REGAL ENTERTAINMENT GROUP
Form 10-K
February 24, 2014
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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 26, 2013
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 ý No ¨
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 ¨ No ý
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 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 ý No ¨
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: ¨
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 ý Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

(Do not check if a
smaller reporting company)

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 27, 2013, 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 $1,482,994,126 (79,730,867 shares at a closing price per share of $18.60).

Shares of Class A common stock outstanding—132,484,990 shares at February 17, 2014
Shares of Class B common stock outstanding—23,708,639 shares at February 17, 2014

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement on Schedule 14A to be used in connection with its 2014 Annual Meeting of Stockholders and to be filed within 120 days of December 26, 2013 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 the largest and most geographically diverse theatre circuit in the United States, consisting of 7,394 screens in 580 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of December 26, 2013, with approximately 229 million attendees for the fiscal year ended December 26, 2013 ("fiscal 2013"). Our geographically diverse circuit includes theatres in 46 of the top 50 U.S. designated market areas. We operate multi-screen theatres and, as of December 26, 2013, had an average of 12.7 screens per location, which is well above the North American motion picture exhibition industry average. 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.

The Company's fiscal year ends on the first Thursday after December 25, which in certain years (such as fiscal 2014) results in a 53-week fiscal year. For fiscal 2013, we reported total revenues, income from operations and net income attributable to controlling interest of $3,038.1 million, $339.8 million and $157.7 million, respectively. In addition, we generated $346.9 million of cash flows from operating activities during fiscal 2013.

Business Strategy

Our business strategy focuses on enhancing our position in the motion picture exhibition industry by distributing value to our stockholders, realizing selective growth opportunities through new theatre construction, managing, expanding and upgrading our existing asset base with new technologies and customer amenities and capitalizing on prudent industry consolidation and partnership opportunities. This 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 26, 2013, we have returned approximately $3.7 billion to our stockholders in the form of cash dividends.

Pursuing Selective Growth Opportunities and Active Asset Management. We intend to selectively pursue expansion opportunities through new theatre construction that meet our strategic and financial return criteria. We also intend to enhance our theatre operations by selectively expanding and upgrading existing properties in prime locations. During fiscal 2013, we continued to actively manage our asset base by opening eight new theatres with 98 screens, opening four new screens at two

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existing theatres and closing 11 underperforming theatres with 101 screens, ending the year with 580 theatres and 7,394 screens.

Pursuing Premium Experience Opportunities. We intend to 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 three complementary fronts:

- First, we believe the installation of premium screens allows us to offer our patrons all-digital large format experiences that generate incremental revenue and cash flows for the Company. During fiscal 2013, we continued to install additional IMAX® digital projection systems and RPX℠ screens in select theatre locations across the U.S. As of December 26, 2013, our IMAX® footprint consisted of a total of 82 IMAX® screens and we operated a total of 62 RPX℠ screens. We have been encouraged by the operating results of our IMAX® and RPX℠ screens and to that end, we intend to install additional IMAX® digital projection systems and RPX℠ screens during fiscal 2014 and beyond. In addition, during fiscal 2013, we began a new initiative to install luxury reclining seating at select locations. Based on promising initial results, we expect to offer luxury seating in approximately 20 to 25 locations by the end of fiscal 2014.
- Second, we believe that the enhancement of our food and beverage offerings has had a positive effect on our operating results and we expect to continue to invest in such food and beverage offerings in our theatres. To continually address consumer trends and customer preferences, we have focused on enlarging our menu of food and beverage products. We have already expanded our menu to include hot made-to-order meals, customizable coffee, beer and wine and other specialty products in select theatres. During fiscal 2013, we offered an expanded menu of food items in 81 theatres and expect to offer these food items in approximately 75-90 additional theatres during fiscal 2014. In addition, as of December 26, 2013, we have successfully launched seven Cinebarre locations which offer patrons the convenience of a variety of lunch and dinner menu options, including beer and wine, served at the customer's seat before and during the featured film.
- Third, we intend to continue our focus on interactive marketing programs aimed at increasing attendance and enhancing the overall customer experience. We maintain a frequent moviegoer loyalty program, named the Regal Crown Club®, to actively engage our core customers. Regal Crown Club® members are eligible for specified awards, such as concession items, based on purchases made at our participating theatres. As of December 26, 2013, we had over nine million active members in the Regal Crown Club®, making it the largest loyalty program in our industry, and these members accounted for approximately $921 million of the Company's box office and concession revenues during fiscal 2013. In addition, we seek to develop patron loyalty through a number of other marketing programs such as summer children's film series, cross-promotional ticket redemptions and promotions within local communities. During 2012, we launched a mobile ticketing application designed to give customers quick access to box office information via their Apple iPhone® or Android™ phone. The application provides customers the ability to find films, movie information, showtimes and special offers from Regal and 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. This mobile application has been downloaded approximately 1.8 million times since its launch.

We believe the product-driven success of our IMAX® screens and growing portfolio of RPX℠ screens and improved customer amenities such as luxury seating, coupled with the continued rollout of our expanded concession menu and widespread availability of mobile ticketing and other marketing initiatives allow us to deliver a premium experience in a majority of our key markets.

Pursuing Strategic Acquisitions and 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.

For example, on March 29, 2013, we completed the acquisition of Hollywood Theaters, whereby we acquired a total of 43 theatres with 513 screens for an aggregate net cash purchase price of $194.4 million. The acquisition of

Hollywood Theaters enhanced the Company's presence in 16 states and 3 U.S. territories. During November of 2012, we completed the acquisition of Great Escape Theatres in which we acquired a total of 25 theatres representing 301 screens for an aggregate net cash purchase price of approximately $90.0 million. The acquisition of the Great Escape Theatres circuit enhanced our presence in Georgia, Illinois, Indiana, Kentucky, Missouri, Nebraska, Ohio, Pennsylvania, South Carolina, Tennessee and West Virginia. The 814 screens from Great Escape Theatres and Hollywood Theaters accounted for 16.3 million attendees, or 7.1% of total attendance for fiscal 2013, and contributed approximately $128.6 million, or 6.2%, of fiscal 2013 total admissions revenues. See Note 3 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of these acquisitions.

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With respect to partnership initiatives, we maintain an investment in National CineMedia, LLC ("National CineMedia" or "NCM"). National CineMedia operates the largest digital in-theatre advertising network in North America representing approximately 19,900 U.S. theatres screens (of which approximately 19,100 are part of National CineMedia's digital content network) as of December 26, 2013. During 2013, approximately 710 million patrons attended movies shown in theatres in which National CineMedia currently has exclusive cinema advertising agreements in place. National CineMedia concentrates on in-theatre advertising for its theatrical exhibition partners, which includes us, AMC Entertainment, Inc. ("AMC"), and Cinemark, Inc. ("Cinemark"). We believe our investment in National CineMedia generates incremental value for our stockholders. See "National CineMedia Joint Venture" under Part I, Item I of this Form 10-K for further discussion of National CineMedia.

We also 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 and generate a return on our capital investment. Open Road Films distributed seven films during 2013 which generated national box office revenues of approximately $148.0 million, and intends to distribute approximately six to eight films per year. As of December 26, 2013, our cumulative cash investment in Open Road Films totaled $20.0 million. We believe our investment in Open Road Films will generate incremental value for our stockholders.

In summary, we believe 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 theatres assets, all to provide meaningful value to our stockholders.

Competitive Strengths

We believe that the following competitive strengths position us to capitalize on future opportunities:

Industry Leader. We are the largest domestic motion picture exhibitor operating 7,394 screens in 580 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia. 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 225 theatres and 2,622 screens, including the recent acquisition of Hollywood Theaters in fiscal 2013. We have generally achieved immediate cost savings at acquired theatres and improved their profitability through the application of our consolidated operating functions and key supplier contracts.

Quality Theatre Portfolio. We believe that we operate one of the most modern theatre circuits among major motion picture exhibitors. As of December 26, 2013, approximately 77% of our locations featured stadium seating and approximately 78% of our theatres had 10 or more screens. Our theatres have an average of 12.7 screens per location, which is well above the North American motion picture exhibition industry average. 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 2013, we paid to our stockholders four quarterly cash dividends of $0.21 per share on each outstanding share of our Class A and Class B common stock, or approximately $132.2 million in the aggregate. Further, on February 13, 2014, we declared a cash dividend of $0.22 per share on each outstanding share of Class A and Class B common stock. The dividend is payable on March 14, 2014 to our stockholders of record on March 4, 2014. This dividend reflects a $0.01 per share increase from the Company's last quarterly cash dividend of $0.21 per share declared on October 24, 2013. These 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.

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 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 2013. Against this background of steady long-term growth in revenues and attendance, 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, even during the most recent recessionary period, attendance levels remained stable.

