revenue and cash flows.
Pursuing Selective Growth Opportunities and Active Asset Management. We intend to selectively pursue expansion opportunities through new theatre construction, expansion and upgrades that meet our strategic and financial return criteria. Additionally, we manage our asset base by opportunistically closing underperforming theatres. We continued to actively manage our asset base during fiscal 2016 by opening two theatres with 19 screens, reopening five screens at an existing theatre and closing 13 theatres and 118 screens, ending the year with 561 theatres and 7,267 screens.

Competitive Strengths
We believe that the following competitive strengths position us to capitalize on future opportunities:
Industry Leader. We are one of the largest domestic motion picture exhibitors operating 7,267 screens in 561 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia. Our geographically diverse circuit includes theatres in 46 of the top 50 U.S. designated market areas. We believe that the quality and size of our theatre circuit is a significant competitive advantage for negotiating attractive national contracts and generating economies of scale. We believe that our market leadership allows us to capitalize on favorable attendance trends and attractive consolidation and partnership opportunities.
Superior Management Drives Strong Operating Margins. Our operating philosophy focuses on efficient operations and strict cost controls at both the corporate and theatre levels. At the corporate level, we are able to capitalize on our size and operational expertise to achieve economies of scale in purchasing and marketing functions. We have developed an efficient purchasing and distribution supply chain that generates favorable concession margins. At the theatre level, management devotes significant attention to cost controls through the use of financial data analysis, detailed management reports and performance-based compensation programs to encourage theatre managers to deliver a premium customer experience while effectively controlling costs and maximizing free cash flow.
Proven Acquisition and Integration Expertise. We have significant experience identifying, completing and integrating acquisitions of theatre circuits. Since our 2002 IPO, we have demonstrated our ability to enhance revenues and realize operating efficiencies through the successful acquisition and integration of nine theatre circuits, consisting of 230 theatres and 2,683 screens. We have generally achieved immediate synergies at acquired theatres and improved their profitability through the application of our consolidated operating functions and key supplier contracts, and our relationship with National CineMedia.
Quality Theatre Portfolio. We believe that we operate one of the most modern theatre circuits among major motion picture exhibitors. Approximately 59% of our locations featured one or more premium amenity offerings as of December 31, 2016. We believe the continued rollout of premium amenities such as luxury reclining seating, a wider array of food and alcoholic beverage offerings and IMAX® and RPX℠ screens allow us to deliver a premium movie-going experience for a majority of our customers. Finally, we believe that our modern theatre portfolio coupled with our operating margins should allow us to generate significant cash flows from operations.

Dividend Policy
We believe that paying dividends on our shares of common stock is important to our stockholders. To that end, during fiscal 2016, we paid to our stockholders four quarterly cash dividends of $0.22 per share on each outstanding share of our Class A and Class B common stock, or approximately $138.9 million in the aggregate. Further, on February 9, 2017, the Company declared a cash dividend of $0.22 per share on each share of the Company's Class A and Class B common stock (including outstanding restricted stock), payable on March 15, 2017 to stockholders of record on March 3, 2017. Declared dividends have been or will be funded through cash flow from operations and available cash

on hand. We, at the discretion of our Board of Directors and subject to applicable law, anticipate paying regular quarterly dividends on our Class A and Class B common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors. Dividends are considered quarterly and may be paid only when, and in such amounts as, approved by our Board of Directors.

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INDUSTRY OVERVIEW AND TRENDS

The domestic motion picture exhibition industry is a mature business that has historically maintained steady long-term growth in revenues and stable attendance. Since 1965, total box office revenues have grown at a compound annual growth rate of approximately 5%, with annual attendance of approximately 1.3 billion attendees in 2016. Against this background of steady long-term growth in revenues, the exhibition industry has experienced periodic short-term increases and decreases in attendance and in turn box office revenues. Consequently, we expect the cyclical nature of the domestic motion picture exhibition industry to continue for the foreseeable future. However, we believe that long-term trends in motion picture attendance in the U.S. will continue to benefit the domestic motion picture exhibition industry. For example, during the most recent five-year period, attendance levels remained stable and the industry generated record box office results during 2012, 2013, 2015 and 2016.

Through the years, the domestic motion picture exhibition industry has experienced increased competition from other methods of delivering content to consumers including digital sell-through, DVD and Blu-ray, physical and digital rental, subscription video on demand and free and pay television. Traditionally, when motion picture distributors license their films to the domestic exhibition industry, they refrain from licensing their products to other delivery channels for a period of time, commonly called the theatrical release window. Over the past several years, the average period between a film's theatrical release and its release in the next distribution channel has contracted slightly to approximately three to four months. Further, some film distributors have experimented with offering alternative distribution methods for certain films that rely on shorter theatrical release windows and in some cases, bypass the theatrical release altogether. We believe that a material contraction of the theatrical release window could significantly dilute the consumer appeal of the out-of-home motion picture offering. As a result, we continue to monitor the status of the theatrical release window during our film licensing decisions. Fundamentally, we believe that movie-going is a convenient, affordable and attractively priced form of out-of-home entertainment, which, on an average price per patron basis, continues to compare favorably to other out-of-home entertainment alternatives, such as concerts and sporting events.

Finally, the domestic motion picture exhibition industry is in the process of implementing various initiatives, concepts and customer amenities aimed at delivering a premium movie-going experience for its customers in order to better compete for patrons and build brand loyalty, which we believe will provide us the opportunity for incremental revenue and cash flows. These initiatives include luxury reclining seating, a wider array of food and beverage offerings, in-theatre dining and bar service, reserved seating, the enhancement of loyalty programs and other customer engagement initiatives such as mobile ticketing applications, internet ticketing, social media and other marketing initiatives. In addition, we believe the benefits associated with premium motion picture formats are significant for our industry and provide us with the opportunity for incremental revenue from formats such as IMAX® and our proprietary large screen format, RPX℠. Finally, we believe that operating a digital theatre circuit provides greater flexibility in scheduling our programming content, which has enhanced our capacity utilization, and enables us to generate incremental revenue from motion picture formats, such as digital 3D, and the exhibition of specialty content offerings through certain distributors, such as AC JV. We are optimistic that these and other recent industry initiatives and trends will drive continued growth and strength for the domestic motion picture industry.

THEATRE OPERATIONS

We operate one of the largest theatre circuits in the United States with 7,267 screens in 561 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of December 31, 2016. We operate theatres in 46 of the top 50 U.S. designated market areas. We target prime locations with excellent access to large, high patron-traffic areas. We operate our theatre circuit using our Regal Cinemas, United Artists, Edwards, Great Escape Theatres and Hollywood Theaters brands through our wholly owned subsidiaries.

We operate multi-screen theatres. Our multi-screen theatre complexes typically contain 10 to 18 screens, each with auditoriums ranging from 100 to 500 seats. As a result, our theatres appeal to a diverse group of patrons because we offer a wide selection of films and convenient show times. In addition, many of our theatres feature state-of-the-art amenities such as immersive sound, wall-to-wall and floor-to-ceiling screens, Sony Digital Cinema™ 4K projection systems, 3D digital projection systems, IMAX® and our proprietary large screen format, RPX^{SM}, digital stereo surround-sound and enhanced interiors featuring video game and party room areas adjacent to the theatre lobby. Finally, we are in the process of implementing various other initiatives, concepts and customer amenities such as luxury reclining seating, a wider array of food and beverage offerings, in-theatre dining and bar service and reserved seating.

Our modern, multi-screen theatres are designed to increase profitability by optimizing revenues per square foot while reducing our operational costs on a per attendee basis. We vary auditorium seating capacities within the same theatre, allowing us to exhibit films on a more cost effective basis for a longer period of time by shifting films to smaller auditoriums to meet changing attendance levels. In addition, we realize significant operating efficiencies by having common box office, concessions, projection, lobby and restroom facilities, which enable us to spread some of our costs, such as payroll, advertising,

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rent and utility costs over a higher revenue base. We strategically schedule movie show times to reduce staffing requirements and box office and concession line congestion and to provide more desirable parking and traffic flow patterns. We also actively monitor ticket sales in order to quickly recognize demand surges, which enables us to add seating capacity quickly and efficiently. In addition, we offer various forms of convenient ticketing methods, including print-at-home technology, self-serve kiosks, e-gift cards and mobile and internet ticketing. We believe that operating a theatre circuit consisting primarily of modern theatres enhances our ability to attract patrons and believe theatres larger than the current 10 to 18 screen megaplex are not able to generate attractive returns in most locations because of the substantial market suitability requirements to generate a level of profitability similar to the current megaplex format.

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The following table details the number of locations and theatre screens in our theatre circuit ranked by the number of screens in each state along with Guam, Saipan, American Samoa and the District of Columbia as of December 31, 2016:

State/District	Locations	Number of Screens
California	88	1,063
Florida	48	709
New York	45	555
Virginia	30	429
Washington	29	347
Texas	26	374
Pennsylvania	23	311
North Carolina	22	265
Georgia	21	307
Ohio	19	274
Oregon	19	206
South Carolina	17	230
Maryland	14	196
Colorado	14	174
Tennessee	13	179
Nevada	11	141
Indiana	11	139
New Jersey	10	142
Massachusetts	10	118
Illinois	9	129
Missouri	8	114
Hawaii	7	72
Mississippi	6	46
Idaho	5	73
Kentucky	5	60
New Mexico	5	60
Alaska	5	52
West Virginia	4	46
Connecticut	4	43
Louisiana	4	43
Alabama	3	52
Kansas	3	34
Oklahoma	3	34
New Hampshire	3	33
Minnesota	2	36
Delaware	2	33
Michigan	2	26
Arkansas	2	24
Maine	2	20
Nebraska	1	16
Arizona	1	14
District of Columbia	1	14
Guam	1	14
Montana	1	11

Saipan	1	7
American Samoa	1	2
Total	561	7,267

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We have implemented a best practices management program across all of our theatres that provides daily, weekly, monthly and quarterly management reports for each individual theatre, and we maintain active communication between the theatres, divisional management and corporate management. We use these management reports and communications to closely monitor admissions and concessions revenues as well as accounting, payroll and workforce information necessary to manage our theatre operations effectively and efficiently.

We seek experienced theatre managers and require new theatre managers to complete a comprehensive training program within the theatres and at the "Regal Entertainment University," which is held at our corporate office. The program is designed to encompass all phases of theatre operations, including our operating philosophy, policies, procedures and standards. In addition, we have an incentive compensation program for theatre-level management that rewards theatre managers for controlling operating expenses while complying with our operating standards.

In addition, we have implemented quality assurance programs in all of our theatres to maintain clean, comfortable and modern facilities and monitor food service. To maintain quality and consistency within our theatre circuit, district and regional managers and various contractual service partners regularly inspect each theatre and provide recurring feedback. In addition, we consistently solicit feedback from our patrons through an on-line guest experience program whereby our guests rate and provide detailed comments regarding their experiences at our theatres. Finally, we also conduct a "mystery shopper" program, which involves unannounced visits by unidentified customers who report on the quality of service, film presentation and cleanliness at individual theatres.

NATIONAL CINEMEDIA JOINT VENTURE

We maintain an investment in National CineMedia, which operates the largest digital in-theatre advertising network in North America representing over 20,500 U.S. theatre screens (of which approximately 20,100 are part of National CineMedia's digital content network) as of December 31, 2016. During 2016, over 700 million patrons attended movies shown in theatres in which National CineMedia currently has exclusive cinema advertising agreements in place. National CineMedia focuses on in-theatre advertising for its theatrical exhibition partners, which includes us, AMC and Cinemark.

We receive theatre access fees and mandatory distributions of excess cash from National CineMedia. Pursuant to our Common Unit Adjustment Agreement, from time to time, common units of National CineMedia held by Regal, AMC and Cinemark will be adjusted up or down through a formula primarily based on increases or decreases in the number of theatre screens operated and theatre attendance generated by each joint venture partner. As of December 31, 2016, we held approximately 27.1 million common units of National CineMedia. On a fully diluted basis, we own a 19.7% interest in NCM, Inc. as of December 31, 2016.

During fiscal 2013, National CineMedia sold its "Fathom Events" business to AC JV, a newly-formed Delaware limited liability company owned 32% by each of RCI, AMC and Cinemark and 4% by National CineMedia. The Fathom Events business markets and distributes live and pre-recorded entertainment programming to various theatre operators (including us, AMC and Cinemark) to provide additional programs to augment their feature film schedule and includes events such as live and pre-recorded concerts, opera and symphony, DVD product releases and marketing events, theatrical premieres, Broadway plays, live sporting events and other special events.

See Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of National CineMedia and related transactions, including AC JV.

DIGITAL CINEMA IMPLEMENTATION PARTNERS JOINT VENTURE

We maintain an investment in DCIP, a joint venture company formed by Regal, AMC and Cinemark. DCIP funds the cost of digital projection principally through the collection of virtual print fees from motion picture studios and equipment lease payments from participating exhibitors, including us. DCIP's initial and second round of financing substantially covered the cost of conversion to digital projection for our entire circuit. In addition to its U.S. digital deployment, DCIP actively manages the deployment of over 1,800 digital systems in Canada for Canadian Digital Cinema Partnership, a joint venture between Cineplex Inc. and Empire Theatres Limited.

The Company holds a 46.7% economic interest in DCIP as of December 31, 2016. As of December 31, 2016, all of our screens were fully outfitted with digital projection systems. Please refer to Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of DCIP.

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OPEN ROAD FILMS, DCDC AND ATOM TICKETS JOINT VENTURES

We maintain an investment in Open Road Films, a film distribution company jointly owned by us and AMC. Open Road Films was created to fill a gap in the marketplace created by the major studios' big-budget franchise film strategy by marketing smaller budget films in a cost-effective manner, which we believe will drive additional patrons to our theatres. Open Road Films distributed seven films and generated national box office revenues of approximately $107.0 million during 2016 and intends to distribute approximately six to eight films per year. The Company has committed to a cash investment of $30.0 million in Open Road Films, and as of December 31, 2016, the Company has funded a total of $28.3 million of its initial $30.0 million commitment. The carrying value of the Company's investment in Open Road Films as of December 31, 2016 was $(1.7) million.

The Company is a party to a joint venture with certain exhibitors and distributors called DCDC. DCDC has established a satellite distribution network that distributes digital content to theatres via satellite. The Company has an approximate 14.6% ownership in DCDC as of December 31, 2016. The carrying value of the Company's investment in DCDC was approximately $2.8 million as of December 31, 2016.

Finally, we maintain an investment in Atom Tickets, an internet ticketing partner of the Company. At nearly one third of our locations, Atom Tickets provides our patrons the ability to bypass concession stand lines by pre-purchasing concession items via their mobile device. The carrying value of the Company's investment in Atom Tickets was approximately $5.0 million as of December 31, 2016.

Please refer to Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of Open Road Films, DCDC and Atom Tickets.

FILM DISTRIBUTION

Domestic movie theatres are the primary initial distribution channel for domestic film releases. The theatrical success of a film is often the most important factor in establishing its value in other film distribution channels. Motion pictures are generally made available through several alternative distribution methods after the theatrical release date, including digital sell-through, DVD and Blu-ray, physical and digital rental, subscription video on demand and free and pay television. A strong theatrical opening often establishes a film's success and positively influences the film's potential in these downstream distribution channels. As the primary distribution mechanism for the public's evaluation of films, we believe that domestic theatrical distribution remains the cornerstone of a film's overall financial success.

The development of additional distribution channels has given motion picture producers the ability to generate a greater portion of a film's revenues through channels other than its theatrical release. Historically, this potential for increased revenue after a film's initial theatrical release has enabled major motion picture studios and some independent producers to increase the budgets for film production and advertising.

FILM EXHIBITION

Evaluation of Film. We license films on a film-by-film and theatre-by-theatre basis by negotiating directly with film distributors. Prior to negotiating for a film license, we evaluate the prospects for upcoming films. Criteria we consider for each film may include cast, producer, director, genre, budget, comparative film performances and various other market conditions. Successful licensing depends greatly upon the exhibitor's knowledge of trends and historical film preferences of the residents in markets served by each theatre, as well as the availability of commercially successful motion pictures.