Through the years, the domestic motion picture exhibition industry has experienced increased competition from other methods of delivering content to consumers, including network and syndicated television, cable and satellite television services, in-home video and DVD and pay-per-view services such as video on demand, digital downloads and streaming via the Internet. 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 in-home video or DVD release has remained relatively stable. However, 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.

More recently, the domestic motion picture industry has largely converted from film-based media to electronic-based media, including the distribution of feature films in a digital format rather than a 35 mm film format. Virtually all entertainment content today can be exhibited digitally. Digital projection produces a consistent state-of-the-art presentation for patrons as there is no degradation of image over the exhibition period of the motion picture. 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 differentiated motion picture formats, such as digital 3D, and the exhibition of specialty content offerings through certain industry joint venture arrangements, such as AC JV, LLC and Open Road Films.

Finally, the domestic motion picture exhibition industry is in the process of experimenting with various initiatives and concepts aimed at delivering a premium movie-going experience for its customers in order to differentiate services and build brand loyalty, which we believe will provide us the opportunity for incremental revenue and cash flows. We believe the benefits associated with delivering premium movie-going experiences are significant for our industry and provide us with the opportunity for incremental revenue from premium motion picture formats such as IMAX® and our proprietary large screen format, RPX℠. Other initiatives include broadening food and beverage offerings along with food and beverage self-serve stations, in-theatre dining and bar service, the enhancement of loyalty programs and other customer engagement initiatives such as mobile ticketing applications, internet ticketing, social media and other marketing initiatives. Finally, motion picture exhibitors have begun to offer various other customer amenities including reserved seating and luxury reclining seating. 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 the largest theatre circuit in the United States with 7,394 screens in 580 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of December 26, 2013. We operate theatres in 46 of the top 50 U.S. designated market areas, which include locations in suburban growth 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 wall-to-wall and floor-to-ceiling screens, Sony Digital Cinema™ 4K projection systems, 3D digital projection systems, digital stereo surround-sound, closed-captioning, multi-station concessions stands, computerized ticketing systems,

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plush stadium seating with cup holders and retractable armrests and enhanced interiors featuring video game and party room areas adjacent to the theatre lobby. In addition, we have recently begun a new initiative to install luxury reclining seating at select locations in certain of our key markets.

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 enables us to spread some of our costs, such as payroll, advertising, 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 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. We also believe that another evolution of theatre formats beyond the current megaplex is unlikely to occur in the foreseeable future.

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 26, 2013:

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State/District	Locations	Number of Screens
California	89	1,071
Florida	47	697
New York	47	561
Washington	33	367
Virginia	31	425
Texas	29	407
Pennsylvania	24	319
North Carolina	23	274
Ohio	22	309
Oregon	20	214
South Carolina	17	230
Georgia	16	247
Maryland	15	202
Colorado	14	173
Tennessee	13	179
Indiana	12	145
New Jersey	11	152
Illinois	11	148
Nevada	11	144
Massachusetts	10	118
Missouri	8	114
Hawaii	7	72
Mississippi	7	56
Louisiana	6	64
Idaho	5	73
Kentucky	5	60
New Mexico	5	60
Connecticut	5	57
Alaska	5	52
West Virginia	4	46
Alabama	3	52
Kansas	3	34
Oklahoma	3	34
New Hampshire	3	33
Minnesota	2	36
Delaware	2	33
Arkansas	2	24
Maine	2	20
Nebraska	1	16
Arizona	1	14
District of Columbia	1	14
Guam	1	14
Michigan	1	14
Montana	1	11
Saipan	1	7
American Samoa	1	2

Total	580	7,394

We have implemented a best practices management program across all of our theatres, including daily, weekly, monthly and quarterly management reports generated for each individual theatre and we maintain active communication between the

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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 rank and provide detailed comments and experiences for each of 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 approximately 19,900 U.S. theatres screens (of which approximately 19,100 are part of National CineMedia's digital content network) as of December 26, 2013. During 2013, approximately 710 million patrons attended movies shown in theatres in which National CineMedia currently has exclusive cinema advertising agreements in place. National CineMedia concentrates on in-theatre advertising for its theatrical exhibition partners, which includes us, AMC and Cinemark. As described further in Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on February 13, 2007, National CineMedia, Inc. ("NCM, Inc."), which serves as the sole manager of National CineMedia, completed an IPO of its common stock. In connection with the IPO of NCM, Inc., RCM, through its wholly owned subsidiary Regal CineMedia Holdings, LLC ("RCH"), AMC and Cinemark amended and restated the operating agreement of National CineMedia and other ancillary agreements. As a result of these agreements, we receive theatre access fees and mandatory distributions of excess cash from National CineMedia.

Subsequent to the IPO of NCM, Inc. and through December 26, 2013, the Company received from National CineMedia approximately 10.8 million newly issued common units of National CineMedia as a result of the adjustment provisions of the Common Unit Adjustment Agreement, including approximately 3.4 million newly issued common units of National CineMedia during fiscal 2013 in connection with our acquisition of Hollywood Theaters. These transactions, partially offset by the redemption of approximately 6.6 million of our National CineMedia common units for a like number of shares of NCM, Inc. common stock, which we sold in underwritten public offerings during fiscal 2010 and fiscal 2013, caused a net increase in the Company's ownership share in National CineMedia to 25.4 million common units. As a result, on a fully diluted basis, we own a 20.0% interest in NCM, Inc. as of December 26, 2013.

On December 26, 2013, National CineMedia sold its "Fathom Events" business to AC JV, LLC (“AC JV”), a newly-formed Delaware limited liability company owned, directly and indirectly, 32% by each of RCI, AMC and Cinemark and 4% by National CineMedia. The Fathom Events business focuses on the marketing and distribution of 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. In consideration for the sale, National CineMedia received a total of $25 million in promissory notes from RCI, Cinemark and AMC (one-third or approximately $8.33 million from each). The notes bear interest at 5.0% per annum. Interest and principal payments are due annually in six equal installments commencing on the first anniversary of the closing. In connection with the sale, National CineMedia entered into a transition services agreement to provide certain corporate overhead services for a fee and reimbursement for certain facilities services, creative services, technical event services, event management services and other specified costs to the new entity for a period of nine months following the closing. Due to the related party nature of the transaction, National CineMedia formed a committee of independent directors that hired an investment banking firm who advised the committee and rendered an opinion as to the fairness of the transaction. Since the Company does not have a controlling financial interest in AC JV, it accounts for its investment in AC JV under the equity method of accounting. In addition, on December 26, 2013, RCI amended and restated its existing exhibitor service agreement with National CineMedia in connection with the sale by National CineMedia of its Fathom Events business. AMC and Cinemark also amended and restated their respective existing exhibitor service agreements with National CineMedia in connection with the sale. The existing exhibitor service agreements were modified to remove those provisions addressing the rights and obligations related to digital programing services of the Fathom Events business. Those provisions are now contained in the Amended and

Restated Digital Programming Exhibitor Services Agreements that were entered into on December 26, 2013 by National CineMedia and each of RCI, AMC and Cinemark, respectively. These Amended and Restated Digital Programming Exhibitor Services Agreements were then assigned by National CineMedia to AC JV as part of the sale. 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 Digital Cinema Implementation Partners, LLC ("DCIP"), a joint venture company formed by Regal, AMC and Cinemark. During fiscal 2013, the Company effected equity contributions of approximately $3.5 million to DCIP, and expects to make additional equity contributions in the future. DCIP's initial financing, coupled with a second round of financing completed in March 2011 (which consisted of a new $220.0 million term loan facility), substantially covered the cost of conversion to digital projection for our entire circuit. DCIP funds the cost of conversion to digital projection principally through the collection of virtual print fees from motion picture studios and equipment lease payments from participating exhibitors, including us. The Company holds a 46.7% economic interest in DCIP as of December 26, 2013, while continuing to maintain a one-third voting interest along with each of AMC and Cinemark. Since the Company does not have a controlling financial interest in DCIP or any of its subsidiaries, it accounts for its investment in DCIP under the equity method of accounting. As of December 26, 2013, we operated 7,305 screens 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.

OPEN ROAD FILMS JOINT VENTURE

We also 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 and generate a return on our capital investment. Open Road Films distributed seven films during 2013 which generated national box office revenues of approximately $148.0 million, and intends to distribute approximately six to eight films per year. We believe our investment in Open Road Films will generate incremental value for our stockholders. As of December 26, 2013, we have invested $20.0 million in cash in Open Road Films and may invest an additional $10.0 million in this joint venture. The carrying value of the Company's investment in Open Road Films as of December 26, 2013 was approximately $(7.1) million. We believe our investment in Open Road Films will generate incremental value for our stockholders. 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.

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 network and syndicated television, cable and satellite television services, in-home video and DVD and pay-per-view services such as video on demand, digital downloads and streaming via the Internet. A strong opening run at the theatre can help establish a film's success and substantiate the film's revenue potential. For example, the value of home video, DVD and pay cable distribution agreements frequently depends on the success of a film's theatrical release. 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.