Access to Film Product. Films are licensed from film distributors owned by major production companies and from independent film distributors that distribute films for smaller production companies. Film distributors typically establish geographic licensing zones and allocate each available film to one theatre within that zone.

In licensing zones where we are the sole exhibitor, we obtain film licenses by selecting a film from among those films being offered and negotiating directly with the distributor. In zones where there is competition, a distributor may allocate films among the exhibitors in the zone or choose to offer their films to some or all exhibitors in the zone. When films are licensed under the allocation process, a distributor will select an exhibitor for each film who then negotiates film rental terms directly with the distributor.

Film Rental Fees.   Film licenses typically specify rental fees or formulas by which rental fees may be calculated. The majority of our arrangements use a "sliding scale" formula. Under a sliding scale formula, the distributor receives a percentage of the box office receipts using a pre-determined and mutually agreed upon film rental template. This formula establishes film rental predicated on box office performance and is the predominant formula used by us to calculate film rental fees. To a much lesser extent, we have also used a "firm term" formula and a "review or settlement" method where either (1) the exhibitor and distributor agree prior to the exhibition of the film on a specified percentage of the box office receipts to be remitted to the distributor or (2) the exhibitor and distributor negotiate a percentage of the box office receipts to be remitted to the distributor upon completion of the theatrical engagement.

Duration of Film Licenses. The duration of our film licenses are negotiated with our distributors on a case-by-case basis. The terms of our license agreements depend on performance of each film. Marketable movies that are expected to have high box office admission revenues will generally have longer license terms than movies with more uncertain performance and popularity.

Relationship with Distributors. Many distributors provide quality first-run movies to the motion picture exhibition industry. We license films from each of the major distributors and believe that our relationships with these distributors are good. For fiscal 2016, films shown from our top ten film distributors accounted for approximately 95% of our admissions revenues. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's motion pictures in any given year. In 2016, our largest single distributor accounted for 26.8% of our box office admissions.

CONCESSIONS

In addition to box office admissions revenues, we generated approximately 29.2% of our total revenues from concessions sales during fiscal 2016. We emphasize prominent and appealing concession stations designed for rapid and efficient service. We continually seek to increase concessions sales by actively managing concession line congestion, optimizing product mix and through expansion of our concession offerings, introducing special promotions from time to time and offering employee training and incentive programs to up-sell and cross-sell products. We have favorable concession supply contracts and have developed an efficient concession purchasing and distribution supply chain. We have historically maintained strong brand relationships and management negotiates directly with these manufacturers for many of our concession items to obtain competitive prices and to ensure adequate supplies.

To address consumer trends and customer preferences, we have continued to expand our menu of food and alcoholic beverage products to an increasing number of attendees. The enhancement of our food and alcoholic beverage offerings has had a positive effect on our operating results, and we expect to continue to invest in such offerings in our theatres. As of December 31, 2016, we offered an expanded menu of food in 216 locations (reaching approximately 53% of our fiscal 2016 attendees) and alcoholic beverages in 143 locations (reaching approximately 28% of our fiscal 2016 attendees), and we expect to offer an expanded menu of food in approximately 270 locations and alcoholic beverages in approximately 215 locations by the end of 2017.

COMPETITION

The motion picture exhibition industry is highly competitive. Motion picture exhibitors generally compete on the basis of the following competitive factors:

- ability to secure films with favorable licensing terms;
- availability of customer amenities (including luxury reclining seating), location, reputation, stadium seating and seating capacity;
- quality of projection and sound systems;
- appeal of our concession products; and
- ability and willingness to promote the films that are showing.

We have several hundred competitors nationwide that vary substantially in size, from small independent exhibitors to large national chains such as AMC and Cinemark. As a result, our theatres are subject to varying degrees of competition in the regions in which they operate. Our competitors, including newly established motion picture exhibitors, may build new theatres or screens in areas in which we operate, which may result in increased competition and excess capacity in those areas. If this occurs, it may have an adverse effect on our business and results of operations. As one of the largest motion picture exhibitors, however, we believe that we will be able to generate economies of scale and operating efficiencies that will give us a competitive advantage over many of our competitors.

As discussed in "Industry Overview and Trends" under Part I, Item I of this Form 10-K, the domestic motion picture exhibition industry is in the process of implementing various initiatives and concepts aimed at delivering a premium movie-going experience for its customers in order to better compete for patrons and build brand loyalty. We are optimistic that these and other recent industry initiatives and trends will drive continued growth and strength for the domestic motion picture industry. To that end, our market share may be positively or negatively impacted by such initiatives and trends during any given fiscal period.

We also compete with other motion picture distribution channels including digital sell-through, DVD and Blu-ray, physical and digital rental, subscription video on demand and free and pay television. Other technologies could also have an adverse effect on our business and results of operations. When motion picture distributors license their products to the domestic exhibition industry, they refrain from licensing their motion pictures to these other distribution channels for a period of time, commonly called the theatrical release window. Over the past several years, the theatrical release window has contracted to approximately three to four months. Further, some film distributors have experimented with offering alternative distribution methods for certain films that rely on shorter theatrical release windows and in some cases, bypass the theatrical release altogether. We believe that a material contraction of the theatrical release window could significantly dilute the consumer appeal of the out-of-home motion picture offering. As a result, we continue to monitor the status of the theatrical release window during our film licensing decisions.

In addition, we compete for the public's leisure time and disposable income with other forms of entertainment, including sporting events, concerts, live theatre and restaurants.

MARKETING AND ADVERTISING

Currently, film distributors organize and finance multimedia advertising campaigns for major film releases. To market our theatres, we utilize internet, mobile and social media, print and multimedia advertising to inform our patrons of film selections and show times. In many of our markets, we employ special interactive marketing programs for specific films and concessions items.

Our frequent moviegoer loyalty program, Regal Crown Club®, is designed to actively engage our core customers and is the largest loyalty program in our industry. Through the Regal Crown Club®, we seek to enhance the customer experience and increase the frequency and amounts of purchases to generate additional revenue. During the first quarter of 2016, we completed the national rollout of the new Regal Crown Club®. Members of the enhanced program can earn unlimited credits and can redeem such credits for movie tickets, concession items and movie memorabilia at the theatre or in an online reward center where members can select the rewards of their choice. We believe these changes allow us to provide more relevant offers to our members and increase customer engagement in the program. As of December 31, 2016, we had approximately 11.8 million active members in the Regal Crown Club®, and these members accounted for approximately $1.1 billion of the Company's box office and concession revenues during fiscal 2016. Our mobile ticketing application, designed to give customers quick access to box office information via their Apple iPhone® or Android™ phone, has been downloaded approximately 6.1 million times since its fiscal 2012 launch. The application provides customers the ability to find films, movie information, showtimes and special offers from Regal and the ability to purchase tickets for local theatres, thereby expediting the admissions process. Additionally, the application helps customers stay up-to-date on the latest coupons and Regal Crown Club® loyalty program promotions.

In addition, we seek to develop patron loyalty through a number of other marketing programs such as summer children's film series and promotions within local communities.

INFORMATION TECHNOLOGY SYSTEMS

Information Technology ("IT") is focused on the customer experience and supporting the efficient operation of our theatres, the management of our business and other revenue-generating opportunities. The revenue streams generated by attendance and concession sales are fully supported by information systems to monitor cash flow and to detect fraud and inventory shrinkage. We have implemented software and hardware solutions which provide for enhanced capabilities and efficiency within our theatre operations. These solutions have enabled us to sell gift cards at various major retailers, grocery and warehouse stores and to redeem those gift cards at our theatre box offices and concession stands.

We continue to focus on improving the customer experience of purchasing tickets by expanding our ability to sell tickets remotely via our mobile application and through our internet ticketing partners such as Fandango.com and Atom Tickets, and self-service alternatives, such as ticketing kiosks and print-at-home ticketing. Customers can choose their preferred ticketing option, which in many cases means they can pre-purchase tickets, scan their mobile device and proceed directly to their reserved seat without waiting in line. In addition to providing customers the ability to pre-purchase tickets, our mobile application provides customers the ability to find films, movie information, showtimes, track Regal Crown Club® credits and receive special offers from Regal. Lastly, at nearly one third of our locations, our newest ticketing partner, Atom Tickets, provides our patrons the ability to bypass concession stand lines by pre-purchasing concession items via their mobile device. These technologies provide a platform for delivering a quality customer experience and will drive incremental revenues and cash flows in a more cost-effective manner.

In addition, we continue to strategically pursue technologies to improve the services we provide to our patrons and to provide information to our management allowing them to operate our theatres efficiently. Our scheduling systems support the coordination needed to properly allocate our auditoriums between film showings and meetings and events, while also ensuring that movie audiences view the intended advertising and that revenue is allocated to the appropriate business function. The scheduling systems also provide scheduling information electronically and automatically to media outlets, including newspapers and various online media outlets to drive attendance in our theatres. The sales and attendance information collected by the theatre systems is used directly for film booking and settlement as well as provides the primary source of data for our financial systems.

SEASONALITY

The timing of movie releases can have a significant effect on our results of operations, and the results of one fiscal quarter are not necessarily indicative of results for the next fiscal quarter or any other fiscal quarter. Historically, motion picture studios release the most marketable motion pictures during the summer and the holiday season. The unexpected emergence of a hit film during other periods can alter the traditional trend. The seasonality of motion picture exhibition, however, has become less pronounced as motion picture studios are releasing motion pictures somewhat more evenly throughout the year.

EMPLOYEES

As of December 31, 2016, we employed approximately 25,359 persons. The Company considers its employee relations to be good.

EXECUTIVE OFFICERS OF THE REGISTRANT

Shown below are the names, ages as of December 31, 2016, and current positions of our executive officers. There are no family relationships between any of the persons listed below, or between any of such persons and any of the directors of the Company or any persons nominated or chosen by the Company to become a director or executive officer of the Company.

Name	Age	Position
Amy E. Miles	50	Chief Executive Officer and Chair of the Board of Directors
Gregory W. Dunn	57	President and Chief Operating Officer
Peter B. Brandow	56	Executive Vice President, General Counsel and Secretary
David H. Ownby	47	Executive Vice President, Chief Financial Officer and Treasurer

Amy E. Miles is our Chief Executive Officer and Chair of the Board of Directors. Ms. Miles has served as Chief Executive Officer since June 2009 and became Chair of the Board of Directors in March 2015. Prior thereto, Ms. Miles served as our Executive Vice President, Chief Financial Officer and Treasurer from March 2002 to June 2009. Additionally, Ms. Miles has served as the Chief Executive Officer of Regal Cinemas, Inc. since June 2009. Ms. Miles formerly served as the Executive Vice President, Chief Financial Officer and Treasurer of Regal Cinemas, Inc. from January 2000 to June 2009. Prior thereto, Ms. Miles served as Senior Vice President of Finance from April 1999, when she joined Regal Cinemas, Inc. Prior to joining the Company, Ms. Miles was a Senior Manager with Deloitte & Touche LLP from 1998 to 1999. From 1989 to 1998, she was with PricewaterhouseCoopers LLP.

Gregory W. Dunn is our President and Chief Operating Officer. Mr. Dunn has served as an Executive Vice President and Chief Operating Officer of Regal since March 2002 and became President of Regal in May 2005. Mr. Dunn served as Executive Vice President and Chief Operating Officer of Regal Cinemas, Inc. from 1995 to March 2002. Prior thereto, Mr. Dunn served as Vice President of Marketing and Concessions of Regal Cinemas, Inc. from 1991 to 1995.

Peter B. Brandow is our Executive Vice President, General Counsel and Secretary and has served as such since March 2002. Mr. Brandow has served as the Executive Vice President, General Counsel and Secretary of Regal Cinemas, Inc. since July 2001, and prior to that time he served as Senior Vice President, General Counsel and Secretary of Regal Cinemas, Inc. since February 2000. Prior thereto, Mr. Brandow served as Vice President, General Counsel and Secretary from February 1999 when he joined Regal Cinemas, Inc. From September 1989 to January

1999, Mr. Brandow was an associate with the law firm Simpson Thacher & Bartlett LLP.

David H. Ownby is our Executive Vice President, Chief Financial Officer and Treasurer and has served in this capacity since June 2009. Mr. Ownby also has served as our Chief Accounting Officer since May 2006. Mr. Ownby served as our Senior Vice President of Finance from March 2002 to June 2009. Prior thereto, Mr. Ownby served as the Company's Vice President of Finance and Director of Financial Projects from October 1999 to March 2002. Prior to joining the Company, Mr. Ownby served with Ernst & Young LLP from September 1992 to October 1999.

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REGULATION

The distribution of motion pictures is in large part regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. Consent decrees effectively require major film distributors to offer and license films to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, exhibitors cannot assure themselves of a supply of films by entering into long-term arrangements with major distributors, but must negotiate for licenses on a film-by-film basis.

Our theatres must comply with Title III of the Americans with Disabilities Act of 1990 (the "ADA") to the extent that such properties are "public accommodations" and/or "commercial facilities" as defined by the ADA. Compliance with the ADA requires that public accommodations "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for new construction or technically infeasible for alterations. Non-compliance with the ADA could result in the imposition of injunctive relief, fines, award of damages to private litigants and additional capital expenditures to remedy such non-compliance.

We believe that we are in substantial compliance with all current applicable regulations relating to accommodations for the disabled. We intend to comply with future regulations in this regard and except as set forth in Note 8 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, we do not currently anticipate that compliance will require us to expend substantial funds.

Our theatre operations are also subject to federal, state and local laws governing such matters as wages, working conditions, citizenship and health and sanitation and environmental protection requirements. We believe that we are in substantial compliance with all relevant laws and regulations.

FORWARD-LOOKING STATEMENTS

Some of the information in this Form 10-K includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included in this Form 10-K, including, without limitation, certain statements under "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" may constitute forward-looking statements. In some cases you can identify these forward-looking statements by words like "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of those words and other comparable words. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those indicated in these statements as a result of certain risk factors as more fully discussed under "Risk Factors" below.

Item 1A. RISK FACTORS.

Investing in our securities involves a significant degree of risk. In addition to the other information contained in this Form 10-K, you should consider the following factors before investing in our securities.

Our substantial lease and debt obligations could impair our financial condition.

We have substantial lease and debt obligations. For fiscal 2016, our total rent expense and net interest expense were approximately $427.6 million and $128.1 million, respectively. As of December 31, 2016, we had total debt obligations of $2,340.1 million. As of December 31, 2016, we had total contractual cash obligations of approximately $6,040.4 million. For a detailed discussion of our contractual cash obligations and other commercial commitments over the next several years, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Cash Obligations and Commitments" provided in Part II, Item 7 of this Form 10-K.

If we are unable to meet our lease and debt service obligations, we could be forced to restructure or refinance our obligations and seek additional equity financing or sell assets. We may be unable to restructure or refinance our obligations and obtain additional equity financing or sell assets on satisfactory terms or at all. As a result, the inability to meet our lease and debt service obligations could cause us to default on those obligations. The agreements governing the terms of our debt obligations contain restrictive covenants that limit our ability to take specific actions (including paying dividends to our stockholders) or require us not to allow specific events to occur and prescribe minimum financial maintenance requirements that we must meet. If we violate those restrictive covenants or fail to meet the minimum financial requirements contained in a debt instrument, we could be in default under that instrument, which could, in turn, result in defaults under other debt instruments. Any such defaults could materially impair our financial condition and liquidity. In addition, we may incur additional indebtedness in the future, subject to the restrictions contained in the agreements governing the terms of our debt obligations. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

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To service our indebtedness, we will require a significant amount of cash, which depends on many factors beyond our control.

Our ability to make payments on our debt and other financial obligations will depend on the ability of our subsidiaries to generate substantial operating cash flow. This will depend on future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control. If our and our subsidiaries' cash flows prove inadequate to meet our and their debt service and other obligations in the future, we may be required to refinance all or a portion of our and our subsidiaries' existing or future debt, on or before maturity, sell assets, obtain additional financing or suspend the payment of dividends. We cannot assure you that we will be able to refinance any indebtedness, sell any such assets or obtain additional financing on commercially reasonable terms or at all.

We depend on motion picture production and performance and our relationships with film distributors.

Our ability to operate successfully depends upon the availability, diversity and commercial appeal of motion pictures, our ability to license motion pictures and the performance of such motion pictures in our markets. We license first-run motion pictures, the success of which can depend on the marketing efforts of the major motion picture studios. Poor performance of, or any disruption in the production of, these motion pictures (including by reason of a strike or lack of adequate financing), or a reduction in the marketing efforts of the major motion picture studios, could hurt our business and results of operations. In addition, a change in the type and breadth of movies offered by motion picture studios may adversely affect the demographic base of moviegoers.

The distribution of motion pictures is in large part regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. Consent decrees resulting from those cases effectively require major motion picture distributors to offer and license films to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis. In addition, the film distribution business is highly concentrated, with the top ten film distributors accounting for approximately 95% of our admissions revenues during fiscal 2016. Our business depends on maintaining good relations with these distributors. We are dependent on our ability to negotiate commercially favorable licensing terms for first-run films. A deterioration in our relationship with any of the major film distributors could affect our ability to negotiate film licenses on favorable terms or our ability to obtain commercially successful films and, therefore, could hurt our business and results of operations.

An increase in the use of alternative film delivery methods may drive down movie theatre attendance and reduce our revenue.

We compete with other motion picture distribution channels including digital sell-through, DVD and Blu-ray, physical and digital rental, subscription video on demand and free and pay television. When motion picture distributors license their products to the domestic exhibition industry, they refrain from licensing their motion pictures to these other distribution channels during the theatrical release window. The average theatrical release window has decreased from approximately six months to approximately three to four months over the last decade. Further, some film distributors have experimented with offering alternative distribution methods for certain films that rely on shorter theatrical release windows and in some cases, bypass the theatrical release altogether. We believe that a material contraction of the current theatrical release window could significantly dilute the consumer appeal of the in-theatre motion picture offering, which could have a material adverse effect on our business and results of operations. We can provide no assurance as to the impact or timing of any material contraction to the current theatrical release window.

Our theatres operate in a competitive environment.

The motion picture exhibition industry is fragmented and highly competitive with no significant barriers to entry. Theatres operated by national and regional circuits and by small independent exhibitors compete with our theatres, particularly with respect to film licensing, attracting patrons and developing new theatre sites. Moviegoers are generally not brand conscious and usually choose a theatre based on its location, the films showing there and its amenities.

The motion picture exhibition industry has and continues to implement various initiatives, concepts, customer amenities and technological innovations aimed at delivering a premium movie-going experience for its patrons (including, but not limited to, luxury reclining seating, enhancement of food and alcoholic beverage offerings, the installation of premium format screens, digital 3D, satellite distribution technologies and stadium seating). Theatres in our markets without these amenities may be more vulnerable to competition than those theatres with such amenities, and should other theatre operators choose to implement these or other initiatives in these markets, the performance of our theatres may be significantly and negatively impacted. In addition, while we continue to implement these and other initiatives, new innovations and technology will continue to impact our industry. If we are unable to respond to or invest in future technology and the changing preferences of our customers, we may not be able to compete with other exhibitors or other entertainment venues, which could also adversely affect our results of

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operations. Finally, should other theatre operators embark on aggressive capital spending strategies, our attendance, revenue and income from operations per screen could decline substantially.

We are currently the subject of an investigation by the Antitrust Division of the Department of Justice and Attorneys General in several states and have been named as defendants in third party lawsuits related to similar matters.

We are currently the subject of an investigation by the DOJ regarding potentially anticompetitive conduct and coordination among NCM, AMC, the Company and/or Cinemark, under Sections 1 and 2 of the Sherman Act, 15 U.S.C. § 1 and § 2. Additionally, we are the subject of investigations by various state attorneys general relating to our investments in various joint ventures, including NCM, as well as movie “clearances” whereby film distributors do not license the rights to exhibitors to play the same first-run feature length films at the same time in the same theatrical release zones. In addition, we have been named as defendants in lawsuits commenced by other theatre operators who claim the Company has engaged in anti-competitive conduct by virtue of these clearances.

The Company intends to cooperate with any Federal or state investigations to the extent any are undertaken. While we do not believe that the Company has engaged in any violation of Federal or state antitrust or competition laws related to its investments in NCM, other joint ventures, or as pertains to movie clearances, and while the Company intends to vigorously defend any allegation that it has done so, we can provide no assurances as to the scope, timing or outcome of the DOJ’s, any other state or Federal governmental reviews of the Company’s conduct, or any third party lawsuits initiated regarding the same or similar matters. If we are subject to an adverse finding or ruling resulting from any of these investigations or lawsuits, we could be required to pay damages or penalties or have other remedies imposed upon us that could have a material adverse effect on our business. In addition, we have already incurred substantial legal expenses related to these matters and we may incur significant additional expenditures in the future. Furthermore, the period of time necessary to fully respond to and resolve these investigations and lawsuits is uncertain and could require significant management time and financial resources which could otherwise be devoted to the operation of our business.

We may not benefit from our acquisition strategy and strategic partnerships.

We may have difficulty identifying suitable acquisition candidates and partnership opportunities. In the case of acquisitions, even if we identify suitable candidates, we anticipate significant competition from other motion picture exhibitors and financial buyers when trying to acquire these candidates, and there can be no assurances that we will be able to acquire such candidates at reasonable prices or on favorable terms. Moreover, some of these possible buyers may be stronger financially than we are. As a result of this competition for limited assets, we may not succeed in acquiring suitable candidates or may have to pay more than we would prefer to make an acquisition. If we cannot identify or successfully acquire suitable acquisition candidates, we may not be able to successfully expand our operations and the market price of our securities could be adversely affected.

In any acquisition, we expect to benefit from cost savings through, for example, the reduction of overhead and theatre level costs, and from revenue enhancements resulting from the acquisition. There can be no assurance, however, that we will be able to generate sufficient cash flow from these acquisitions to service any indebtedness incurred to finance such acquisitions or realize any other anticipated benefits. Nor can there be any assurance that our profitability will be improved by any one or more acquisitions. If we cannot generate anticipated cash flows resulting from acquisitions or fail to realize their anticipated benefits, our results of operations and profitability could be adversely affected. Any acquisition may involve operating risks, such as:

- the difficulty of assimilating the acquired operations and personnel and integrating them into our current business;
- the potential disruption of our ongoing business;
- the diversion of management's attention and other resources;
- the possible inability of management to maintain uniform standards, controls, procedures and policies;
- the risks of entering markets in which we have little or no experience;
- the potential impairment of relationships with employees and landlords;
- the possibility that any liabilities we may incur or assume may prove to be more burdensome than anticipated; and
- the possibility that any acquired theatres or theatre circuit operators do not perform as expected.

We also maintain theatre-related investments and partnership opportunities that enhance and more fully leverage our asset base to improve our consolidated operating results and free cash flow. As of December 31, 2016, we own approximately 19.7% of National CineMedia, and participate in other joint ventures such as DCIP, Open Road Films, AC JV, DCDC and Atom Tickets. Risks associated with pursuing these investments and opportunities include:

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- the difficulties and uncertainties associated with identifying investment and partnership opportunities that will successfully enhance and utilize our existing asset base in a manner that contributes to cost savings and revenue enhancement;
- our inability to exercise complete voting control over the partnerships and joint ventures in which we participate; and
- our partners may have economic or business interests or goals that are inconsistent with ours, exercise their rights in a way that prohibits us from acting in a manner which we would like or they may be unable or unwilling to fulfill their obligations under the joint venture or similar agreements.

Although we have not been materially constrained by our participation in National CineMedia or other joint ventures to date, no assurance can be given that the actions or decisions of other stakeholders in these ventures will not affect our investments in National CineMedia, DCIP, Open Road Films, AC JV, DCDC and Atom Tickets or other existing or future ventures in a way that hinders our corporate objectives or reduces any anticipated improvements to our operating results and free cash flow.

In addition, any acquisitions or partnership opportunities are subject to the risk that the Antitrust Division of the DOJ or state or foreign competition authorities may require us to dispose of existing or acquired theatres or other assets in order to complete acquisition and partnership opportunities, pay damages and fines, or otherwise modify our normal operations as a result of our joint venture investments. The DOJ and various state attorneys general are currently investigating our investments in our various joint ventures, including NCM, for potentially anticompetitive conduct, as described more fully herein, and until such investigations are complete, we are not able to predict their outcome.

We rely on our information systems to conduct our business, and failure to protect these systems against security breaches could adversely affect our business and results of operations. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers, cyber terrorists, employee error or misconduct, viruses and other catastrophic events, leading to unauthorized disclosure of confidential and proprietary information and exposing us to litigation that could adversely affect our reputation. We rely on industry accepted security measures and technology to protect confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

Economic, political and social conditions could materially affect our business by reducing consumer spending on movie attendance or could have an impact on our business and financial condition in ways that we currently cannot predict.

We depend on consumers voluntarily spending discretionary funds on leisure activities. We also compete for the public's leisure time and disposable income with other forms of entertainment, including sporting events, theme parks, concerts, live theatre and restaurants. Motion picture theatre attendance may be affected by negative trends in the general economy that adversely affect consumer spending. A prolonged reduction in consumer confidence or disposable income in general may affect the demand for motion pictures or severely impact the motion picture production industry, which, in turn, could adversely affect our operations. If economic conditions are weak or deteriorate, or if financial markets experience significant disruption, it could materially adversely affect our results of operations, financial position and/or liquidity. For example, deteriorating conditions in the global credit markets could negatively impact our business partners which may impact film production, the development of new theatres or the enhancement of existing theatres.

Theatre attendance may also be affected by political events, such as terrorist attacks on, or wars or threatened wars involving, the United States, health related epidemics and random acts of violence, any one of which could cause people to avoid our theatres or other public places where large crowds are in attendance. In addition, due to our concentration in certain markets, natural disasters such as hurricanes, earthquakes and severe storms in those markets could adversely affect our overall results of operations.

In addition, our ability to access capital markets may be restricted at times when the implementation of our business strategy may require us to do so, which could have an impact on our flexibility to react to changing economic and business conditions. For example, our future ability to borrow on Regal Cinemas' senior credit facility or the effectiveness of our remaining and future interest rate hedging arrangements could be negatively impacted if one or more counterparties files for bankruptcy protection or otherwise fails to perform their obligations thereunder.

All of these factors could adversely affect our credit ratings, the market price of our Class A common stock and our financial condition and results of operations.

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We depend on our senior management.

Our success depends upon the retention of our senior management, including Amy Miles, our Chief Executive Officer. We cannot assure you that we would be able to find qualified replacements for the individuals who make up our senior management if their services were no longer available. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations. The loss of any member of senior management could adversely affect our ability to effectively pursue our business strategy.

We are subject to substantial government regulation, which could entail significant cost.

We are subject to various federal, state and local laws, regulations and administrative practices affecting our business, and we must comply with provisions regulating health and sanitation standards, equal employment, environmental, and licensing for the sale of food and, in some theatres, alcoholic beverages. Changes in existing laws or implementation of new laws, regulations and practices could have a significant impact on our business. A significant portion of our theatre level employees are paid at or slightly above the applicable minimum wage in the theatre's jurisdiction. Increases in the minimum wage and implementation of reforms requiring the provision of additional benefits will increase our labor costs.

Our theatres must comply with the ADA to the extent that such properties are "public accommodations" and/or "commercial facilities" as defined by the ADA. Compliance with the ADA requires that public accommodations "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for new construction or technically infeasible for alterations. Non-compliance with the ADA could result in the imposition of injunctive relief, fines, award of damages to private litigants and additional capital expenditures to remedy such non-compliance.

The interests of our controlling stockholder may conflict with your interests.

The Anschutz Corporation owns all of our outstanding Class B common stock. Our Class A common stock has one vote per share while our Class B common stock has ten votes per share on all matters to be voted on by stockholders. As a result, as of December 31, 2016, The Anschutz Corporation controlled approximately 69.0% of the voting power of all of our outstanding common stock. For as long as The Anschutz Corporation continues to own shares of common stock representing more than 50% of the voting power of our common stock, it will be able to elect all of the members of our Board of Directors, effect stockholder actions by written consent in lieu of stockholder meetings and determine the outcome of all matters submitted to a vote of our stockholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares of common stock or other equity securities and the payment of dividends on our common stock. The Anschutz Corporation will also have the power to prevent or cause a change in control, and could take other actions that might be desirable to The Anschutz Corporation but not to other stockholders. In addition, The Anschutz Corporation and its affiliates have controlling interests in companies in related and unrelated industries, including interests in the sports, motion picture production and music entertainment industries. In the future, it may combine our company with one or more of its other holdings.

Substantial sales of our Class A common stock could cause the market price for our Class A common stock to decline.

We cannot predict the effect, if any, that open-market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Sales of substantial amounts of shares of our Class A common stock in the public market, including by the The Anschutz Corporation or its affiliates, or the perception that those sales will occur, could cause the market price of our Class A common stock to decline.

As of February 20, 2017, we had outstanding 23,708,639 shares of Class B common stock that may convert into Class A common stock on a one-for-one basis, all of which shares of common stock constitute "restricted securities" under the Securities Act. Provided the holders comply with the applicable volume limits and other conditions prescribed in Rule 144 under the Securities Act, all of these restricted securities are currently freely tradable.

In addition, The Anschutz Corporation and its affiliates are able to sell their shares pursuant to the registration rights that we have granted and may choose to do so at any time. To that end, on August 2, 2016, the Company entered into an underwriting agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated and The Anschutz Corporation and certain of its affiliates named therein (the "Selling Stockholders"). Pursuant to the underwriting agreement, the Selling Stockholders agreed to sell 13,000,000 shares of the Company's Class A common stock, par value $0.001 per share, to Merrill Lynch, Pierce, Fenner & Smith Incorporated at a price of $21.60 per share. In addition, on November 17, 2016, the Company entered into an underwriting agreement with UBS Securities LLC and the Selling Stockholders. Pursuant to the underwriting agreement, the Selling Stockholders agreed to sell 13,000,000 shares of the Company's Class A common stock, par value $0.001 per share, to UBS Securities LLC at a price of $22.95 per share. The Company did not receive any proceeds from the sales of the shares by the Selling Stockholders. The offerings were made pursuant to two prospectus supplements, dated August 3, 2016 and

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November 17, 2016, respectively, to the prospectus dated August 28, 2015 that was included in the Company’s effective shelf registration statement (Reg. No. 333-206656) relating to shares of the Company’s Class A common stock.

The Selling Stockholders owned 18,440,000 shares of our issued and outstanding Class A Common Stock, representing approximately 13.9% of our Class A common stock issued and outstanding as of December 31, 2016, which together with the 23,708,639 shares of our Class B common stock owned by the Selling Stockholders, represents approximately 69.0% of the combined voting power of the outstanding shares of Class A common stock and Class B common stock as of December 31, 2016.

We cannot predict whether substantial amounts of our Class A common stock will be sold in the open market in anticipation of, or following, any divestiture by The Anschutz Corporation or our directors or executive officers of their shares of our common stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain anti-takeover protections, which may discourage or prevent a takeover of our company, even if an acquisition would be beneficial to our stockholders.

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as amended, as well as provisions of the Delaware General Corporation Law, could delay or make it more difficult to remove incumbent directors or for a third party to acquire us, even if a takeover would benefit our stockholders.

Our issuance of shares of preferred stock could delay or prevent a change of control of our company.

Our Board of Directors has the authority to cause us to issue, without any further vote or action by the stockholders (unless otherwise required by the rules of the New York Stock Exchange), up to 50,000,000 shares of preferred stock, par value $0.001 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

Our issuance of preferred stock could dilute the voting power of the common stockholders.

The issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock, either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote, even if the action were approved by the holders of our other classes of voting stock.

Our issuance of preferred stock could adversely affect the market value of our common stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock.

We are a holding company dependent on our subsidiaries for our ability to service our debt and pay our dividends.

We are a holding company with no operations of our own. Consequently, our ability to service our and our subsidiaries' debt and pay dividends on our common stock is dependent upon the earnings from the businesses conducted by our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. Any distribution of earnings to us from our subsidiaries, or advances or other distributions of funds by these subsidiaries to us, all of which are subject to statutory or contractual restrictions, are contingent upon our subsidiaries' earnings and are subject to various business considerations. Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of our $5^3/_4$% Senior Notes due 2022 (the "$5^3/_4$% Senior Notes Due 2022"), our $5^3/_4$% Senior Notes due 2023 (the "$5^3/_4$% Senior Notes Due 2023"), our $5^3/_4$% Senior Notes due 2025 (the "$5^3/_4$% Senior Notes Due 2025") and our common stock to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

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Item 1B. UNRESOLVED STAFF COMMENTS.

None.

Item 2. PROPERTIES.

As of December 31, 2016, we operated 506 theatre locations pursuant to lease agreements and owned the land and buildings in fee for 55 theatre locations. For a list of the states in which we operated theatres and the number of theatres and screens operated in each such state as of December 31, 2016, please see the chart under Part I, Item 1 of this Form 10-K under the caption "Business—Theatre Operations," which is incorporated herein by reference.

The majority of our leased theatres are subject to lease agreements with original terms of 15 to 20 years or more and, in most cases, renewal options for up to an additional 10 to 20 years. These leases provide for minimum annual rentals and the renewal options generally provide for rent increases. Some leases require, under specified conditions, further rental payments based on a percentage of revenues above specified amounts. A significant majority of the leases are net leases, which require us to pay the cost of insurance, taxes and a portion of the lessor's operating costs. Our corporate office is located in Knoxville, Tennessee. We believe that these facilities are currently adequate for our operations.

Item 3. LEGAL PROCEEDINGS.

Pursuant to Rule 12b-23 under the Securities Exchange Act of 1934, as amended, the information required to be furnished by us under this Part I, Item 3 (Legal Proceedings) is incorporated by reference to the information contained in Note 8 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Item 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

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

Our common equity consists of Class A and Class B common stock. Our Class A common stock has traded on the New York Stock Exchange since May 9, 2002 under the symbol "RGC." There is no established public trading market for our Class B common stock.

The following table sets forth the historical high and low sales prices per share of our Class A common stock as reported by the New York Stock Exchange for the fiscal periods indicated.

	Fiscal 2016	
	High	Low
First Quarter (January 1, 2016 - March 31, 2016)	$21.82	$16.50
Second Quarter (April 1, 2016 - June 30, 2016)	22.48	19.35
Third Quarter (July 1, 2016 - September 30, 2016)	24.19	21.13
Fourth Quarter (October 1, 2016 - December 31, 2016)	24.79	20.29
	Fiscal 2015	
	High	Low
First Quarter (January 2, 2015 - March 31, 2015)	$24.52	$18.70
Second Quarter (April 1, 2015 - June 30, 2015)	23.67	20.25
Third Quarter (July 1, 2015 - September 30, 2015)	21.98	17.48
Fourth Quarter (October 1, 2015 - December 31, 2015)	20.25	17.65

On February 20, 2017, there were approximately 238 stockholders of record of our Class A common stock and one stockholder of record of our Class B common stock. As of February 20, 2017 our officers, directors and key employees hold, or in the case of performance shares are eligible to receive, approximately 1,425,561 restricted shares of our Class A common stock, for which the restrictions lapse or the performance criteria and vesting may be satisfied, at various dates through

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January 11, 2021. All shares of restricted stock are registered and will be freely tradable when the restrictions lapse, unless such shares are issued to or acquired by an affiliate of Regal, in which case the affiliate may only sell the shares subject to the volume limitations imposed by Rule 144 of the Securities Act.

Dividend Policy

During the fiscal year ended December 31, 2016 (the "Fiscal 2016 Period"), Regal paid four quarterly cash dividends of $0.22 per share on each outstanding share of the Company's Class A and Class B common stock, or approximately $138.9 million in the aggregate. On February 9, 2017, the Company declared a cash dividend of $0.22 per share on each share of the Company's Class A and Class B common stock (including outstanding restricted stock), payable on March 15, 2017 to stockholders of record on March 3, 2017. Declared dividends have been or will be funded through cash flow from operations and available cash on hand. We, at the discretion of our board of directors and subject to applicable law, anticipate paying regular quarterly dividends on our Class A and Class B common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors. For a description of the loan agreement restrictions on the payment of dividends, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" included in Part II, Item 7 of this Form 10-K and Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Issuer Purchases of Equity Securities

None.

Item 6. SELECTED FINANCIAL DATA.

The selected historical consolidated financial data as of and for the fiscal years ended December 31, 2016, December 31, 2015, January 1, 2015, December 26, 2013, and December 27, 2012 were derived from the audited consolidated financial statements of Regal and the notes thereto. The selected historical financial data does not necessarily indicate the operating results or financial position that would have resulted from our operations on a combined basis during the periods presented, nor is the historical data necessarily indicative of any future operating results or financial position of Regal. In addition to the below selected financial data, you should also refer to the more complete financial information included elsewhere in this Form 10-K.

	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2015	Fiscal year ended January 1, 2015 (1)	Fiscal year ended December 26, 2013	Fiscal year ended December 27, 2012
	(in millions, except per share data)				
Statement of Income Data:					
Total revenues	$3,197.1	$3,127.3	$2,990.1	$ 3,038.1	$ 2,820.0
Income from operations(5)	339.4	319.3	306.4	339.8	330.0
Net income attributable to controlling interest(4)(5)	170.4	153.4	105.6	157.7	142.3
Earnings per diluted share(4)(5)	1.09	0.98	0.68	1.01	0.92
Dividends per common share(2)(3)	$0.88	$0.88	$1.88	$ 0.84	$ 1.84

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	As of or for the fiscal year ended December 31, 2016	As of or for the fiscal year ended December 31, 2015	As of or for the fiscal year ended January 1, 2015 (1)	As of or for the fiscal year ended December 26, 2013	As of or for the fiscal year ended December 27, 2012
	(in millions, except operating data)				
Other financial data:					
Net cash provided by operating activities(4)	$410.5	$ 434.4	$349.1	$ 346.9	$ 346.6
Net cash used in investing activities(4)	(223.6)	(183.3)	(150.4)	(258.6)	(183.4)
Net cash provided by (used in) financing activities(2)(3)	(160.0)	(178.6)	(332.5)	83.1	(306.7)
Balance sheet data at period end:					
Cash and cash equivalents	$246.5	$ 219.6	$147.1	$ 280.9	$ 109.5
Total assets(6)	2,645.7	2,601.6	2,511.5	2,678.6	2,202.1
Total debt obligations(6)	2,340.1	2,342.4	2,332.2	2,284.6	1,975.2
Deficit	(838.9)	(877.6)	(897.3)	(715.3)	(750.4)
Operating data:					
Theatre locations	561	572	574	580	540
Screens	7,267	7,361	7,367	7,394	6,880
Average screens per location	13.0	12.9	12.8	12.7	12.7
Attendance (in millions)	210.9	216.7	220.2	228.6	216.4
Average ticket price	$9.78	$ 9.41	$9.08	$ 9.01	$ 8.90
Average concessions per patron	$4.42	$ 4.16	$3.77	$ 3.57	$ 3.46

(1) Fiscal year ended January 1, 2015 was comprised of 53 weeks.

(2) Includes the December 15, 2014 payment of the $1.00 extraordinary cash dividend paid on each share of Class A and Class B common stock.

(3) Includes the December 27, 2012 payment of the $1.00 extraordinary cash dividend paid on each share of Class A and Class B common stock.

(4) During the quarter ended September 26, 2013, we redeemed 2.3 million of our National CineMedia common units for a like number of shares of NCM, Inc. common stock, which the Company sold in an underwritten public offering (including underwriter over-allotments) for $17.79 per share, reducing our investment in National CineMedia by approximately $10.0 million, the average carrying amount of the shares sold. The Company received approximately $40.9 million in proceeds, resulting in a gain on sale of approximately $30.9 million. We accounted for these transactions as a proportionate decrease in the Company's Initial Investment Tranche and Additional Investments Tranche and decreased our ownership share in National CineMedia. See Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further information.

(5) During the years ended December 31, 2016, December 31, 2015, January 1, 2015, December 26, 2013, and December 27, 2012, we recorded impairment charges of $9.6 million, $15.6 million, $5.6 million, $9.5 million, and $11.1 million, respectively, specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics or adverse changes in the development or the conditions of the areas surrounding the theatre. See Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further information related to our impairment policies.

(6) In April 2015, the FASB issued ASU 2015-03, Interest—Imputation of Interest, which intended to simplify the presentation of debt issuance costs. Prior to the issuance of ASU 2015-03, debt issuance costs were reported on the

balance sheet as assets and amortized as interest expense. ASU 2015-03 requires that they be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability. The costs will continue to be amortized to interest expense using the effective interest method. ASU 2015-03 is to be applied retrospectively and is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The Company adopted this guidance during the quarter ended March 31, 2016. Debt issuance costs associated with long-term debt, net of accumulated amortization, were $25.8 million, $30.7

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million, $28.0 million, $26.1 million and $20.0 million as of December 31, 2016, December 31, 2015, January 1, 2015, December 26, 2013, and December 27, 2012, respectively. The balance sheet as of December 31, 2015 has been recast to reflect the reclassification of debt issuances costs, net of accumulated amortization, from "Other Non-Current Assets" to a reduction of "Long-Term Debt, Less Current Portion."

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

This discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of Regal Entertainment Group for the fiscal years ended December 31, 2016, December 31, 2015, and January 1, 2015. The following discussion and analysis should be read in conjunction with the consolidated financial statements of Regal and the notes thereto included elsewhere in this Form 10-K.

Overview and Basis of Presentation

We conduct our operations through our wholly owned subsidiaries. We operate one of the largest and most geographically diverse theatre circuits in the United States, consisting of 7,267 screens in 561 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of December 31, 2016. We believe the size, reach and quality of our theatre circuit provide an exceptional platform to realize economies of scale from our theatre operations. The Company manages its business under one reportable segment: theatre exhibition operations.

We generate revenues primarily from admissions and concession sales. Additional revenues are generated by our vendor marketing programs, our gift card and bulk ticket programs, various other activities in our theatres and through our relationship with National CineMedia, which focuses on in-theatre advertising. Film rental costs depend primarily on the popularity and box office revenues of a film, and such film rental costs generally increase as the admissions revenues generated by a film increase. Because we purchase certain concession items, such as fountain drinks and popcorn, in bulk and not pre-packaged for individual servings, we are able to maximize our margins by negotiating volume discounts. Other operating expenses consist primarily of theatre labor and occupancy costs.

The timing of movie releases can have a significant effect on our results of operations, and the results of one fiscal quarter are not necessarily indicative of results for the next fiscal quarter or any other fiscal quarter. Historically, motion picture studios release the most marketable motion pictures during the summer and the holiday season. The unexpected emergence of a hit film during other periods can alter the traditional trend. The seasonality of motion picture exhibition, however, has become less pronounced as motion picture studios are releasing motion pictures somewhat more evenly throughout the year. The Company does not believe that inflation has had a material impact on its financial position or results of operations.

For a summary of industry trends as well as other risks and uncertainties relevant to the Company, see "Business—Industry Overview and Trends" and "Risk Factors."

Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with U.S generally accepted accounting principles ("GAAP"), which require management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities as of the date of the balance sheet as well as the reported amounts of revenues and expenses during the reporting period. We routinely make estimates and judgments about the carrying value of our assets and liabilities that are not readily apparent from other sources. We evaluate and modify on an ongoing basis such estimates and assumptions, which include those related to property and equipment, goodwill, deferred revenue pertaining to gift card and bulk ticket sales, income taxes and purchase accounting as well as others discussed in Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis of the carrying value of certain assets and liabilities. Actual results, under conditions and circumstances different from those assumed, may differ materially from estimates. The impact and any associated risks related to estimates, assumptions, and accounting policies are discussed elsewhere within this "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in the notes to the consolidated financial statements, if applicable, where such estimates, assumptions, and accounting policies affect our reported and expected results. Management has discussed the development and selection of its critical accounting estimates with the Audit Committee of our Board of Directors and the Audit Committee has reviewed our related disclosures herein.

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We believe the following accounting policies are critical to our business operations and the understanding of our results of operations and affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

- We have applied the principles of purchase accounting when recording theatre acquisitions. Under current purchase accounting principles, we are required to use the acquisition method of accounting to estimate the fair value of all assets and liabilities, including: (i) the acquired tangible and intangible assets, including property and equipment, (ii) the liabilities assumed at the date of acquisition (including contingencies), and (iii) the related deferred tax assets and liabilities. Because the estimates we make in purchase accounting can materially impact our future results of operations, for significant acquisitions, we have obtained assistance from third party valuation specialists in order to assist in our determination of fair value. The Company provides assumptions to the third party valuation firms based on information available to us at the acquisition date, including both quantitative and qualitative information about the specified assets or liabilities. The Company primarily utilizes the third parties to accumulate comparative data from multiple sources and assemble a report that summarizes the information obtained. The Company then uses the information to determine fair value. The third party valuation firms are supervised by Company personnel who are knowledgeable about valuations and fair value. The Company evaluates the appropriateness of the valuation methodology utilized by the third party valuation firms. The estimation of the fair value of the assets and liabilities involves a number of judgments and estimates that could differ materially from the actual amounts. Historically, the estimates made have not experienced significant changes and, as a result, we have not disclosed such changes.
- FASB Accounting Standards Codification ("ASC") Subtopic 350-20, Intangibles—Goodwill and Other—Goodwill specifies that goodwill and indefinite-lived intangible assets will be subject to an annual impairment assessment. In assessing the recoverability of the goodwill, we must make various assumptions regarding estimated future cash flows and other factors in determining the fair values of the respective assets. If these estimates or their related assumptions change in the future, we may be required to record impairment charges for these assets in future periods. Our annual goodwill impairment assessment for fiscal 2016 indicated that the carrying value of one of our reporting units exceeded its estimated fair value and as a result, we recorded a goodwill impairment charge of approximately $1.7 million. Based on our annual impairment assessment conducted during fiscal 2015 and fiscal 2014, we were not required to record a charge for goodwill impairment.
- We depreciate and amortize the components of our property and equipment relating to both owned and leased theatres on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets. Each owned theatre consists of a building structure, structural improvements, seating and concession and film display equipment. While we have assigned an estimated useful life of less than 30 years to certain acquired facilities, we estimate that our newly constructed buildings generally have an estimated useful life of 30 years. Certain of our buildings have been in existence for more than 40 years. With respect to equipment (e.g., concession stand, point-of-sale equipment, etc.), a substantial portion is depreciated over seven years or less, which has been our historical replacement period. Seats and digital projection equipment generally have longer useful economic lives, and their depreciable lives (10-17.5 years) are based on our experience and replacement practices. The estimates of the assets' useful lives require our judgment and our knowledge of the assets being depreciated and amortized. Further, we review the economic useful lives of such assets annually and make adjustments thereto as necessary. To the extent we determine that certain of our assets have become obsolete, we accelerate depreciation over the remaining useful lives of the assets. Actual economic lives may differ materially from these estimates.

Historical appraisals of our properties have supported the estimated lives being used for depreciation and amortization purposes. Furthermore, our analysis of our historical capital replacement program is consistent with our depreciation policies. Finally, we review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. Such analysis generally evaluates assets for impairment on an individual theatre basis. When the estimated future undiscounted cash flows of the operations to which the assets relate do not exceed the carrying value of the assets, such assets are written down to fair value. Our experience indicates that theatre properties become impaired primarily due to market or competitive factors rather than physical (wear and tear) or functional (inadequacy or obsolescence) factors. In this regard, we do not believe the frequency or volume of facilities impaired due to these market factors are significant enough to impact the useful lives used for depreciation periods. During the years ended December 31, 2016, December 31, 2015 and January 1, 2015, we recorded impairment charges of $9.6 million, $15.6 million and $5.6 million, respectively, specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics or adverse changes in the development or the conditions of the areas surrounding the theatres we deemed other than temporary.