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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 will allocate films among the 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 primary formulas used are "sliding scale," "firm term" and "review or settlement." 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. Under the firm term formula, 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. Lastly, under the review or settlement method, the exhibitor and distributor negotiate a percentage of the box office receipts to be remitted to the distributor upon completion of the theatrical engagement. These negotiations typically involve the use of historical settlements or past precedent.

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. For fiscal 2013, films shown from our ten major film distributors accounted for approximately 94% of our admissions revenues. Five of the ten major film distributors each accounted for more than 10% of fiscal 2013 admission revenues. No single film distributor accounted for more than 20% of fiscal 2013 admissions revenues. We license films from each of the major distributors and believe that our relationships with these distributors are good. From year to year, the revenues attributable to individual distributors will vary widely depending upon the number and popularity of films that each one distributes.

CONCESSIONS

In addition to box office admissions revenues, we generated approximately 26.9% of our total revenues from concessions sales during fiscal 2013. 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 continually address consumer trends and customer preferences, we focus on enlarging our menu of food and beverage products. We have already enhanced our menu to include hot made-to-order meals, customizable coffee, and other specialty products in select theatres. During fiscal 2013, we offered an expanded menu of food items in 81 theatres and expect to offer these food items in approximately 75-90 additional theatres during fiscal 2014. In addition, as of December 26, 2013, we have successfully launched seven Cinebarre locations which offer patrons the convenience of a variety of lunch and dinner menu options, including beer and wine, at the customer's seat before and during the featured film. We believe that the enhancement of our food and beverage offerings has had a positive effect on our operating results and we expect to continue to invest in such food and beverage offerings in our theatres.

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 stadium seating, location, reputation 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, which 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

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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 the largest motion picture exhibitor, 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.

We also compete with other motion picture distribution channels, including network and syndicated television, in-home video and DVD, cable/satellite and pay-per-view services such as video on demand, digital downloads and streaming via the Internet. 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. The theatrical release window has been stable over the past several years. However, 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. Regal Crown Club® members are eligible for specified awards, such as concession items, based on purchases made at our theatres. Through the Regal Crown Club®, we seek to enhance the customer experience and increase frequency of purchases to generate additional revenue. As of December 26, 2013, we had over nine million active members in the Regal Crown Club®, and these members accounted for approximately $921 million of the Company's box office and concession revenues during fiscal 2013. In addition, we seek to develop patron loyalty through a number of other marketing programs such as summer children's film series, cross-promotional ticket redemptions and promotions within local communities. During 2012, we launched a mobile ticketing application designed to give customers quick access to box office information via their Apple iPhone® or Android™ phone. The application provides customers the ability to find films, movie information, showtimes and special offers from Regal and 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. This mobile application has been downloaded approximately 1.8 million times since its launch.

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 expand our ability to sell tickets remotely by using our Internet ticketing partner, Fandango.com, and by offering self-service alternatives, such as ticketing kiosks, print-at-home ticketing, and mobile ticketing. Our Apple iPhone® or Android™ phone application provides customers the ability to find films, movie information, showtimes, special offers from Regal and purchase tickets for local theatres, thereby expediting the admissions process. We continue to strategically pursue technologies to improve services to our patrons and provide information to our management, allowing them to operate our theatres efficiently.

In addition, 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 information electronically and automatically to the media outlets, including newspapers and various online media outlets to drive attendance to our theatres. The sales and attendance information collected by the theatre systems is used directly for film booking and settlement as well as being the primary source of data for our financial systems.

SEASONALITY

Our revenues are usually seasonal, coinciding with the timing of releases of motion pictures by the major distributors. Generally, 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 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

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next fiscal quarter or any other fiscal quarter. 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 26, 2013, we employed approximately 24,201 persons. The Company considers its employee relations to be good.

EXECUTIVE OFFICERS OF THE REGISTRANT

Shown below are the names, ages as of December 26, 2013, 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	47	Chief Executive Officer
Gregory W. Dunn	54	President and Chief Operating Officer
Peter B. Brandow	53	Executive Vice President, General Counsel and Secretary
David H. Ownby	44	Executive Vice President, Chief Financial Officer and Treasurer

Amy E. Miles is our Chief Executive Officer and has served in this capacity since June 2009. 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 Thatcher & 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 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.

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.

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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 2013, our total rent expense and net interest expense were approximately $413.6 million and $141.3 million, respectively. As of December 26, 2013, we had total debt obligations of $2,310.7 million. As of December 26, 2013, we had total contractual cash obligations of approximately $6,440.1 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.

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, to sell assets or to obtain additional financing. 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 has increasingly depended 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 ten major film distributors accounting for approximately 94% of our admissions revenues during fiscal 2013. 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 ten 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 movie delivery vehicles, including network and syndicated television, cable and satellite television services, in-home video and DVD and pay-per-view services such as video on demand, digital downloads and streaming via the Internet. When motion picture distributors license their products to the domestic exhibition industry, they refrain from licensing their motion pictures to these other delivery vehicles during the theatrical release window. The average theatrical release window has decreased from approximately six months to approximately four months over the last decade. Further, some film studios have experimented with offering consumers a premium video-on-demand option for certain films approximately two months after their theatrical launch. 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.

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.

Generally, stadium seating found in modern megaplex theatres is preferred by patrons over slope-floored multiplex theatres, which were the predominant theatre-type built prior to 1996. Although, as of December 26, 2013, approximately 77% of our locations featured stadium seating, we still serve many markets with sloped-floored multiplex theatres. These theatres may be more vulnerable to competition than our modern megaplex theatres, and should other theatre operators choose to build and operate modern megaplex theatres in these markets, the performance of our theatres in these markets may be significantly and negatively impacted. In addition, should other theatre operators return to the aggressive building strategies undertaken in the late 1990's, our attendance, revenue and income from operations per screen could decline substantially.

We may not benefit from our strategic acquisition strategy and 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 sufficient cash flow to service debt incurred to finance an acquisition, our results of operations and profitability would 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;

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- 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 selectively pursue 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 26, 2013, we owned approximately 20.0% of National CineMedia, and participate in other joint ventures such as DCIP, Open Road Films and AC JV. Risks associated with pursuing these investments and opportunities include:

- 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 and AC JV 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 United States Department of Justice or foreign competition authorities may require us to dispose of existing or acquired theatres in order to complete acquisition and partnership opportunities.

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 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, power outages 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 securely maintain 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.

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 part time workers who are paid at or near 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.

Anschutz Company 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 26, 2013, Anschutz Company controlled approximately 78% of the voting power of all of our outstanding common stock. For as long as Anschutz Company 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 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. Anschutz Company will also have the power to prevent or cause a change in control, and could take other actions that might be desirable to Anschutz Company but not to other stockholders. In addition, Anschutz Company 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 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, or the perception that those sales will occur, could cause the market price of our Class A common stock to decline.
As of February 17, 2014, 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.

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Anschutz Company is able to sell its shares pursuant to the registration rights that we have granted. 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 Anschutz Company 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, 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 $9^1/_8$% Senior Notes due 2018 (the "$9^1/_8$% Senior Notes"), our $5^3/_4$% Senior Notes due 2025 (the "$5^3/_4$% Senior Notes Due 2025"), our $5^3/_4$% Senior Notes due 2023 (the "$5^3/_4$% Senior Notes Due 2023") 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.

Item 1B. UNRESOLVED STAFF COMMENTS.

None.

Item 2. PROPERTIES.

As of December 26, 2013, we operated 522 theatre locations pursuant to lease agreements and owned the land and buildings in fee for 58 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 26, 2013, 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 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 2013	
	High	Low
First Quarter (December 28, 2012 - March 28, 2013)	$16.84	$13.72
Second Quarter (March 29, 2013 - June 27, 2013)	19.00	16.17
Third Quarter (June 28, 2013 - September 26, 2013)	19.53	17.65
Fourth Quarter (September 27, 2013 - December 26, 2013)	19.95	18.10
	Fiscal 2012	
	High	Low
First Quarter (December 30, 2011 - March 29, 2012)	$14.39	$11.55
Second Quarter (March 30, 2012 - June 28, 2012)	14.74	12.74
Third Quarter (June 29, 2012 - September 27, 2012)	14.44	12.99
Fourth Quarter (September 28, 2012 - December 27, 2012)	16.30	13.27

On February 17, 2014, there were approximately 262 stockholders of record of our Class A common stock and one stockholder of record of our Class B common stock.