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For the fiscal years ended December 31, 2016, December 31, 2015 and January 1, 2015, no significant changes have been made to the depreciation and amortization rates applied to operating assets, the underlying assumptions related to estimates of depreciation and amortization, or the methodology applied. For the fiscal year ended December 31, 2016, consolidated depreciation and amortization expense was $230.7 million, representing 7.2% of consolidated total revenues. If the estimated lives of all assets being depreciated were increased by one year, the consolidated depreciation and amortization expense would have decreased by approximately $14.9 million, or 6.5%. If the estimated lives of all assets being depreciated were decreased by one year, the consolidated depreciation and amortization expense would have increased by approximately $17.1 million, or 7.4%.

- Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We record a valuation allowance if it is deemed more likely than not that our deferred income tax assets will not be realized. We reassess the need for such valuation allowance on an ongoing basis. An increase in the valuation allowance generally results in an increase in the provision for income taxes recorded in such period. A decrease in the valuation allowance generally results in a decrease to the provision for income taxes recorded in such period.

Additionally, income tax rules and regulations are subject to interpretation, require judgment by us and may be challenged by the taxing authorities. As described further in Note 7 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, the Company applies the provisions of ASC Subtopic 740-10, Income Taxes—Overview. Although we believe that our tax return positions are fully supportable, in accordance with ASC Subtopic 740-10, we recognize a tax benefit only for tax positions that we determine will more likely than not be sustained based on the technical merits of the tax position. With respect to such tax positions for which recognition of a benefit is appropriate, the benefit is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions are evaluated on an ongoing basis as part of our process for determining our provision for income taxes. Among other items deemed relevant by us, the evaluations are based on new legislation, other new technical guidance, judicial proceedings, and our specific circumstances, including the progress of tax audits. Any change in the determination of the amount of tax benefit recognized relative to an uncertain tax position impacts the provision for income taxes in the period that such determination is made.

For fiscal 2016, our provision for income taxes was $111.2 million. Changes in management's estimates and assumptions regarding the probability that certain tax return positions will be sustained, the enacted tax rate applied to deferred tax assets and liabilities, the ability to realize the value of deferred tax assets, or the timing of the reversal of tax basis differences could impact the provision for income taxes and change the effective tax rate. A one percentage point change in the effective tax rate from 39.5% to 40.5% would have increased the current year income tax provision by approximately $2.9 million.

- As noted in our significant accounting policies for "Revenue Recognition" under Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, the Company maintains a deferred revenue balance pertaining to cash received from the sale of bulk tickets and gift cards that have not been redeemed. The Company recognizes revenue associated with bulk tickets and gift cards when redeemed, or when the likelihood of redemption becomes remote. We recognize unredeemed gift cards and other advanced sale-type certificates as revenue (known as "breakage" in our industry) based on historical experience, when the likelihood of redemption is remote, and when there is no legal obligation to remit the unredeemed gift card and bulk ticket items to the relevant jurisdiction. The determination of the likelihood of redemption is based on an analysis of historical redemption trends and considers various factors including the period outstanding, the level and frequency of activity, and the period of inactivity.

Significant Events and Fiscal 2017 Outlook

During the Fiscal 2016 Period, the fiscal year ended December 31, 2015 ("Fiscal 2015 Period") and the fifty-three week fiscal year ended January 1, 2015 ("Fiscal 2014 Period"), the Company entered into various investing and financing transactions which are more fully described under "Liquidity and Capital Resources" below and in the notes to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

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During the Fiscal 2016 Period, we continued to make progress with respect to our business strategy as follows:

- We demonstrated our commitment to providing incremental value to our stockholders. During the Fiscal 2016 Period, we paid to our stockholders four quarterly cash dividends of $0.22 per share, or approximately $138.9 million in the aggregate.
- We continued to actively manage our asset base during the Fiscal 2016 Period by opening two theatres with 19 screens, reopening five screens at an existing theatre and closing 13 theatres and 118 screens, ending the Fiscal 2016 Period with 561 theatres and 7,267 screens.
- We continued to embrace innovative concepts that generate incremental revenue and cash flows for the Company and deliver a premium movie-going experience for our customers on several complementary fronts:

First, we continued to improve customer amenities, primarily through the installation of luxury reclining seats. With respect to our luxury reclining seating initiative, as of December 31, 2016, we offered luxury reclining seating in 1,369 auditoriums at 113 theatre locations. We expect to install luxury reclining seating in approximately 40-45 locations during 2017 and expect to outfit approximately 45% of the total screens in our circuit by the end of 2019. The costs of these conversions in some cases are partially covered by contributions from our theatre landlords.

Second, to address consumer trends and customer preferences, we have continued to expand our menu of food and alcoholic beverage products to an increasing number of attendees. The enhancement of our food and alcoholic beverage offerings has had a positive effect on our operating results, and we expect to continue to invest in such offerings in our theatres. As of December 31, 2016, we offered an expanded menu of food in 216 locations (reaching approximately 53% of our fiscal 2016 attendees) and alcoholic beverages in 143 locations (reaching approximately 28% of our fiscal 2016 attendees), and we expect to offer an expanded menu of food in approximately 270 locations and alcoholic beverages in approximately 215 locations by the end of 2017.

Third, we continued to implement various customer engagement initiatives aimed at delivering a premium movie-going experience for our customers in order to better compete for patrons and build brand loyalty. For example, we maintain a frequent moviegoer loyalty program, named the Regal Crown Club®, to actively engage our core customers. During the first quarter of 2016, we completed the national rollout of the new Regal Crown Club®. Members of the enhanced program can earn unlimited credits and can redeem such credits for movie tickets, concession items and movie memorabilia at the theatre or in an online reward center where members can select the rewards of their choice. We believe these changes allow us to offer more relevant offers to our members and increase customer engagement in the program. As of December 31, 2016, we had approximately 11.8 million active members in the Regal Crown Club®, making it the largest loyalty program in our industry.

In addition, we continued to develop and enhance other customer engagement initiatives such as mobile ticketing applications, internet ticketing, social media and other marketing initiatives. For example, we have improved the customer experience of purchasing tickets by expanding our ability to sell tickets remotely via our mobile application and through our internet ticketing partners such as Fandango.com and Atom Tickets. Customers can choose their preferred ticketing option, which in many cases means they can pre-purchase tickets, scan their mobile device and proceed directly to their reserved seat without waiting in line. In addition to providing customers the ability to pre-purchase tickets, our mobile application provides customers the ability to find films, movie information, showtimes, track Regal Crown Club® credits and receive special offers from Regal. Finally, at nearly one third of our locations, our newest ticketing partner, Atom Tickets, provides our patrons the ability to bypass concession stand lines by pre-purchasing concession items via their mobile device. We believe these technologies provide a platform for delivering a quality customer experience and will drive incremental revenues and cash flows in a more cost-effective manner.

Finally, our IMAX® digital projection systems and our proprietary large screen format, RPX^{SM}, offer our patrons all-digital, large format premium experiences and generate incremental revenue and cash flows for the Company. As of December 31, 2016, our IMAX® footprint consisted of 89 IMAX® screens, and we operated 93 RPX^{SM} screens. We continue to selectively install RPX^{SM} screens where we can generate a financial return, and we have recently agreed to install an additional 11 IMAX® digital projection systems, which will ultimately expand our IMAX® footprint to 100 screens.

We are optimistic regarding the breadth of the 2017 film slate, including the timing of the release schedule and the number of films scheduled for release. Evidenced by the motion picture studios' continued efforts to promote and market

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upcoming film releases, 2017 appears to be another year of high-profile releases such as The Lego Batman Movie, Beauty and the Beast, Fast and Furious 8, Guardians of the Galaxy Volume 2, Pirates of the Caribbean: Dead Men Tell No Tales, Wonder Woman, Cars 3, Transformers: The Last Knight, Despicable Me 3, Spider-Man: Homecoming, War of the Planet of the Apes, Thor: Ragnarok, Justice League, Coco, Star Wars: The Last Jedi and Pitch Perfect 3.

We intend to grow our theatre circuit through selective expansion and through accretive acquisitions. With respect to capital expenditures, subject to the timing of certain construction projects, we expect capital expenditures (net of proceeds from asset sales and landlord contributions) to be in the range of $130.0 million to $145.0 million for fiscal 2017, consisting of upgrades for premium amenities, new theatre development, and maintenance.

Overall for fiscal 2017, we expect to benefit from modest increases in ticket prices and average concessions per patron. In addition, we expect fiscal 2017 admissions and concessions revenues to be supported by our continued focus on efficient theatre operations and through opportunities to expand our concession offerings and customer engagement initiatives. We will continue to maintain a business strategy focused on the evaluation of accretive acquisition opportunities, selective upgrades and premium experience opportunities and providing incremental returns to our stockholders. For an understanding of the significant factors that influenced our performance during the past three fiscal years, the preceding and following discussion should be read in conjunction with the consolidated financial statements and the notes thereto presented in Part II, Item 8 of this Form 10-K.

Recent Developments

On February 9, 2017, the Company declared a cash dividend of $0.22 per share on each share of the Company's Class A and Class B common stock (including outstanding restricted stock), payable on March 15, 2017 to stockholders of record on March 3, 2017.

Results of Operations

Based on our review of industry sources, North American box office revenues for the time period that corresponds to the Fiscal 2016 Period were estimated to have increased by approximately one percent per screen in comparison to the Fiscal 2015 Period. The industry's box office results for fiscal 2016 were positively impacted by strong attendance from the breadth and commercial success of the overall film slate during the year.

For fiscal 2014 and prior periods, the Company's fiscal year ended on the first Thursday after December 25, which in certain years (such as fiscal 2014) resulted in a 53-week fiscal year. Beginning January 2, 2015, the Company's fiscal year changed from a 52-53 week fiscal year ending on the first Thursday after December 25 of each year to a fiscal year ending on December 31 of each year.

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The following table sets forth the percentage of total revenues represented by certain items included in our consolidated statements of income for the Fiscal 2016 Period, the Fiscal 2015 Period and the Fiscal 2014 Period (dollars and attendance in millions, except average ticket prices and average concessions per patron):

	Fiscal 2016 Period		Fiscal 2015 Period		Fiscal 2014 Period	
	$	% of Revenue	$	% of Revenue	$	% of Revenue
Revenues:						
Admissions	$2,061.7	64.5 %	$2,038.2	65.2 %	$1,998.9	66.9 %
Concessions	932.6	29.2	901.7	28.8	829.6	27.7
Other operating revenues	202.8	6.3	187.4	6.0	161.6	5.4
Total revenues	3,197.1	100.0	3,127.3	100.0	2,990.1	100.0
Operating expenses:						
Film rental and advertising costs(1)	1,107.3	53.7	1,093.1	53.6	1,047.1	52.4
Cost of concessions(2)	119.5	12.8	114.4	12.7	111.1	13.4
Rent expense(3)	427.6	13.4	421.5	13.5	423.4	14.2
Other operating expenses(3)	883.2	27.6	863.7	27.6	813.2	27.2
General and administrative expenses (including share-based compensation expense of $8.8 million, $8.3 million and $9.4 million for the Fiscal 2016 Period, the Fiscal 2015 Period and the Fiscal 2014 Period, respectively)(3)	84.6	2.6	78.8	2.5	74.4	2.5
Depreciation and amortization(3)	230.7	7.2	216.8	6.9	207.2	6.9
Net loss on disposal and impairment of operating assets and other(3)	4.8	0.2	19.7	0.6	7.3	0.2
Total operating expenses(3)	2,857.7	89.4	2,808.0	89.8	2,683.7	89.8
Income from operations(3)	339.4	10.6	319.3	10.2	306.4	10.2
Interest expense, net(3)	128.1	4.0	129.6	4.1	126.5	4.2
Loss on extinguishment of debt(3)	2.9	0.1	5.7	0.2	62.4	2.1
Earnings recognized from NCM(3)	(29.4)	0.9	(31.0)	1.0	(32.1)	1.1
Provision for income taxes(3)	111.2	3.5	100.1	3.2	73.4	2.5
Net income attributable to controlling interest(3)	$170.4	5.3	$153.4	4.9	$105.6	3.5
Attendance	210.9	*	216.7	*	220.2	*
Average ticket price(4)	$9.78	*	$9.41	*	$9.08	*
Average concessions per patron(5)	$4.42	*	$4.16	*	$3.77	*

* Not meaningful
(1) Percentage of revenues calculated as a percentage of admissions revenues.
(2) Percentage of revenues calculated as a percentage of concessions revenues.
(3) Percentage of revenues calculated as a percentage of total revenues.
(4) Calculated as admissions revenues/attendance.
(5) Calculated as concessions revenues/attendance.

Fiscal 2016 Period Compared to Fiscal 2015 Period

Admissions

During the Fiscal 2016 Period, total admissions revenues increased $23.5 million, or 1.2%, to $2,061.7 million, from $2,038.2 million in the Fiscal 2015 Period. A 3.9% increase in average ticket prices (approximately $78.5 million of total

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admissions revenues), partially offset by a 2.7% decrease in attendance (approximately $55.0 million of total admissions revenues) led to the overall increase in the Fiscal 2016 Period admissions revenues. For the Fiscal 2016 Period, the 3.9% average ticket price increase was due to selective price increases identified during our ongoing periodic pricing reviews (particularly at locations featuring luxury reclining seats), partially offset by a decrease in the percentage of our admissions revenues generated by premium format films exhibited during the Fiscal 2016 Period. The decrease in attendance during the Fiscal 2016 Period was primarily attributable to the strong attendance generated by the commercial appeal of the top tier films exhibited during the Fiscal 2015 Period including, most notably, Star Wars: The Force Awakens and Jurassic World. Based on our review of certain industry sources, the increase in our admissions revenues on a per screen basis was slightly ahead of the industry’s per screen results for the Fiscal 2016 Period as compared to the Fiscal 2015 Period. We are optimistic that the industry's investment in new theatres and customer amenities and other recent industry initiatives and trends will drive continued growth and strength for the domestic motion picture industry. To that end, our market share may be positively or negatively impacted by such initiatives and trends during any given quarter.

Concessions

Total concessions revenues increased $30.9 million, or 3.4%, to $932.6 million during the Fiscal 2016 Period, from $901.7 million for the Fiscal 2015 Period. A 6.3% increase in average concessions revenues per patron (approximately $55.2 million of total concessions revenues), partially offset by a 2.7% decrease in attendance (approximately $24.3 million of total concessions revenues) led to the overall increase in the Fiscal 2016 Period concessions revenues. The 6.3% increase in average concessions revenues per patron for the Fiscal 2016 Period was primarily attributable to an increase in beverage, popcorn, and candy sales, selective price increases and the continued rollout of our expanded food and alcohol menu.

Other Operating Revenues

Other operating revenues increased $15.4 million, or 8.2%, to $202.8 million during the Fiscal 2016 Period, from $187.4 million for the Fiscal 2015 Period. Included in other operating revenues are revenues from our vendor marketing programs, other theatre revenues (consisting primarily of internet ticketing surcharges, theatre rentals and arcade games), theatre access fees paid by National CineMedia (net of payments for onscreen advertising time provided to our beverage concessionaire) and revenues related to our gift card and bulk ticket programs. During the Fiscal 2016 Period, the increase in other operating revenues was primarily due to an increase in revenues related to our gift card and bulk ticket programs (approximately $10.2 million) and an increase in revenues related to internet ticketing surcharges (approximately $3.9 million).

Film Rental and Advertising Costs

Film rental and advertising costs as a percentage of admissions revenues was 53.7% during the Fiscal 2016 Period and was consistent with that of the Fiscal 2015 Period.