Additionally, as of February 17, 2014, approximately 3,900 shares of our Class A common stock are issuable upon exercise of stock options that vest and are exercisable on June 23, 2014, with an exercise price of $13.7171. All such options were fully vested and exercisable as of February 17, 2014. Finally, as of February 17, 2014 our officers, directors and key employees hold, or in the case of performance shares are eligible to receive, approximately 1,747,077 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 January 8, 2018. All shares underlying outstanding options and all shares of restricted stock are registered and will be freely tradable when the option is exercised, in the case of restricted stock when the restrictions lapse, unless such shares are 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 fiscal 2013, we paid to our stockholders four quarterly cash dividends of $0.21 per share on each outstanding share of our Class A and Class B common stock, or approximately $132.2 million in the aggregate. During fiscal 2012, we paid to our stockholders four quarterly cash dividends of $0.21 per share on each outstanding share of our Class A and Class B common stock, or approximately $131.8 million in the aggregate. In addition, on December 27, 2012, we paid an extraordinary cash dividend of $1.00 per share on each outstanding share of our Class A and Class B common stock, or approximately $155.5 million. On February 13, 2014, we declared a cash dividend of $0.22 per share on each outstanding share of Class A and Class B common stock. The dividend is payable on March 14, 2014 to our stockholders of record on March 4, 2014. This dividend reflects a $0.01 per share increase from the Company's last quarterly cash dividend of $0.21 per share declared on October 24, 2013. These 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.

We present below selected historical consolidated financial data for Regal based on historical data, for periods subsequent to the respective acquisition dates, for (i) the fiscal year ended December 31, 2009, considering the results of United Artists, Regal Cinemas, Edwards and the 28 theatres acquired from Consolidated Theatres from January 2, 2009, (ii) the fiscal year ended December 30, 2010, considering the results of United Artists, Regal Cinemas, Edwards, the 28 theatres acquired from Consolidated Theatres from January 1, 2010 and the eight theatres acquired from AMC on May 24, 2010 and June 24, 2010 for periods subsequent to their acquisition dates, (iii) the fiscal year ended December 29, 2011, considering the results of United Artists, Regal Cinemas, Edwards, the 28 theatres acquired from Consolidated Theatres and the eight theatres acquired from AMC from December 31, 2010, (iv) the fiscal year ended December 27, 2012, considering the results of United Artists, Regal Cinemas, Edwards, the 28 theatres acquired from Consolidated Theatres, the eight theatres acquired from AMC from December 30, 2011 and the acquisition of Great Escape Theatres, which consists of 25 theatres, for the period subsequent to the acquisition date of November 29, 2012, and (v) the fiscal year ended December 26, 2013, considering the results of United Artists, Regal Cinemas, Edwards, the 28 theatres acquired from Consolidated Theatres, the eight theatres acquired from AMC, the 25 theatres acquired from Great Escape Theatres from December 28, 2012, and the acquisition of Hollywood Theaters, which consists of 43 theatres, for the period subsequent to the acquisition date of March 29, 2013. The selected historical consolidated financial data as of and for the fiscal years ended December 26, 2013, December 27, 2012, December 29, 2011, December 30, 2010, and December 31, 2009 were derived from the audited consolidated financial statements of Regal and the notes thereto, as adjusted as described in footnote 6 below. 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.

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	Fiscal year ended December 26, 2013	Fiscal year ended December 27, 2012	Fiscal year ended December 29, 2011	Fiscal year ended December 30, 2010	Fiscal year ended December 31, 2009
	(in millions, except per share data)				
Statement of Income Data:					
Total revenues(6)	$3,038.1	$2,820.0	$2,675.9	$2,801.9	$2,889.7
Income from operations(4)(6)	339.8	330.0	215.5	209.8	275.2
Net income attributable to controlling interest(3)(4)(5)(6)	157.7	142.3	36.8	74.0	91.3
Earnings per diluted share(3)(4)(5)(6)	1.01	0.92	0.24	0.48	0.59
Dividends per common share(1)(2)	$0.84	$1.84	$0.84	$2.12	$0.72

	As of or for the fiscal year ended December 26, 2013	As of or for the fiscal year ended December 27, 2012	As of or for the fiscal year ended December 29, 2011	As of or for the fiscal year ended December 30, 2010	As of or for the fiscal year ended December 31, 2009
	(in millions, except operating data)				
Other financial data:					
Net cash provided by operating activities(3)	$346.9	$346.6	$353.1	$259.4	$410.8
Net cash used in investing activities(3)	(258.7)	(183.4)	(101.1)	(82.7)	(110.5)
Net cash provided by (used in) financing activities(1)(2)	83.2	(306.7)	(204.3)	(299.5)	(142.4)
Balance sheet data at period end:					
Cash and cash equivalents	$280.9	$109.5	$253.0	$205.3	$328.1
Total assets(6)	2,704.7	2,222.1	2,352.2	2,501.2	2,643.9
Total debt obligations	2,310.7	1,995.2	2,016.3	2,073.0	1,997.1
Deficit(6)	(715.3)	(750.4)	(621.8)	(537.5)	(289.1)
Operating data:					
Theatre locations	580	540	527	539	548
Screens	7,394	6,880	6,614	6,698	6,768
Average screens per location	12.7	12.7	12.6	12.4	12.4
Attendance (in millions)	228.6	216.4	211.9	224.3	244.5
Average ticket price	$9.01	$8.90	$8.70	$8.72	$8.15
Average concessions per patron	$3.57	$3.46	$3.34	$3.23	$3.17

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(1) 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.

(2) Includes the December 30, 2010 payment of the $1.40 extraordinary cash dividend paid on each share of Class A and Class B common stock.

(3) During the quarter ended September 30, 2010, we redeemed 4.3 million of our National CineMedia common units for a like number of shares of NCM, Inc. common stock, which we sold in an underwritten public offering (including underwriter over-allotments) for $16.00 per share, reducing our investment in National CineMedia by $14.0 million, the average carrying amount of the shares sold. We received approximately $66.0 million in proceeds after deducting related fees and expenses payable by us, resulting in a gain on sale of $52.0 million.

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

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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.

(4) During the years ended December 26, 2013, December 27, 2012, December 29, 2011, December 30, 2010, and December 31, 2009, we recorded long-lived asset impairment charges of $9.5 million, $11.1 million, $17.9 million, $10.3 million, and $15.3 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.

(5) During the quarter ended December 29, 2011, the Company considered various factors pertaining to its investment in RealD, Inc. as part of its ongoing impairment review and determined that an other-than-temporary impairment existed as of December 29, 2011. Such determination was based primarily on the length (approximately six months) of time during which the fair value of the RealD, Inc. investment remained substantially below the recorded investment cost basis of approximately $19.40 per share, the severity of the decline during such period and the prospects of recovery of the investment to its original cost basis. As a result, the Company recorded a $13.9 million other-than-temporary impairment charge to write-down its cost basis in RealD, Inc. to fair value as of December 29, 2011. The fair value of RealD, Inc. common shares was based on the publicly traded common stock price of RealD, Inc. as of December 29, 2011 of $8.05 per share.

(6) During the quarter ended December 26, 2013, the Company identified errors related to an understatement of deferred revenue attributable to its paper gift certificate and discount ticket products and an overstatement of other operating revenue associated with the unredeemed portion of these products dating from fiscal 2002 through fiscal 2012. In accordance with Financial Accounting Standards Board Accounting Standards Codification 250, Accounting Changes and Error Corrections, we evaluated the materiality of the errors from quantitative and qualitative perspectives, and concluded that the errors were immaterial to the Company’s prior period interim and annual consolidated financial statements. Since these revisions were not material to any prior period interim or annual consolidated financial statements, no amendments to previously filed interim or annual periodic reports are required. Consequently, the Company has adjusted for these errors by revising its historical selected financial data presented herein. The Company recognized the cumulative effect of the error on periods prior to those that are presented herein by increasing deferred revenue by approximately $44.2 million, reducing additional paid-in capital and retained earnings by $36.2 million and $1.8 million, respectively, and increasing goodwill by $6.2 million as of the beginning of fiscal year 2009. See "Immaterial Correction of an Error in Prior Periods" under Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further information.

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 26, 2013, December 27, 2012, and December 29, 2011. 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 the largest and most geographically diverse theatre circuit in the United States, consisting of 7,394 screens in 580 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of December 26, 2013. We believe the size, reach and quality of our theatre circuit provide an exceptional platform to realize economies of scale from our theatre operations. We also maintain an investment in National CineMedia, which concentrates on in-theatre advertising. 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 discount ticket programs, various other activities in our theatres and our relationship with National CineMedia. 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 Company's revenues are usually seasonal, coinciding with the timing of releases of motion pictures by the major distributors. Generally, motion picture studios release the most marketable motion pictures during the summer and holiday seasons. The emergence or continuance of a "hit" film during other periods can alter the traditional pattern. The timing of movie releases can have a significant effect on the Company's results of operations, and the results of one fiscal quarter are not necessarily indicative of the results for the next or any other fiscal quarter. 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."

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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 film costs, property and equipment, goodwill, deferred revenue pertaining to gift card and discount 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.

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 the 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 firm. 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. Based on our annual impairment assessment conducted during fiscal 2013, fiscal 2012 and fiscal 2011, we were not required to record a charge for goodwill impairment. 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.
- We estimate our film cost expense and related film cost payable based on management's best estimate of the expected box office revenue of each film over the length of its run in our theatres and the ultimate settlement of such film costs with the distributors. Generally, less than one-third of our quarterly film expense is estimated at period-end. The length of time until these costs are known with certainty depends on the ultimate duration of the film play, but is typically "settled" within two to three months of a particular film's opening release. Upon settlement with our film

distributors, film cost expense and the related film cost payable are adjusted to the final film settlement. The ultimate revenues of a film can be estimated reasonably accurately within a few weeks after the film is released based on the film's initial box office receipts. As a result, there are typically insignificant variances between our estimates of film cost expense and the final film cost payable, because we make such estimates based on each film's box office receipts through the end of the reporting period. For the fiscal years ended December 26, 2013, December 27, 2012 and December 29, 2011, there were no significant changes in our film cost estimation and settlement procedures.

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- 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 average economic 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 a longer useful economic life, and their depreciable lives (12-17.5 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.

For the fiscal years ended December 26, 2013, December 27, 2012 and December 29, 2011, 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 26, 2013, consolidated depreciation and amortization expense was $200.2 million, representing 6.6% 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 $12.8 million, or 6.4%. 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 $14.7 million, or 7.3%.

- 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.

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For fiscal 2013, our provision for income taxes was $107.0 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 40.4% to 41.4% would have increased the current year income tax provision by approximately $2.5 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 discount tickets and gift cards that have not been redeemed. The Company recognizes revenue as a component of "Other operating revenues" associated with discount 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 discount 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 2014 Outlook

During the fiscal years ended December 26, 2013 ("Fiscal 2013 Period"), December 27, 2012 ("Fiscal 2012 Period"), and December 29, 2011 ("Fiscal 2011 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.

During the Fiscal 2013 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 Fiscal 2013, we paid to our stockholders four quarterly cash dividends of $0.21 per share, or approximately $132.2 million in the aggregate.
- In addition to the November 2012 acquisition of Great Escape Theatres, consisting of 25 theatres and 301 screens, we continued to actively manage our asset base during the Fiscal 2013 Period by completing the acquisition of Hollywood Theaters on March 29, 2013 whereby we acquired a total of 43 theatres with 513 screens for an aggregate net cash purchase price of approximately $194.4 million. The acquisition of Hollywood Theaters enhanced our presence in 16 states and 3 U.S. territories. The 814 screens from Great Escape Theatres and Hollywood Theaters accounted for 16.3 million attendees, or 7.1% of total attendance for the Fiscal 2013 Period, and contributed approximately $128.6 million, or 6.2%, of the Fiscal 2013 Period total admissions revenues. In addition, we opened eight new theatres with 98 screens, opened four new screens at two existing theatres and closed 11 underperforming theatres with 101 screens, ending the Fiscal 2013 Period with 580 theatres and 7,394 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 three complementary fronts:

First, we believe the installation of premium screens allows us to offer our patrons all-digital large format experiences that generate incremental revenue and cash flows for the Company. During fiscal 2013, we continued to install additional IMAX® digital projection systems and RPX^{SM} screens in select theatre locations across the U.S. As of December 26, 2013, our IMAX® footprint consisted of a total of 82 IMAX® screens and we operated a total of 62 RPX^{SM} screens. We have been encouraged by the operating results of our IMAX® and RPX^{SM} screens and to that end, we intend to install additional IMAX® digital projection systems and RPX^{SM} screens during fiscal 2014 and beyond. In addition, during fiscal 2013, we began a new initiative to install luxury reclining seating at select locations. Based on promising initial results, we expect to offer luxury seating in approximately 20 to 25 locations by the end of fiscal 2014.

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Second, we believe that the enhancement of our food and beverage offerings has had a positive effect on our operating results and we expect to continue to invest in such food and beverage offerings in our theatres. To continually address consumer trends and customer preferences, we have focused on enlarging our menu of food and beverage products. We have already expanded our menu to include hot made-to-order meals, customizable coffee, beer and wine and other specialty products in select theatres. During fiscal 2013, we offered an expanded menu of food items in 81 theatres and expect to offer these food items in approximately 75-90 additional theatres during fiscal 2014. In addition, as of December 26, 2013, we have successfully launched seven Cinebarre locations which offer patrons the convenience of a variety of lunch and dinner menu options, including beer and wine, served at the customer's seat before and during the featured film.

Third, we intend to continue our focus on interactive marketing programs aimed at increasing attendance and enhancing the overall customer experience. We maintain a frequent moviegoer loyalty program, named the Regal Crown Club®, to actively engage our core customers. Regal Crown Club® members are eligible for specified awards, such as concession items, based on purchases made at our participating theatres. As of December 26, 2013, we had over nine million active members in the Regal Crown Club®, making it the largest loyalty program in our industry, and these members accounted for approximately $921 million of the Company's box office and concession revenues during fiscal 2013. In addition, we seek to develop patron loyalty through a number of other marketing programs such as summer children's film series, cross-promotional ticket redemptions and promotions within local communities. During 2012, we launched a mobile ticketing application designed to give customers quick access to box office information via their Apple iPhone® or Android™ phone. The application provides customers the ability to find films, movie information, showtimes and special offers from Regal and 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. This mobile application has been downloaded approximately 1.8 million times since its launch.

- Finally, we believe Open Road Films fills 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 and will drive additional patrons to our theatres and generate a return on our capital investment. Open Road Films distributed seven films during 2013 which generated national box office revenues of approximately $148.0 million, and intends to distribute approximately six to eight films per year. As of December 26, 2013, our cumulative cash investment in Open Road Films totaled $20.0 million. We believe our investment in Open Road Films will generate incremental value for our stockholders.

We are optimistic regarding the breadth of the 2014 film slate, including the timing of the release schedule and the number of films scheduled for release in premium-priced formats. Evidenced by the motion picture studios' continued efforts to promote and market upcoming film releases, 2014 appears to be another year of high-profile releases such as 300: Rise of an Empire, Mr. Peabody & Sherman, Divergent, Captain America: The Winter Soldier, Rio 2, The Amazing Spider-Man 2, Godzilla, X-Men: Days of Future Past, Maleficent, 22 Jump Street, How to Train Your Dragon 2, Transformers: Age of Extinction, Dawn of Planet of the Apes, Guardians of the Galaxy, Interstellar, The Hunger Games: Mockingjay, Part 1, The Hobbit: There And Back Again and Night at the Museum 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) to be in the range of $115.0 million to $125.0 million for fiscal 2014, consisting of new theatre development, expansion of existing theatre facilities, upgrades and replacements.

Overall for the fiscal 2014 year, we expect to benefit from the impact of a 53-week fiscal year and modest increases in ticket prices and average concessions per patron. In addition, we expect fiscal 2014 admissions and concessions revenues to be supported by our continued focus on efficient theatre operations and through opportunities to expand our concession offerings. 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 13, 2014, we declared a cash dividend of $0.22 per share on each outstanding share of Class A and Class B common stock. The dividend is payable on March 14, 2014 to our stockholders of record on March 4, 2014. This dividend reflects a $0.01 per share increase from the Company's last quarterly cash dividend of $0.21 per share declared on October 24, 2013.

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Results of Operations

Based on our review of industry sources, North American box office revenues for the time period that corresponds to the Fiscal 2013 Period were estimated to have increased by approximately one to two percent in comparison to the period of time that corresponds to the Fiscal 2012 Period. The industry's box office results for 2013 were positively impacted by strong attendance from the breadth and commercial success of the overall film slate during 2013.

During the quarter ended December 26, 2013, the Company identified errors related to an understatement of deferred revenue attributable to its paper gift certificate and discount ticket products and an overstatement of other operating revenue associated with the unredeemed portion of these products dating from fiscal 2002 through fiscal 2012. In accordance with Financial Accounting Standards Board Accounting Standards Codification 250, Accounting Changes and Error Corrections, we evaluated the materiality of the errors from quantitative and qualitative perspectives, and concluded that the errors were immaterial to the Company’s prior period interim and annual consolidated financial statements. Since these revisions were not material to any prior period interim or annual consolidated financial statements, no amendments to previously filed interim or annual periodic reports are required. Consequently, the Company has adjusted for these errors by revising its historical consolidated financial information presented herein. See "Immaterial Correction of an Error in Prior Periods" under Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further information.