Cost of Concessions

During the Fiscal 2016 Period, cost of concessions increased $5.1 million, or 4.5%, to $119.5 million as compared to $114.4 million during the Fiscal 2015 Period. Cost of concessions as a percentage of concessions revenues for the Fiscal 2016 Period was approximately 12.8% and was in line with that of the Fiscal 2015 Period.

Rent Expense

Rent expense increased $6.1 million, or 1.4%, to $427.6 million in the Fiscal 2016 Period, from $421.5 million in the Fiscal 2015 Period. The increase in rent expense in the Fiscal 2016 Period was primarily impacted by incremental rent associated with the opening of two new theatres with 19 screens subsequent to the end of the Fiscal 2015 Period and higher contingent rent associated with the increase in total revenues, partially offset by the closure of 13 theatres with 118 screens subsequent to the end of the Fiscal 2015 Period.

Other Operating Expenses

Other operating expenses increased $19.5 million, or 2.3%, to $883.2 million in the Fiscal 2016 Period, from $863.7 million in the Fiscal 2015 Period. During the Fiscal 2016 Period, the increase in other operating expenses was primarily attributable to increases in theatre level payroll and benefit costs.

General and Administrative Expenses

General and administrative expenses increased $5.8 million, or 7.4%, to $84.6 million in the Fiscal 2016 Period, from $78.8 million in the Fiscal 2015 Period. The increase in general and administrative expenses during the Fiscal 2016 Period was primarily attributable to higher legal and professional fees.

Depreciation and Amortization

Depreciation and amortization expense increased $13.9 million, or 6.4%, to $230.7 million for the Fiscal 2016 Period, from $216.8 million in the Fiscal 2015 Period. The increase in depreciation and amortization expense during the Fiscal 2016

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Period was primarily related to the impact of increased capital expenditures associated with the installation of luxury reclining seats subsequent to the Fiscal 2015 Period, and to a lesser extent, the opening of two new theatres with 19 screens (partially offset by the closure of 13 theatres with 118 screens) subsequent to the end of the Fiscal 2015 Period.

Net Loss on Disposal and Impairment of Operating Assets and Other

Net loss on disposal and impairment of operating assets and other decreased $14.9 million, to $4.8 million for the Fiscal 2016 Period, from $19.7 million in the Fiscal 2015 Period. Included in net loss on disposal and impairment of operating assets and other was a $9.8 million gain on the early termination of a theatre lease during the Fiscal 2016 Period.

Interest Expense, net

During the Fiscal 2016 Period, net interest expense decreased $1.5 million, or 1.2%, to $128.1 million, from $129.6 million in the Fiscal 2015 Period. The decrease in net interest expense during the Fiscal 2016 Period was primarily due to interest savings associated with a lower effective interest rate under the Amended Senior Credit Facility.

Loss on Extinguishment of Debt

During the Fiscal 2016 Period, the Company recorded an aggregate loss on debt extinguishment of approximately $2.9 million in connection with the June 2016 refinancing and December 2016 refinancing of our Amended Senior Credit Facility as further described in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Earnings Recognized from NCM

Earnings recognized from NCM decreased $1.6 million, or 5.2%, to $29.4 million in the Fiscal 2016 Period, from $31.0 million in the Fiscal 2015 Period. The decrease in earnings recognized from NCM during the Fiscal 2016 Period was primarily attributable to lower cash distributions from National CineMedia, partially offset by higher equity income from National CineMedia during the Fiscal 2016 Period.

Income Taxes

The provision for income taxes of $111.2 million and $100.1 million for the Fiscal 2016 Period and the Fiscal 2015 Period, respectively, reflect effective tax rates of approximately 39.5%. The effective tax rates for such periods reflect the impact of certain non-deductible expenses and other income tax credits.

Fiscal 2015 Period Compared to Fiscal 2014 Period

Admissions

During the Fiscal 2015 Period, total admissions revenues increased $39.3 million, or 2.0%, to $2,038.2 million, from $1,998.9 million in the Fiscal 2014 Period. A 3.6% increase in average ticket prices (approximately $71.3 million of total admissions revenues), partially offset by a 1.6% decrease in attendance (approximately $32.0 million of total admissions revenues) led to the overall increase in the Fiscal 2015 Period admissions revenues. For the Fiscal 2015 Period, the 3.6% average ticket price increase was due to selective price increases identified during our ongoing periodic pricing reviews and an increase in the percentage of our admissions revenues generated by premium format films exhibited during the Fiscal 2015 Period. The decrease in attendance during the Fiscal 2015 Period as compared to the Fiscal 2014 Period was primarily related to the timing of our fiscal calendar. The Fiscal 2014 Period included seven additional days of operations in comparison to that of the Fiscal 2015 Period. The seven days of operations were significant in that they accounted for approximately 9.1 million attendees, or 4.1%, of the Fiscal 2014 Period total attendance and contributed approximately $80.1 million, or 4.0%, of the Fiscal 2014 Period total admissions revenues. Notwithstanding the timing of our fiscal calendar, the Company's box office results for 2015 were positively impacted by strong attendance from the breadth and commercial success of the overall film slate during 2015 including, most notably, Star Wars: The Force Awakens and Jurassic World. Based on our review of certain industry sources, the increase in our admissions revenues on a per screen basis was in line with the industry’s per screen results for the Fiscal 2015 Period as compared to the Fiscal 2014 Period.

Concessions

Total concessions revenues increased $72.1 million, or 8.7%, to $901.7 million during the Fiscal 2015 Period, from $829.6 million for the Fiscal 2014 Period. A 10.3% increase in average concessions revenues per patron (approximately $85.4 million of total concessions revenues), partially offset by a 1.6% decrease in attendance (approximately $13.3 million of total concessions revenues) led to the overall increase in the Fiscal 2015 Period concessions revenue. The decrease in attendance during the Fiscal 2015 Period was primarily related to the timing of our fiscal calendar described above. Attendance for the seven additional days of operations during the Fiscal 2014 Period contributed approximately $32.1 million, or 3.9%, of the Fiscal 2014 Period total concessions revenues. The increase in average concessions revenues per patron for the Fiscal 2015

Period was primarily attributable to an increase in popcorn and beverage sales volume, selective price increases and the continued rollout of our expanded food and alcohol menu.

Other Operating Revenues

Other operating revenues increased $25.8 million, or 16.0%, to $187.4 million during the Fiscal 2015 Period, from $161.6 million for the Fiscal 2014 Period. During the Fiscal 2015 Period, the increase in other operating revenues was due to an increase in revenues related to our gift card and bulk ticket programs (approximately $10.2 million), an increase in other theatre revenues (approximately $8.1 million) primarily related to internet ticketing surcharges, an increase in revenues from our vendor marketing programs (approximately $3.8 million) and incremental National CineMedia revenues (approximately $3.6 million).

Film Rental and Advertising Costs

Film rental and advertising costs as a percentage of admissions revenues for the Fiscal 2015 Period increased to 53.6% during the Fiscal 2015 Period from 52.4% in the Fiscal 2014 Period. The increase in film rental and advertising costs as a percentage of box office revenues during the Fiscal 2015 Period was primarily attributable to higher film costs associated with the success of the top tier films exhibited during the Fiscal 2015 Period.

Cost of Concessions

During the Fiscal 2015 Period, cost of concessions increased $3.3 million, or 3.0%, to $114.4 million as compared to $111.1 million during the Fiscal 2014 Period. Cost of concessions as a percentage of concessions revenues for the Fiscal 2015 Period was approximately 12.7%, compared to 13.4% during the Fiscal 2014 Period. The decrease in cost of concessions as a percentage of concessions revenues during the Fiscal 2015 Period was primarily due to the amount of vendor marketing revenues recorded as a reduction of cost of concessions and the impact of the aforementioned price increases during such periods, partially offset by slightly higher raw material and packaged good costs for certain items and the related mix of concession products sold.

Rent Expense

Rent expense decreased $1.9 million, or 0.4%, to $421.5 million in the Fiscal 2015 Period, from $423.4 million in the Fiscal 2014 Period. The decrease in rent expense in the Fiscal 2015 Period was primarily impacted by the restructuring of an existing master lease covering nine operating properties described further in Note 6 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K and the closure of nine theatres with 91 screens subsequent to the end of the Fiscal 2014 Period, partially offset by incremental rent associated with the opening of two new theatres with 24 screens and the acquisition of five theatres and 61 screens subsequent to the end of the Fiscal 2014 Period.

Other Operating Expenses

Other operating expenses increased $50.5 million, or 6.2%, to $863.7 million in the Fiscal 2015 Period, from $813.2 million in the Fiscal 2014 Period. During the Fiscal 2015 Period, the increase in other operating expenses was primarily attributable to to the impact of a State of New York sales tax refund received by the Company during the Fiscal 2014 Period totaling approximately $16.8 million, increases in theatre level payroll expenses (approximately $14.0 million), increases in non-rent occupancy costs (approximately $7.0 million), increases in credit card fees and incremental expenses associated with increased internet ticketing surcharge fees (approximately $4.8 million) and increases in other theatre operating expenses (approximately $5.5 million).

General and Administrative Expenses

General and administrative expenses increased $4.4 million, or 5.9%, to $78.8 million in the Fiscal 2015 Period, from $74.4 million in the Fiscal 2014 Period. The increase in general and administrative expenses during the Fiscal 2015 Period was primarily attributable to higher legal and professional fees (approximately $4.8 million) and corporate payroll costs (approximately $1.5 million), partially offset by lower share-based compensation expense (approximately $1.1 million).

Depreciation and Amortization

Depreciation and amortization expense increased $9.6 million, or 4.6%, to $216.8 million for the Fiscal 2015 Period, from $207.2 million in the Fiscal 2014 Period. The increase in depreciation and amortization expense during the Fiscal 2015 Period was primarily related to the impact of increased capital expenditures associated with the installation of luxury reclining seats subsequent to the Fiscal 2014 Period, and the opening of two new theatres with 24 screens (partially offset by the closure of nine theatres with 91 screens) subsequent to the end of the Fiscal 2014 Period.

Income from Operations

Income from operations increased $12.9 million, or 4.2%, to $319.3 million during the Fiscal 2015 Period, from $306.4 million in the Fiscal 2014 Period. The increase in income from operations during the Fiscal 2015 Period was primarily

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attributable to the increase in total revenues, partially offset by increases in certain variable operating expense line items described above.

Interest Expense, net

During the Fiscal 2015 Period, net interest expense increased $3.1 million, or 2.5%, to $129.6 million, from $126.5 million in the Fiscal 2014 Period. The increase in net interest expense during the Fiscal 2015 Period was primarily due to incremental interest associated with a higher effective interest rate under the New Term Facility, partially offset by interest savings associated with the refinance of approximately $711.4 million aggregate principal amount of the Company's $9^1/_8$% Senior Notes and $8^5/_8$% Senior Notes with the March 2014 issuance of our $5^3/_4$% Senior Notes Due 2022.

Loss on Extinguishment of Debt

During the Fiscal 2015 Period, the Company recorded a loss on debt extinguishment of approximately $5.7 million in connection with a refinancing of our Amended Senior Credit Facility as further described in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Earnings Recognized from NCM

Earnings recognized from NCM decreased $1.1 million, or 3.4%, to $31.0 million in the Fiscal 2015 Period, from $32.1 million in the Fiscal 2014 Period. The decrease in earnings recognized from NCM during the Fiscal 2015 Period was primarily attributable to lower earnings of National CineMedia during the period.

Income Taxes

The provision for income taxes of $100.1 million and $73.4 million for the Fiscal 2015 Period and the Fiscal 2014 Period, respectively, reflect effective tax rates of approximately 39.5% and 41.1%, respectively. The decrease in the effective tax rate for the Fiscal 2015 Period is primarily attributable to a decrease in the effective tax rate in certain states during the Fiscal 2015 Period and the state tax effects of the $62.4 million ($39.2 million after related tax effects) loss on debt extinguishment associated with the repurchase of approximately $711.4 million aggregate principal amount of the Company's $9^1/_8$% Senior Notes and $8^5/_8$% Senior Notes that occurred during the Fiscal 2014 Period, which was not deductible in certain states. The effective tax rates for such periods also reflect the impact of certain non-deductible expenses and other income tax credits.

Quarterly Results

The following table sets forth selected unaudited quarterly results for the eight quarters ended December 31, 2016. The quarterly financial data as of each period presented below have been derived from Regal's unaudited condensed consolidated financial statements for those periods. Results for these periods are not necessarily indicative of results for the full year. The comparability of our results between quarters is impacted by certain factors described below and to a lesser extent, seasonality. The quarterly financial data should be read in conjunction with the consolidated financial statements of Regal and notes thereto included in Part II, Item 8 of this Form 10-K.

	Dec. 31, 2016 (1)	Sept. 30, 2016	June 30, 2016 (2)	March 31, 2016	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015 (3)	March 31, 2015
	In millions (except per share data)							
Total revenues	$812.6	$ 811.5	$ 785.9	$ 787.1	$848.2	$ 725.0	$ 862.8	$ 691.3
Income from operations(4)	95.0	87.2	76.6	80.6	101.9	51.9	115.1	50.4
Net income attributable to controlling interest(4)	53.9	42.3	33.5	40.7	55.0	21.9	53.4	23.1
Diluted earnings per share(4)	0.34	0.27	0.21	0.26	0.35	0.14	0.34	0.15
Dividends per common share	$0.22	$ 0.22	$ 0.22	$ 0.22	$0.22	$ 0.22	$ 0.22	$ 0.22

(1) As described further in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on December 2, 2016, Regal Cinemas entered into a permitted secured refinancing agreement with

REH, the guarantors party thereto, Credit Suisse AG and the lenders party thereto. The permitted secured refinancing agreement further amends the Amended Senior Credit Facility, which was amended by the June 2016 Refinancing Agreement described in (2) below. In connection with the execution of the permitted secured refinancing agreement, the Company recorded a loss on debt extinguishment of approximately $1.4 million during the quarter ended December 31, 2016.

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(2) As described further in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on June 1, 2016, Regal Cinemas entered into a permitted secured refinancing agreement with REH, the guarantors party thereto, Credit Suisse AG and the lenders party thereto. In connection with the execution of the permitted secured refinancing agreement, the Company recorded a loss on debt extinguishment of approximately $1.5 million during the quarter ended June 30, 2016.

(3) As described further in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on April 2, 2015, Regal Cinemas entered into a seventh amended and restated credit agreement with Credit Suisse AG as Administrative Agent and the lenders party thereto which amended, restated and refinanced the sixth amended and restated credit agreement. As a result of the amendment, the Company recorded a loss on debt extinguishment of approximately $5.7 million during the quarter ended June 30, 2015.

(4) During the eight quarters ended December 31, 2016, we recorded impairment charges of $3.2 million, $3.4 million, $0.8 million, $2.2 million, $4.5 million, $9.2 million, $1.9 million, $0.0 million, respectively, specific to theatres that were directly and individually impacted by increased competition, adverse changes in market demographics or adverse changes in the development or the conditions of the areas surrounding the theatre. See Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further information related to our impairment policies.

Liquidity and Capital Resources

On a consolidated basis, we expect our primary uses of cash to be for operating expenses, capital expenditures, investments, acquisitions, general corporate purposes related to corporate operations, debt service and the Company's dividend payments. The principal sources of liquidity are cash generated from operations, cash on hand and borrowings under the Amended Senior Credit Facility described below. Under the terms of the Amended Senior Credit Facility, Regal Cinemas is restricted as to how much it can advance or distribute to Regal, its indirect parent. Since Regal is a holding company with no significant assets other than the stock of its subsidiaries, this restriction could impact Regal's ability to effect future debt or dividend payments, pay corporate expenses, repurchase or retire for cash its $5^3/_4$% Senior Notes Due 2022, its $5^3/_4$% Senior Notes Due 2023 and its $5^3/_4$% Senior Notes Due 2025. In addition, as described further below, the indentures under which the $5^3/_4$% Senior Notes Due 2022, the $5^3/_4$% Senior Notes Due 2023, and the $5^3/_4$% Senior Notes Due 2025 are issued limit the Company's (and its restricted subsidiaries') ability to, among other things, incur additional indebtedness, pay dividends on or make other distributions in respect of its capital stock, purchase or redeem capital stock, make loans or advances to its subsidiaries, or purchase, redeem or otherwise acquire or retire certain subordinated obligations.