The following table sets forth the percentage of total revenues represented by certain items included in our consolidated statements of income for the Fiscal 2013 Period, the Fiscal 2012 Period and the Fiscal 2011 Period (dollars and attendance in millions, except average ticket prices and average concessions per patron):

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	Fiscal 2013 Period		Fiscal 2012 Period		Fiscal 2011 Period	
	$	% of Revenue	$	% of Revenue	$	% of Revenue
Revenues:						
Admissions	$2,059.6	67.8 %	$1,925.1	68.3 %	$1,842.6	68.9 %
Concessions	816.9	26.9	748.4	26.5	708.0	26.4
Other operating revenues	161.6	5.3	146.5	5.2	125.3	4.7
Total revenues	3,038.1	100.0	2,820.0	100.0	2,675.9	100.0
Operating expenses:						
Film rental and advertising costs(1)	1,078.0	52.3	1,000.5	52.0	953.7	51.8
Cost of concessions(2)	111.6	13.7	101.1	13.5	96.6	13.6
Rent expense(3)	413.6	13.6	384.4	13.6	381.5	14.3
Other operating expenses(3)	812.8	26.8	735.9	26.1	744.4	27.8
General and administrative expenses (including share-based compensation expense of $9.3 million, $10.3 million and $7.9 million for the Fiscal 2013 Period, the Fiscal 2012 Period and the Fiscal 2011 Period, respectively)(3)	73.7	2.4	68.8	2.4	65.8	2.5
Depreciation and amortization(3)	200.2	6.6	183.1	6.5	197.6	7.4
Net loss on disposal and impairment of operating assets and other(3)	8.4	0.3	16.2	0.6	20.8	0.8
Total operating expenses(3)	2,698.3	88.8	2,490.0	88.3	2,460.4	91.9
Income from operations(3)	339.8	11.2	330.0	11.7	215.5	8.1
Interest expense, net(3)	141.3	4.7	135.0	4.8	149.7	5.6
Loss on extinguishment of debt(3)	30.7	1.0	—	—	21.9	0.8
Earnings recognized from NCM(3)	(37.5)	1.2	(34.8)	1.2	(37.9)	1.4
Gain on sale of NCM, Inc. common stock(3)	(30.9)	1.0	—	—	—	—
Impairment of investment in RealD, Inc.(3)	—	—	—	—	13.9	0.5
Provision for income taxes(3)	107.0	3.5	89.5	3.2	15.4	0.6
Net income attributable to controlling interest(3)	$157.7	5.2	$142.3	5.0	$36.8	1.4
Attendance	228.6	*	216.4	*	211.9	*
Average ticket price(4)	$9.01	*	$8.90	*	$8.70	*
Average concessions per patron(5)	$3.57	*	$3.46	*	$3.34	*

*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 revenue/attendance.
(5) Calculated as concessions revenue/attendance.

Fiscal 2013 Period Compared to Fiscal 2012 Period

Admissions

During the Fiscal 2013 Period, total admissions revenues increased $134.5 million, or 7.0%, to $2,059.6 million, from $1,925.1 million in the Fiscal 2012 Period. A 5.6% increase in attendance (approximately $107.8 million of total admissions revenues) coupled with a 1.2% increase in average ticket prices (approximately $26.7 million of total admissions revenues) led to the increase in the Fiscal 2013 Period admissions revenues. The 814 screens from Great Escape Theatres and Hollywood

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Theaters accounted for 16.3 million attendees, or 7.1%, of the Fiscal 2013 Period total attendance and contributed approximately $128.6 million, or 6.2%, of the Fiscal 2013 Period total admissions revenues. On a comparable screen basis (i.e., excluding the effects of the inclusion of the 814 screens from Great Escape Theatres and Hollywood Theaters), attendance for the Fiscal 2013 Period was approximately 212.3 million, a 1.7% decrease from the Fiscal 2012 Period, and admissions revenues for the Fiscal 2013 Period was approximately $1,931.0 million, an increase of $9.4 million or 0.5% from the Fiscal 2012 Period. On a comparable screen basis, the 2.2% increase in average ticket prices (approximately $42.1 million of admissions revenues), partially offset by the 1.7% decrease in attendance (approximately $32.7 million of admissions revenues), led to the increase in the Fiscal 2013 Period admissions revenues. The comparable screen average ticket price increase was due to selective price increases identified during our ongoing periodic pricing reviews (which include analysis of various factors such as general inflationary trends and local market conditions). The decrease in comparable screen attendance during the Fiscal 2013 Period was primarily attributable to difficult comparisons with the strong attendance experienced in the Fiscal 2012 Period from such pictures as The Avengers, The Dark Knight Rises and The Hunger Games, partially offset by the the breadth and commercial appeal of the overall film slate during the Fiscal 2013 Period. Based on our review of certain industry sources, the increase in our admissions revenues on a comparable screen basis was in line with the industry's per screen results for the Fiscal 2013 Period as compared to the Fiscal 2012 Period

Concessions

Total concessions revenues increased $68.5 million, or 9.2%, to $816.9 million during the Fiscal 2013 Period, from $748.4 million for the Fiscal 2012 Period. A 5.6% increase in attendance (approximately $41.9 million of total concessions revenues) coupled with a 3.2% increase in average concessions revenues per patron (approximately $26.6 million of total concessions revenues), led to the increase in the Fiscal 2013 Period concessions revenue. On a comparable screen basis, total concessions revenues for the Fiscal 2013 Period was $757.6 million, an increase of $10.8 million or 1.4% from the Fiscal 2012 Period. On a comparable screen basis, the increase in total concessions revenues during the Fiscal 2013 Period was primarily attributable to a 3.2% increase in comparable screen average concessions revenues per patron (approximately $23.5 million of concessions revenues), partially offset by the aforementioned 1.7% decrease in comparable screen attendance (approximately $12.7 million of concessions revenues) during the period. The increase in comparable screen average concessions revenues per patron for the Fiscal 2013 Period was primarily a result of an increase in popcorn and beverage sales volume and to a lesser extent, selective price increases and the continued rollout of our expanded food menu during the period.

Other Operating Revenues

During the Fiscal 2013 Period, other operating revenues increased $15.1 million, or 10.3%, to $161.6 million, from $146.5 million in the Fiscal 2012 Period. Included in other operating revenues are the theatre access fees paid by National CineMedia (net of payments for onscreen advertising time provided to our beverage concessionaire), revenues from our vendor marketing programs, other theatre revenues (consisting of theatre rentals, internet ticketing surcharges, arcade games and other) and revenue related to our gift card and discount ticket programs. The increase in other operating revenues during the Fiscal 2013 Period was principally due to increases in revenues from our vendor marketing programs (approximately $9.2 million) and increases in other theatre revenues (approximately $4.8 million).

Film Rental and Advertising Costs

Film rental and advertising costs as a percentage of admissions revenues increased to 52.3% during the Fiscal 2013 Period from 52.0% in the Fiscal 2012 Period. The increase in film rental and advertising costs as a percentage of box office revenues during the Fiscal 2013 Period was primarily attributable to the overall increase in box office revenues associated with the breadth and commercial appeal of the overall film slate during the Fiscal 2013 Period and an increase in promotional costs associated with new theatre openings.

Cost of Concessions

During the Fiscal 2013 Period, cost of concessions increased $10.5 million, or 10.4%, to $111.6 million as compared to $101.1 million during the Fiscal 2012 Period. Cost of concessions as a percentage of concessions revenues for the Fiscal 2013 Period was approximately 13.7%, compared to 13.5% during the Fiscal 2012 Period. The increase in cost of concessions as a percentage of concessions revenues during the Fiscal 2013 Period was primarily related to slightly higher raw material and packaged good costs, partially offset by an increase in the amount of vendor marketing revenue recorded as a reduction of cost of concessions.

Rent Expense

Rent expense increased by $29.2 million, or 7.6%, to $413.6 million in the Fiscal 2013 Period, from $384.4 million in the Fiscal 2012 Period. The increase in rent expense during the Fiscal 2013 Period was primarily related to incremental rent associated with the leases acquired as part of the Great Escape Theatres and Hollywood Theaters acquisitions. On a comparable screen basis, rent expense increased $6.0 million, or 1.6%, during the Fiscal 2013 Period as compared to the Fiscal 2012 Period. On a comparable screen basis, the increase in rent expense in the Fiscal 2013 Period was primarily attributable to

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higher contingent rent associated with increased admissions and concessions revenues during the Fiscal 2013 Period and incremental rent associated with the opening of eight new theatres with 98 screens subsequent to the end of the Fiscal 2012 Period, partially offset by the closure of 11 theatres with 101 screens subsequent to the end of the Fiscal 2012 Period.