Operating Activities

Our revenues are generated principally through admissions and concessions sales with proceeds received in cash or via credit cards. Our operating expenses are primarily related to film and advertising costs, rent and occupancy and payroll. Film costs are ordinarily paid to distributors within 30 days following receipt of admissions revenues and the cost of the Company’s concessions are generally paid to vendors approximately 30 to 35 days from purchase. Our current liabilities include items that will become due within 12 months. In addition, from time to time, we use cash from operations to fund dividends in excess of net income attributable to controlling interest and to fund dividends in excess of cash flows from operating activities less capital expenditures (net of proceeds from asset sales). As a result, at any given time, our balance sheet may reflect a working capital deficit.

Net cash flows provided by operating activities totaled approximately $410.5 million, $434.4 million and $349.1 million for the Fiscal 2016 Period, the Fiscal 2015 Period and the Fiscal 2014 Period, respectively. The decrease in net cash flows generated by operating activities for the Fiscal 2016 Period as compared to the Fiscal 2015 Period was caused by a negative fluctuation in working capital activity (primarily related to the timing of vendor payments, including film payables, as a result of increased attendance and admissions revenues at our theatres during the latter part of the Fiscal 2015 Period), partially offset by an increase in landlord contributions and an increase in net income excluding non-cash items. The increase in net cash flows generated by operating activities for the Fiscal 2015 Period as compared to the Fiscal 2014 Period was caused by a positive fluctuation in working capital activity (primarily related to the timing of vendor payments, including film payables, as a result of increased attendance and admissions revenues at our theatres during the latter part of the Fiscal 2015 Period), an increase in landlord contributions and an increase in net income excluding non-cash items.

Investing Activities

Our capital requirements have historically arisen principally in connection with acquisitions of theatres, new theatre construction, strategic partnerships, the addition of luxury amenities in select theatres, other upgrades to the Company’s theatre facilities and replacing equipment. We fund the cost of capital expenditures through internally generated cash flows, cash on hand, landlord contributions, proceeds from the disposition of assets and financing activities.

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We intend to continue to grow our theatre circuit through selective expansion and acquisition opportunities. The Company has a formal and intensive review procedure for the authorization of capital projects, with the most important financial measure of acceptability for a discretionary non-maintenance capital project being whether its projected discounted cash flow return on investment meets or exceeds the Company's internal rate of return targets. We currently expect capital expenditures (net of proceeds from asset sales and landlord contributions) for theatre development, expansion, upgrading and replacements to be in the range of approximately $130.0 million to $145.0 million in fiscal year 2017, exclusive of acquisitions.

During the Fiscal 2016 Period, we received approximately 0.7 million newly issued common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement. This transaction caused a proportionate increase in the Company's ownership share in National CineMedia to approximately 27.1 million common units. On a fully diluted basis, we own a 19.7% interest in NCM, Inc. as of December 31, 2016.

During the Fiscal 2016 Period, RealD, Inc. stockholders approved an all-cash merger whereby Rizvi Traverse Management, LLC acquired RealD, Inc. for $11.00 per share. Under the terms of the merger agreement, RealD, Inc. shareholders received $11.00 in cash for each share of RealD, Inc.'s common stock. During the Fiscal 2016 Period, the Company received approximately $3.6 million in cash consideration for its remaining 322,780 RealD, Inc. common shares. As a result of the transaction, the Company recorded a gain of approximately $1.0 million during the Fiscal 2016 Period.

Net cash flows used in investing activities totaled approximately $223.6 million, $183.3 million and $150.4 million for the Fiscal 2016 Period, the Fiscal 2015 Period and the Fiscal 2014 Period, respectively. The $40.3 million increase in cash flows used in investing activities during the Fiscal 2016 Period, as compared to the Fiscal 2015 Period, was primarily attributable to a $39.8 million increase in capital expenditures (net of proceeds from disposals) and higher capital investments in certain non-consolidated entities, partially offset by the impact of $9.2 million of cash used for a fiscal 2015 acquisition and $3.6 million in proceeds received related to the sale of RealD, Inc. common stock during the Fiscal 2016 Period. The $32.9 million increase in cash flows used in investing activities during the Fiscal 2015 Period, as compared to the Fiscal 2014 Period, was primarily attributable to a $18.6 million increase in capital expenditures (net of proceeds from disposals) during the Fiscal 2015 Period, $9.2 million of cash used for the acquisition of five theatres with 61 screens from entities affiliated with Georgia Theatre Company, and the impact of $6.0 million in proceeds received related to the sale of RealD, Inc. common stock during the Fiscal 2014 Period.

Financing Activities

As described further in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, Regal Cinemas entered into a permitted secured refinancing agreement with REH, the guarantors party thereto, Credit Suisse AG and the lenders party thereto (the "June 2016 Refinancing Agreement"). Pursuant to the June 2016 Refinancing Agreement, Regal Cinemas consummated a permitted secured refinancing of the Term Facility under the Amended Senior Credit Facility, which had an aggregate principal balance of approximately $958.5 million, and in accordance therewith, received term loans in an aggregate principal amount of approximately $958.5 million with a final maturity date in April 2022. Together with other amounts provided by Regal Cinemas, proceeds of the term loans were applied to repay all of the outstanding principal and accrued and unpaid interest on the Term Facility under the Amended Senior Credit Facility. In connection with the execution of the June 2016 Refinancing Agreement, the Company recorded a loss on debt extinguishment of approximately $1.5 million during the quarter ended June 30, 2016.

On December 2, 2016, Regal Cinemas entered into a permitted secured refinancing agreement (the "December 2016 Refinancing Agreement") with REH, the guarantors party thereto, Credit Suisse AG and the lenders party thereto. The December 2016 Refinancing Agreement further amends the Amended Senior Credit Facility, which was amended by the June 2016 Refinancing Agreement. Pursuant to the December 2016 Refinancing Agreement, Regal Cinemas consummated a permitted secured refinancing of the Term Facility, which had an aggregate principal balance of approximately $956.1 million, and in accordance therewith, the Lenders advanced term loans in an aggregate principal amount of approximately $956.1 million with a final maturity date in April 2022 (the "New Term Loans"). Together with other amounts provided by Regal Cinemas, proceeds of the New Term Loans were applied to repay all of the outstanding principal and accrued and unpaid interest on the existing term facility under the Amended Senior Credit Facility in effect immediately prior to the making of the New Term Loans. The New Term Loans amortize in equal quarterly installments in an aggregate annual amount equal to 1.0% of the original principal amount of the New Term Loans, with the balance payable on the maturity date of the New Term Loans. The December 2016 Refinancing Agreement also amends the Amended Senior Credit Facility by reducing the interest rate on the New Term Loans, by providing, at Regal Cinemas' option, either a base rate or an adjusted LIBOR rate plus, in each case, an applicable margin. Such applicable margin will be either 1.50% in the case of base rate loans or 2.50% in the case of LIBOR rate loans. The December 2016 Refinancing Agreement also provides for a 1% prepayment premium applicable in the event that Regal Cinemas enters into a refinancing or amendment of the New Term Loans on or prior to the sixth-month anniversary of the closing of the December 2016 Refinancing Agreement that, in either case, has the effect of reducing the interest rate on the New Term Loans. In connection with the execution of the December 2016 Refinancing Agreement, the Company recorded a loss on debt extinguishment of approximately $1.4 million during the quarter ended December 31, 2016.

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As of December 31, 2016, we had approximately $954.7 million aggregate principal amount outstanding (net of debt discount) under the New Term Loans, $775.0 million aggregate principal amount outstanding under the $5^3/_4$% Senior Notes Due 2022, $250.0 million aggregate principal amount outstanding under the $5^3/_4$% Senior Notes Due 2023 and $250.0 million aggregate principal amount outstanding under the $5^3/_4$% Senior Notes Due 2025. As of December 31, 2016, we had approximately $2.7 million outstanding in letters of credit, leaving approximately $82.3 million available for drawing under the Revolving Facility. As of December 31, 2016, we are in full compliance with all agreements, including all related covenants, governing our outstanding debt obligations.

The Company is rated by nationally recognized rating agencies. The significance of individual ratings varies from agency to agency. However, companies assigned ratings at the top end of the range have, in the opinion of certain rating agencies, the strongest capacity for repayment of debt or payment of claims, while companies at the bottom end of the range have the weakest capability. Ratings are always subject to change and there can be no assurance that the Company's current ratings will continue for any given period of time. An upgrade or downgrade of the Company's debt ratings, depending on the extent, could affect the cost to borrow funds. There were no upgrades or downgrades to the Company's debt ratings that materially impacted our ability or cost to borrow funds during the fiscal year ended December 31, 2016.

During the Fiscal 2016 Period, Regal paid four quarterly cash dividends of $0.22 per share on each outstanding share of the Company's Class A and Class B common stock, or approximately $138.9 million in the aggregate. On February 9, 2017, the Company declared a cash dividend of $0.22 per share on each share of the Company's Class A and Class B common stock (including outstanding restricted stock), payable on March 15, 2017 to stockholders of record on March 3, 2017. Declared dividends have been or will be funded through cash flow from operations and available cash on hand. We, at the discretion of our Board of Directors and subject to applicable law, anticipate paying regular quarterly dividends on our Class A and Class B common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend upon our then available cash, anticipated cash needs, overall financial condition, loan agreement restrictions, future prospects for earnings and cash flows, as well as other relevant factors.

Net cash flows provided used in financing activities were approximately $160.0 million, $178.6 million and $332.5 million for the Fiscal 2016 Period, the Fiscal 2015 Period and the Fiscal 2014 Period, respectively. The net decrease in cash flows used in financing activities during the Fiscal 2016 Period as compared to the Fiscal 2015 Period of $18.6 million was primarily attributable to the net impact of the Amended Senior Credit Facility refinancing effected during the Fiscal 2015 Period. The net decrease in cash flows used in financing activities during the Fiscal 2015 Period as compared to the Fiscal 2014 Period of $153.9 million was primarily attributable to a $155.7 million decrease in dividends paid to stockholders during the 2015 Fiscal Period as compared to the 2014 Fiscal Period, lower payments on long-term obligations and landlord contributions received in connection with amended lease financing arrangements, partially offset by the net impact of the Amended Senior Credit Facility refinancing effected during the Fiscal 2015 Period.

EBITDA

Net income attributable to controlling interest adjusted for interest expense, net, provision for income taxes and depreciation and amortization ("EBITDA") was approximately $640.4 million, $599.9 million and $512.7 million for the Fiscal 2016 Period, the Fiscal 2015 Period and the Fiscal 2014 Period, respectively.

The Company uses EBITDA as a supplemental liquidity and performance measure because we find it useful to understand and evaluate our capacity, excluding the impact of interest, taxes, and non-cash depreciation and amortization charges, for servicing our debt, paying dividends and otherwise meeting our cash needs, prior to our consideration of the impacts of other potential sources and uses of cash, such as working capital items. We believe that EBITDA is useful to investors for these purposes as well. EBITDA should not be considered an alternative to, or more meaningful than, net cash provided by or used in operating activities, as determined in accordance with GAAP, since it omits the impact of interest, taxes and changes in working capital that use or provide cash (such as receivables, payables and inventories) as well as the sources or uses of cash associated with changes in other balance sheet items (such as long-term loss accruals and deferred items). Because EBITDA excludes depreciation and amortization, EBITDA does not reflect any cash requirements for the replacement of the assets being depreciated and amortized, which assets will often have to be replaced in the future. Further, EBITDA, because it also does not reflect the impact of debt service, income taxes, cash dividends, capital expenditures and other cash commitments from time to time as described in more detail elsewhere in this Form 10-K, does not represent how much discretionary cash we have available for other purposes. Nonetheless, EBITDA is a key measure expected by and useful to our fixed income investors, rating agencies and the banking community, all of whom believe, and we concur, that these measures are critical to the capital markets' analysis of our ability to service debt, fund capital expenditures, pay dividends and otherwise meet cash needs, respectively. We also evaluate EBITDA because it is clear that movements in this non-GAAP measure impact our ability to attract financing and pay dividends. EBITDA, as calculated, may not be comparable to similarly titled measures reported by other companies. A reconciliation of net income attributable to controlling interest to EBITDA to net cash provided by operating activities is calculated as follows (in millions):

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	Fiscal 2016 Period	Fiscal 2015 Period	Fiscal 2014 Period
Net income attributable to controlling interest	$170.4	$153.4	$105.6
Interest expense, net	128.1	129.6	126.5
Provision for income taxes	111.2	100.1	73.4
Depreciation and amortization	230.7	216.8	207.2
EBITDA	$640.4	$599.9	$512.7
Interest expense, net	(128.1)	(129.6)	(126.5)
Provision for income taxes	(111.2)	(100.1)	(73.4)
Deferred income taxes	2.4	(10.9)	6.6
Changes in operating assets and liabilities	(67.4)	35.5	(42.9)
Loss on extinguishment of debt	2.9	5.7	62.4
Landlord contributions	75.3	32.2	8.8
Other items, net	(3.8)	1.7	1.4
Net cash provided by operating activities	$410.5	$434.4	$349.1

Interest Rate Swaps

As described in Note 13 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, as of December 31, 2016, the Company maintained one effective hedging relationship via one distinct interest rate swap agreement (maturity date of June 30, 2018), which requires Regal Cinemas to pay interest at a fixed rate of 2.165% and receive interest at a variable rate. This interest rate swap agreement is designated to hedge $200.0 million of variable rate debt obligations at an effective rate of approximately 4.7% as of December 31, 2016. See Note 14 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for a discussion of the Company's interest rate swap fair value estimation methods and assumptions.

Sale-Leaseback Transactions

For information regarding our various sale and leaseback transactions, refer to Note 6 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

Contractual Cash Obligations and Commitments

The Company has assumed long-term contractual obligations and commitments in the normal course of business, primarily debt obligations and non-cancelable operating leases. Other than the operating leases that are detailed below, the Company does not utilize variable interest entities or any other form of off-balance sheet financing. As of December 31, 2016, the Company's estimated contractual cash obligations and commercial commitments over the next several periods are as follows (in millions):

	Payments Due By Period				
	Total	Current	13 - 36 months	37 - 60 months	After 60 months
Contractual Cash Obligations:					
Debt obligations(1)	$2,233.8	$10.9	$ 21.8	$ 19.2	$ 2,181.9
Future interest on debt obligations(2)	627.6	107.9	210.4	207.6	101.7
Capital lease obligations, including interest(3)	15.8	3.1	1.8	1.9	9.0
Lease financing arrangements, including interest(3)	143.6	21.8	42.0	24.9	54.9
Purchase obligations(4)	107.7	76.9	30.8	—	—
Operating leases(5)	2,911.6	426.9	772.5	584.2	1,128.0
FIN 48 liabilities(6)	0.3	0.3	—	—	—
Total	$6,040.4	$647.8	$ 1,079.3	$ 837.8	$ 3,475.5

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	Amount of Commitment Expiration per Period				
	Total Amounts Available	Current	13 - 36 months	37 - 60 months	After 60 months
Other Commercial Commitments(7)	$85.0	$ —	$ —	$ 85.0	$ —

(1) These amounts are included on our consolidated balance sheet as of December 31, 2016. Our Amended Senior Credit Facility provides for mandatory prepayments under certain scenarios. See Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information about our long-term debt obligations and related matters.

(2) Future interest payments on the Company's unhedged debt obligations as of December 31, 2016 (consisting of approximately $756.1 million of variable interest rate borrowings under the New Term Loans, $775.0 million outstanding under the $5^{3}/_{4}$% Senior Notes Due 2022, $250.0 million outstanding under the $5^{3}/_{4}$% Senior Notes Due 2025, $250.0 million outstanding under the $5^{3}/_{4}$% Senior Notes Due 2023 and approximately $4.1 million of other debt obligations) are based on the stated fixed rate or in the case of the $756.1 million of variable interest rate borrowings under the New Term Loans, the current interest rate specified in our Amended Senior Credit Facility as of December 31, 2016 (3.27%). Future interest payments on the Company's hedged indebtedness as of December 31, 2016 (the remaining $200.0 million of borrowings under the New Term Loans) are based on (i) the applicable margin (as defined in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K) as of December 31, 2016 (2.50%) and (ii) the expected fixed interest payments under the Company's interest rate swap agreement, which is described in further detail under Note 13 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

(3) The present value of these obligations, excluding interest, is included on our consolidated balance sheet as of December 31, 2016. Future interest payments are calculated based on interest rates implicit in the underlying leases, which have a weighted average interest rate of 11.23%, maturing in various installments through 2028. Refer to Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional information about our capital lease obligations and lease financing arrangements.

(4) Includes estimated capital expenditures and investments to which we were contractually obligated as of December 31, 2016, including improvements associated with existing theatres (including luxury reclining seating), the construction of new theatres and investments in non-consolidated entities. Does not include non-committed capital expenditures.

(5) We enter into operating leases in the ordinary course of business. Such lease agreements provide us with the option to renew the leases at defined or then fair value rental rates for various periods. Our future operating lease obligations would change if we exercised these renewal options or if we enter into additional operating lease agreements. Our operating lease obligations are further described in Note 6 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K.

(6) The table does not include approximately $6.3 million of recorded liabilities associated with unrecognized state tax benefits because the timing of the related payments was not reasonably estimable as of December 31, 2016.

(7) In addition, as of December 31, 2016, Regal Cinemas had approximately $82.3 million available for drawing under the $85.0 million Revolving Facility. Regal Cinemas also maintains a sublimit within the Revolving Facility of $10.0 million for short-term loans and $30.0 million for letters of credit.

We believe that the amount of cash and cash equivalents on hand, cash flow expected from operations and availability under our Revolving Facility will be adequate for the Company to execute its business strategy and meet anticipated requirements for lease obligations, capital expenditures, working capital and debt service for the next 12 months.

Off-Balance Sheet Arrangements

Other than the operating leases detailed above in this Form 10-K, under the heading "Contractual Cash Obligations and Commitments," the Company has no other off-balance sheet arrangements.

Recent Accounting Pronouncements

For a discussion of the recent accounting pronouncements relevant to our operations, please refer to the information provided under Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, which information is incorporated herein by reference.

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

The Company’s interest rate risk is confined to interest rate exposure of its and its wholly owned subsidiaries’ debt obligations that bear interest based on floating rates. The Amended Senior Credit Facility provides variable rate interest that

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could be adversely affected by an increase in interest rates. Borrowings under the New Term Loans bear interest, at Regal Cinemas’ option, at either a base rate or an adjusted LIBOR rate plus, in each case, an applicable margin. Under the terms of the Company's effective interest rate swap agreement (which hedges an aggregate of $200.0 million of variable rate debt obligations as of December 31, 2016) described in Note 13 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, Regal Cinemas pays interest at a fixed rate of 2.165% and receives interest at a variable rate.

As of December 31, 2016 and December 31, 2015, borrowings of $954.7 million (net of debt discount) and $958.8 million (net of debt discount), respectively, were outstanding under the New Term Loans and the Prior Term Facility at an effective interest rate of 3.56% (as of December 31, 2016) and 4.17% (as of December 31, 2015), respectively, after the impact of interest rate swaps is taken into account. A hypothetical change of 10% in the Company's effective interest rate under the New Term Loans as of December 31, 2016, would increase or decrease interest expense by $3.4 million for the fiscal year ended December 31, 2016.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
Regal Entertainment Group:

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended.

Management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of such controls as of December 31, 2016. This assessment was based on criteria for effective internal control over financial reporting described in the Internal Control - Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our management believes that the Company's internal control over financial reporting is effective as of December 31, 2016.

KPMG LLP, independent registered public accounting firm of the Company's consolidated financial statements, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2016, as stated in their report which is included herein.

/s/ AMY E. MILES	/s/ DAVID H. OWNBY
Amy E. Miles	David H. Ownby
Chief Executive Officer (Principal Executive Officer)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Regal Entertainment Group:

We have audited the accompanying consolidated balance sheets of Regal Entertainment Group and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, deficit, and cash flows for each of the years in the three-year period ended December 31, 2016. We also have audited Regal Entertainment Group's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Regal Entertainment Group's management is responsible for these consolidated financial statements, 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 these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Regal Entertainment Group and subsidiaries as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also in our opinion, Regal Entertainment Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ KPMG LLP
Knoxville, Tennessee

February 27, 2017

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REGAL ENTERTAINMENT GROUP
CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	December 31, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 246.5	$ 219.6
Trade and other receivables, net	155.1	149.6
Income tax receivable	—	3.5
Inventories	20.9	22.4
Prepaid expenses and other current assets	23.4	20.9
Assets held for sale	1.0	1.0
Deferred income tax asset	—	21.2
TOTAL CURRENT ASSETS	446.9	438.2
PROPERTY AND EQUIPMENT:		
Land	131.2	132.7
Buildings and leasehold improvements	2,319.7	2,196.4
Equipment	1,065.7	1,058.3
Construction in progress	20.2	18.2
Total property and equipment	3,536.8	3,405.6
Accumulated depreciation and amortization	(2,146.7)	(2,001.4)
TOTAL PROPERTY AND EQUIPMENT, NET	1,390.1	1,404.2
GOODWILL	327.0	328.7
INTANGIBLE ASSETS, NET	46.0	50.2
DEFERRED INCOME TAX ASSET	56.3	37.2
OTHER NON-CURRENT ASSETS	379.4	343.1
TOTAL ASSETS	$ 2,645.7	$ 2,601.6
LIABILITIES AND DEFICIT		
CURRENT LIABILITIES:		
Current portion of debt obligations	$ 25.5	$ 27.4
Accounts payable	194.8	229.7
Accrued expenses	70.7	70.8
Deferred revenue	192.7	203.4
Income taxes payable	6.4	—
Interest payable	19.9	20.0
TOTAL CURRENT LIABILITIES	510.0	551.3
LONG-TERM DEBT, LESS CURRENT PORTION	2,197.1	2,197.6
LEASE FINANCING ARRANGEMENTS, LESS CURRENT PORTION	84.8	77.8
CAPITAL LEASE OBLIGATIONS, LESS CURRENT PORTION	6.9	8.9
NON-CURRENT DEFERRED REVENUE	412.3	415.2
OTHER NON-CURRENT LIABILITIES	273.5	228.4
TOTAL LIABILITIES	3,484.6	3,479.2
COMMITMENTS AND CONTINGENCIES		
DEFICIT:		
Class A common stock, $0.001 par value; 500,000,000 shares authorized, 133,080,279 and 132,745,481 shares issued and outstanding at December 31, 2016 and December 31,	0.1	0.1

2015, respectively		
Class B common stock, $0.001 par value; 200,000,000 shares authorized, 23,708,639 shares issued and outstanding at December 31, 2016 and December 31, 2015	—	—
Preferred stock, $0.001 par value; 50,000,000 shares authorized; none issued and outstanding	—	—
Additional paid-in capital (deficit)	(934.4)	(940.0)
Retained earnings	96.5	64.2
Accumulated other comprehensive loss, net	(1.3)	(2.1)
TOTAL STOCKHOLDERS' DEFICIT OF REGAL ENTERTAINMENT GROUP	(839.1)	(877.8)
Noncontrolling interest	0.2	0.2
TOTAL DEFICIT	(838.9)	(877.6)
TOTAL LIABILITIES AND DEFICIT	$ 2,645.7	$ 2,601.6

See accompanying notes to consolidated financial statements.

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REGAL ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except share and per share data)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended January 1, 2015
REVENUES:			
Admissions	$2,061.7	$2,038.2	$1,998.9
Concessions	932.6	901.7	829.6
Other operating revenues	202.8	187.4	161.6
TOTAL REVENUES	3,197.1	3,127.3	2,990.1
OPERATING EXPENSES:			
Film rental and advertising costs	1,107.3	1,093.1	1,047.1
Cost of concessions	119.5	114.4	111.1
Rent expense	427.6	421.5	423.4
Other operating expenses	883.2	863.7	813.2
General and administrative expenses (including share-based compensation of $8.8, $8.3 and $9.4 for the years ended December 31, 2016, December 31, 2015 and January 1, 2015, respectively)	84.6	78.8	74.4
Depreciation and amortization	230.7	216.8	207.2
Net loss on disposal and impairment of operating assets and other	4.8	19.7	7.3
TOTAL OPERATING EXPENSES	2,857.7	2,808.0	2,683.7
INCOME FROM OPERATIONS	339.4	319.3	306.4
OTHER EXPENSE (INCOME):			
Interest expense, net	128.1	129.6	126.5
Loss on extinguishment of debt	2.9	5.7	62.4
Earnings recognized from NCM	(29.4)	(31.0)	(32.1)
Equity in income of non-consolidated entities and other, net	(43.9)	(38.3)	(29.0)
TOTAL OTHER EXPENSE, NET	57.7	66.0	127.8
INCOME BEFORE INCOME TAXES	281.7	253.3	178.6
PROVISION FOR INCOME TAXES	111.2	100.1	73.4
NET INCOME	170.5	153.2	105.2
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST, NET OF TAX	(0.1)	0.2	0.4
NET INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	$170.4	$153.4	$105.6
EARNINGS PER SHARE OF CLASS A AND CLASS B COMMON STOCK (NOTE 12):			
Basic	$1.09	$0.99	$0.68
Diluted	$1.09	$0.98	$0.68
AVERAGE SHARES OUTSTANDING (in thousands):			
Basic	155,995	155,680	155,287
Diluted	156,804	156,511	156,310
DIVIDENDS DECLARED PER COMMON SHARE	$0.88	$0.88	$1.88

See accompanying notes to consolidated financial statements.

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REGAL ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended January 1, 2015
NET INCOME	$ 170.5	$ 153.2	$ 105.2
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Change in fair value of interest rate swap transactions	(2.3)	(4.3)	(2.1)
Amounts reclassified to net income from interest rate swaps	3.6	4.5	3.2
Change in fair value of available for sale securities	—	(0.2)	1.1
Reclassification adjustment for gain on sale of available for sale securities recognized in net income	(0.5)	—	(0.6)
Change in fair value of equity method investee interest rate swaps	—	(0.6)	(0.7)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	0.8	(0.6)	0.9
TOTAL COMPREHENSIVE INCOME, NET OF TAX	171.3	152.6	106.1
Comprehensive (income) loss attributable to noncontrolling interest, net of tax	(0.1)	0.2	0.4
COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST, NET OF TAX	$ 171.2	$ 152.8	$ 106.5

See accompanying notes to consolidated financial statements.

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REGAL ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF DEFICIT
(in millions, except amounts of cash dividends declared per share)

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital (Deficit)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Deficit of Regal Entertainment Group	Noncontrolling Interest	Total Deficit
	Shares	Amount	Shares	Amount						
Balances, December 26, 2013	132.1	$ 0.1	23.7	$ —	$ (782.9)	$ 71.8	$ (2.4)	$ (713.4)	$ (1.9)	$ (715.3)
Net income attributable to controlling interest	—	—	—	—	—	105.6	—	105.6	—	105.6
Other comprehensive income (loss)	—	—	—	—	—	—	0.9	0.9	—	0.9
Noncontrolling interest adjustments	—	—	—	—	—	—	—	—	(0.6)	(0.6)
Share-based compensation expense	—	—	—	—	7.9	—	—	7.9	—	7.9
Exercise of stock options	—	—	—	—	0.1	—	—	0.1	—	0.1
Tax benefits from exercise of stock options, vesting of restricted stock and other	(0.2)	—	—	—	(2.3)	—	—	(2.3)	—	(2.3)
Issuance of restricted stock	0.6	—	—	—	—	—	—	—	—	—
Extraordinary cash dividend declared, $1.00 per share	—	—	—	—	(156.2)	—	—	(156.2)	—	(156.2)
Cash dividends declared, $0.88 per share	—	—	—	—	(8.4)	(129.0)	—	(137.4)	—	(137.4)
Balances, January 1, 2015	132.5	0.1	23.7	—	(941.8)	48.4	(1.5)	(894.8)	(2.5)	(897.3)
Net income attributable to controlling interest	—	—	—	—	—	153.4	—	153.4	—	153.4
Other comprehensive income (loss)	—	—	—	—	—	—	(0.6)	(0.6)	—	(0.6)
Purchase of noncontrolling interest	—	—	—	—	(5.5)	—	—	(5.5)	2.9	(2.6)
Other noncontrolling interest adjustments	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Share-based compensation expense	—	—	—	—	7.7	—	—	7.7	—	7.7
Tax benefits from vesting of restricted stock and other	(0.3)	—	—	—	(0.3)	—	—	(0.3)	—	(0.3)
Issuance of restricted stock	0.5	—	—	—	—	—	—	—	—	—
Cash dividends declared, $0.88 per share	—	—	—	—	(0.1)	(137.6)	—	(137.7)	—	(137.7)

Balances, December 31, 2015	132.7	0.1	23.7	—	(940.0)	64.2	(2.1)	(877.8)	0.2	(877.6)
Net income attributable to controlling interest	—	—	—	—	—	170.4	—	170.4	—	170.4
Other comprehensive income (loss)	—	—	—	—	—	—	0.8	0.8	—	0.8
Share-based compensation expense	—	—	—	—	7.9	—	—	7.9	—	7.9
Tax benefits from vesting of restricted stock and other	(0.1)	—	—	—	(2.3)	—	—	(2.3)	—	(2.3)
Issuance of restricted stock	0.5	—	—	—	—	—	—	—	—	—
Cash dividends declared, $0.88 per share	—	—	—	—	—	(138.1)	—	(138.1)	—	(138.1)
Balances, December 31, 2016	133.1	$ 0.1	23.7	$ —	$ (934.4)	$ 96.5	$ (1.3)	$ (839.1)	$ 0.2	$ (838.9)

See accompanying notes to consolidated financial statements.

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REGAL ENTERTAINMENT GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended January 1, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 170.5	$ 153.2	$ 105.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	230.7	216.8	207.2
Amortization of debt discount	0.3	0.3	—
Amortization of debt acquisition costs	4.6	4.7	4.8
Share-based compensation expense	8.8	8.3	9.4
Deferred income tax provision (benefit)	2.4	(10.9)	6.6
Net loss on disposal and impairment of operating assets	14.6	19.7	7.3
Gain on lease termination	(9.8)	—	—
Equity in income of non-consolidated entities	(51.4)	(44.6)	(34.1)
Loss on extinguishment of debt	2.9	5.7	62.4
Gain on sale of available for sale securities	(1.0)	—	(2.0)
Non-cash (gain) loss on interest rate swaps	(0.1)	0.7	—
Non-cash rent income	(6.3)	(6.2)	(4.0)
Cash distributions on investments in other non-consolidated entities	12.0	3.6	6.3
Excess cash distribution on NCM shares	13.8	15.4	14.1
Landlord contributions	75.3	32.2	8.8
Proceeds from lease termination and other	10.6	—	—
Changes in operating assets and liabilities, net of effects of acquisitions:			
Trade and other receivables	—	(19.0)	(4.2)
Inventories	1.5	(4.7)	1.3
Prepaid expenses and other assets	(2.5)	1.5	(1.8)
Accounts payable	(38.3)	63.1	(0.2)
Income taxes payable	6.7	0.2	0.3
Deferred revenue	(23.6)	3.6	(6.3)
Accrued expenses and other liabilities	(11.2)	(9.2)	(32.0)
NET CASH PROVIDED BY OPERATING ACTIVITIES	410.5	434.4	349.1