Other Operating Expenses

Other operating expenses increased $76.9 million, or 10.4%, to $812.8 million in the Fiscal 2013 Period, from $735.9 million in the Fiscal 2012 Period. The increase in other operating expenses during the Fiscal 2013 Period was attributable to increases in certain non-rent occupancy costs (approximately $30.3 million for the Fiscal 2013 Period) and theatre level payroll expenses (approximately $25.4 million for the Fiscal 2013 Period) associated with the impact of the 814 screens from Great Escape Theatres and Hollywood Theaters. On a comparable screen basis, other operating expenses increased $24.0 million, or 3.3% during the Fiscal 2013 Period as compared to the Fiscal 2012 Period. On a comparable screen basis, the increase in other operating expenses during the Fiscal 2013 Period was also attributable to increases in theatre level payroll expenses and certain non-rent occupancy costs and increased costs associated with higher premium format film revenues during the Fiscal 2013 Period.

General and Administrative Expenses

General and administrative expenses increased $4.9 million, or 7.1%, to $73.7 million in the Fiscal 2013 Period, from $68.8 million in the Fiscal 2012 Period. The increase in general and administrative expenses during the Fiscal 2013 Period was primarily attributable to transaction costs associated with our recent acquisitions (approximately $3.2 million) and higher corporate payroll costs during the period, partially offset by slightly lower share-based compensation expense.

Depreciation and Amortization

Depreciation and amortization expense increased $17.1 million, or 9.3%, to $200.2 million for the Fiscal 2013 Period, from $183.1 million in the Fiscal 2012 Period. The increase in depreciation and amortization expense during the Fiscal 2013 Period was primarily related to incremental depreciation and amortization expense associated with the addition of the 814 screens from Great Escape Theatres and Hollywood Theaters. On a comparable screen basis, depreciation and amortization expense decreased $0.1 million, or 0.1% during the Fiscal 2013 Period as compared to the Fiscal 2012 Period.

Income from Operations

Income from operations increased $9.8 million, or 3.0%, to $339.8 million during the Fiscal 2013 Period, from $330.0 million in the Fiscal 2012 Period. The increase in income from operations during the Fiscal 2013 Period was primarily 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 2013 Period, net interest expense increased $6.3 million, or 4.7%, to $141.3 million, from $135.0 million in the Fiscal 2012 Period. The increase in net interest expense during the Fiscal 2013 Period was principally due to incremental interest associated with the issuance of our $5^3/_4$% Senior Notes Due 2025 and the capital lease and lease financing obligations assumed from Hollywood Theaters, partially offset by interest savings associated with the partial refinance of approximately $213.6 million aggregate principal amount of our $9^1/_8$% Senior Notes with the proceeds from the second quarter of 2013 issuance of our $5^3/_4$% Senior Notes Due 2023 and a lower effective interest rate on our Term Facility (including a change in our interest rate swap portfolio).

Earnings Recognized from NCM

Earnings recognized from NCM increased $2.7 million, or 7.8%, to $37.5 million in the Fiscal 2013 Period, from $34.8 million in the Fiscal 2012 Period. The increase in earnings recognized from NCM during the Fiscal 2013 Period was primarily attributable to higher earnings of National CineMedia during such period.

Income Taxes

The provision for income taxes of $107.0 million and $89.5 million for the Fiscal 2013 Period and the Fiscal 2012 Period, respectively, reflect effective tax rates of approximately 40.4% and 38.6%, respectively. The increase in the effective tax rate for the Fiscal 2013 Period is primarily attributable to changes in uncertain tax positions with state taxing authorities resulting from the lapse of statute of limitations that occurred in the Fiscal 2012 Period. The effective tax rates for such periods also reflect the impact of certain non-deductible expenses and other income tax credits.

Net Income Attributable to Controlling Interest

Net income attributable to controlling interest for the Fiscal 2013 Period was $157.7 million, which represents an increase of $15.4 million, from net income attributable to controlling interest of $142.3 million during the Fiscal 2012 Period. The increase in net income attributable to controlling interest for the Fiscal 2013 Period was primarily attributable to an

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increase in operating income as described above, the impact of the gain on sale of NCM, Inc. common stock recorded during the third quarter of the Fiscal 2013 Period and higher equity earnings generated by certain of our equity method investments, partially offset by the impact of the $30.3 million ($19.2 million after related tax effects) loss on debt extinguishment related to the repurchase of approximately $213.6 million aggregate principal amount of the Company's $9^{1}/_{8}$% Senior Notes.

Fiscal 2012 Period Compared to Fiscal 2011 Period

Admissions

During the Fiscal 2012 Period, total admissions revenues increased $82.5 million, or 4.5%, to $1,925.1 million, from $1,842.6 million in the Fiscal 2011 Period primarily due to a 2.3% increase in average ticket price (approximately $43.8 million of total admissions revenues) and a 2.1% increase in attendance (approximately $38.7 million of total admissions revenues). The primary driver of the increase in our Fiscal 2012 Period average ticket price was selective price increases identified during our ongoing periodic pricing reviews. We believe that our attendance is primarily dependent upon the commercial appeal of content released by the motion picture studios. The Fiscal 2012 Period increase in attendance was primarily attributable to the commercial appeal to our patrons of the films exhibited in our theatres during the Fiscal 2012 Period, including The Avengers, The Dark Knight Rises and The Hunger Games, as compared to the films exhibited during the Fiscal 2011 Period. Based on our review of certain industry sources, the increase in our admissions revenues on a per screen basis was slightly lower than the industry’s per screen results for the Fiscal 2012 Period as compared to the Fiscal 2011 Period.

Concessions

Total concessions revenues increased $40.4 million, or 5.7%, to $748.4 million during the Fiscal 2012 Period, from $708.0 million for the Fiscal 2011 Period. Average concessions revenues per patron during the Fiscal 2012 Period increased 3.6%, to $3.46, from $3.34 for the Fiscal 2011 Period. The increase in total concessions revenues during the Fiscal 2012 Period was attributable to the increase in average concessions revenues per patron (approximately $25.5 million of total concessions revenues), coupled with the aforementioned increase in attendance during the period (approximately $14.9 million of total concessions revenues). The increase in average concessions revenues per patron for the Fiscal 2012 Period was primarily a result of an increase in popcorn and beverage sales volume during the Fiscal 2012 Period, and to a lesser extent, the positive impact of an expanded variety of food items offered in 55 of our theatres during the Fiscal 2012 Period.

Other Operating Revenues

During the Fiscal 2012 Period, other operating revenues increased $21.2 million, or 16.9%, to $146.5 million, from $125.3 million in the Fiscal 2011 Period. Included in other operating revenues are the theatre access fees paid by National CineMedia (net of payments for onscreen advertising time provided to our beverage concessionaire), revenues from our vendor marketing programs and other theatre revenues, including revenue related to our gift card and discount ticket programs. The increase in other operating revenues during the Fiscal 2012 Period was primarily driven by increases in revenues from our vendor marketing programs (approximately $11.2 million), increases in other theatre revenues (approximately $7.2 million), increases in theatre access fees (approximately $2.3 million), and an increase in revenue related to our gift card and discount ticket programs (approximately $0.5 million).

Film Rental and Advertising Costs

Film rental and advertising costs as a percentage of admissions revenues increased to 52.0% during the Fiscal 2012 Period from 51.8% in the Fiscal 2011 Period. The increase in film rental and advertising costs as a percentage of box office revenues during the Fiscal 2012 Period was primarily attributable to higher film costs associated with the success of the top tier films exhibited during the Fiscal 2012 Period.

Cost of Concessions

During the Fiscal 2012 Period, cost of concessions increased $4.5 million, or 4.7%, to $101.1 million as compared to $96.6 million during the Fiscal 2011 Period. Cost of concessions as a percentage of concessions revenues for the Fiscal 2012 Period was approximately 13.5%, compared to 13.6% during the Fiscal 2011 Period. The decrease in cost of concessions as a percentage of concessions revenues during the Fiscal 2012 Period was primarily related to an increase in the amount of vendor marketing revenue recorded as a reduction of cost of concessions during the Fiscal 2012 Period, partially offset by slightly higher raw material costs for certain items.

Rent Expense

Rent expense increased by $2.9 million, or 0.8%, to $384.4 million in the Fiscal 2012 Period, from $381.5 million in the Fiscal 2011 Period. The increase in rent expense during the Fiscal 2012 Period was primarily related to incremental rent associated with the opening of eight new theatres with 107 screens subsequent to the end of the Fiscal 2011 Period, higher contingent rent associated with increased admissions and concessions revenues during the Fiscal 2012 Period, and to a lesser

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extent, incremental rent associated with the Fiscal 2012 Period acquisition of Great Escape Theatres, partially offset by a reduction in rent associated with the closure of 20 theatres with 142 screens subsequent to the end of the Fiscal 2011 Period.

Other Operating Expenses

Other operating expenses decreased $8.5 million, or 1.1%, to $735.9 million in the Fiscal 2012 Period, from $744.4 million in the Fiscal 2011 Period. The decrease in other operating expenses during the Fiscal 2012 Period was attributable to reductions in theatre level payroll and certain non-rent occupancy costs and decreased costs associated with lower 3D film revenues, partially offset by an increase in costs associated with higher IMAX® film revenues.

General and Administrative Expenses

General and administrative expenses increased $3.0 million, or 4.6%, to $68.8 million in the Fiscal 2012 Period, from $65.8 million in the Fiscal 2011 Period. The increase in general and administrative expenses during the Fiscal 2012 Period was primarily attributable to higher share-based compensation expense and increased legal and professional fees and corporate payroll costs.

Depreciation and Amortization

Depreciation and amortization expense decreased $14.5 million, or 7.3%, to $183.1 million for the Fiscal 2012 Period, from $197.6 million in the Fiscal 2011 Period. The decrease in depreciation and amortization expense during the Fiscal 2012 Period as compared to the Fiscal 2011 Period was primarily due to a reduction in depreciation related to the replacement of owned 35mm film projectors with leased digital projection systems.

Income from Operations

Income from operations increased $114.5 million, or 53.1%, to $330.0 million during the Fiscal 2012 Period, from $215.5 million in the Fiscal 2011 Period. The net increase in income from operations during the Fiscal 2012 Period as compared to the Fiscal 2011 Period was primarily attributable to an increase in total revenues, reductions in certain variable operating expense line items described above, and a lower net loss on disposal and impairment of operating assets and other.

Interest Expense, net

During the Fiscal 2012 Period, net interest expense decreased $14.7 million, or 9.8%, to $135.0 million, from $149.7 million in the Fiscal 2011 Period. The decrease in net interest expense during the Fiscal 2012 Period was principally due to a lower effective interest rate on our Term Facility (including a change in our interest rate swap portfolio).

Earnings Recognized from NCM

Earnings recognized from NCM decreased $3.1 million, or 8.2%, to $34.8 million in the Fiscal 2012 Period, from $37.9 million in the Fiscal 2011 Period. The Company received $38.5 million and $40.3 million, respectively, in cash distributions from National CineMedia (including payments received of $8.5 million and $7.0 million, respectively, under the tax receivable agreement described more fully in Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K) during the Fiscal 2012 Period and Fiscal 2011 Period. Approximately $7.7 million and $7.6 million, respectively, of these cash distributions received during the Fiscal 2012 Period and the Fiscal 2011 Period were recognized as a reduction in our investment in National CineMedia. The remaining amounts were recognized in equity income during each of these periods and have been included as a component of “Earnings recognized from NCM” in the accompanying consolidated financial statements.

Income Taxes

The provision for income taxes of $89.5 million and $15.4 million for the Fiscal 2012 Period and the Fiscal 2011 Period, respectively, reflect effective tax rates of approximately 38.6% and 29.6%, respectively. The increase in the effective tax rate for the Fiscal 2012 Period is primarily attributable to changes in uncertain tax positions with state taxing authorities resulting from the lapse of statute of limitations and clarifications of tax law that occurred in the Fiscal 2011 Period, as well as decreases in federal hiring credits during the Fiscal 2012 Period (as described further in Note 7 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K). The effective tax rates for such periods also reflect the impact of certain non-deductible expenses and other income tax credits.

Net Income Attributable to Controlling Interest

Net income attributable to controlling interest for the Fiscal 2012 Period was $142.3 million, which represents an increase of $105.5 million, from net income attributable to controlling interest of $36.8 million during the Fiscal 2011 Period. The increase in net income attributable to controlling interest for the Fiscal 2012 Period was primarily attributable to an increase in operating income as described above, the impact of the Fiscal 2011 Period loss on debt extinguishment associated with the Amended Senior Credit Facility, incremental income from certain of the Company's equity method investments during the Fiscal 2012 Period, lower interest expense during the Fiscal 2012 Period and the impact of the impairment of our investment in

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RealD, Inc. recorded in the Fiscal 2011 Period, partially offset by lower earnings recognized from National CineMedia during the Fiscal 2012 Period.

Quarterly Results

The Company's consolidated financial statements for the Fiscal 2013 Period include the results of operations of Hollywood Theaters, consisting of 43 theatres and 513 screens, for the period subsequent to the acquisition date of March 29, 2013. The Company's consolidated financial statements for the Fiscal 2012 Period include the results of operations of Great Escape Theatres, consisting of 25 theatres and 301 screens, for the period subsequent to the acquisition date of November 29, 2012. The acquisition of Hollywood Theaters and Great Escape Theatres is further described in Note 3 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. The comparability of our results between quarters is impacted by the inclusion from the acquisition date of the results of operations of Hollywood Theaters and Great Escape Theatres plus certain other factors described below and to a lesser extent, seasonality.

The following table sets forth selected unaudited quarterly results for the eight quarters ended December 26, 2013. The quarterly financial data as of each period presented below have been derived from Regal's unaudited condensed consolidated financial statements for those periods which have been revised as described in footnote 3 below. Results for these periods are not necessarily indicative of results for the full year. 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. 26, 2013	Sept. 26, 2013	June 27, 2013	March 28, 2013	Dec. 27, 2012	Sept. 27, 2012	June 28, 2012	March 29, 2012
	In millions (except per share data)							
Total revenues (3)	$739.9	$813.1	$842.3	$642.8	$721.4	$692.1	$722.3	$684.2
Income from operations(2)(3)(4)	55.7	109.8	117.1	57.2	80.3	72.9	86.7	90.1
Net income attributable to controlling interest(2)(3)(4)	24.0	75.1	36.1	22.5	36.3	23.5	36.6	45.9
Diluted earnings per share(2)(3)(4)	0.15	0.48	0.23	0.14	0.23	0.15	0.24	0.30
Dividends per common share(1)	$0.21	$0.21	$0.21	$0.21	$1.21	$0.21	$0.21	$0.21

(1) 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. See Note 9 to the accompanying consolidated financial statements included in Item 8 of this Form 10-K for further discussion.

(2) During the eight quarters ended December 26, 2013, we recorded long-lived asset impairment charges of $1.6 million, $5.8 million, $2.1 million, $0.0 million, $7.4 million, $1.5 million, $2.2 million, and $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.

(3) During the quarter ended December 26, 2013, the Company identified errors related to an understatement of deferred revenue attributable to its paper gift certificate and discount ticket products and an overstatement of other operating revenue associated with the unredeemed portion of these products dating from fiscal 2002 through fiscal 2012. We evaluated the materiality of the errors from quantitative and qualitative perspectives, and concluded that the errors were immaterial to the Company’s prior period interim and annual consolidated financial statements. Since these revisions were not material to any prior period interim or annual consolidated financial statements, no amendments to previously filed interim or annual periodic reports are required. Consequently, the Company has adjusted for these errors by revising its historical selected quarterly financial data for fiscal 2012 presented herein. See "Immaterial Correction of an Error in Prior Periods" under Note 2 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further information.

(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 we 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. We received approximately $40.9 million in proceeds after deducting related fees and expenses payable by us, resulting in a gain on sale of approximately $30.9 million.

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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 Credit Agreement described below. Under the terms of the Credit Agreement and the $8^5/_8$% Senior Notes issued during fiscal 2009, 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 $9^1/_8$% Senior Notes, its $5^3/_4$% Senior Notes Due 2025 and its $5^3/_4$% Senior Notes Due 2023. In addition, as described further below, the Indentures under which the $9^1/_8$% Senior Notes, the $5^3/_4$% Senior Notes Due 2025 and the $5^3/_4$% Senior Notes Due 2023 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 at the point of sale. 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 and borrowings to fund dividends in excess of net income attributable to controlling interest and cash flows from operating activities less cash flows from investing and other financing activities. As a result, at any given time, our balance sheet may reflect a working capital deficit.

As further described in Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, the Company maintains an investment in National CineMedia, a pass-through entity for federal income tax purposes. NCM, Inc., in its capacity as tax matters partner for National CineMedia, received documentation from the Internal Revenue Service ("IRS") during the Fiscal 2013 Period formally closing an IRS review of National CineMedia's 2007 and 2008 income tax returns. All issues were resolved in National CineMedia's favor and resulted in no adjustments.

Net cash flows provided by operating activities totaled approximately \$346.9 million, \$346.6 million and \$353.1 million for the Fiscal 2013 Period, the Fiscal 2012 Period and the Fiscal 2011 Period, respectively. The \$0.3 million increase in net cash flows generated by operating activities for the Fiscal 2013 Period as compared to the Fiscal 2012 Period increase was caused by positive fluctuation in working capital activity of approximately \$66.8 million, partially offset by a \$66.5 million decrease in net income excluding non-cash items. Working capital activity was primarily impacted by changes in accrued expense and other activity, accounts payable activity (primarily film rental liabilities) and income taxes payable during the Fiscal 2013 Period as compared to the Fiscal 2012 Period. The change in accrued expense and other activity and accounts payable activity was primarily due to the timing of film and certain other vendor payments associated with increased attendance and admissions revenues at our theatres during the latter part of the Fiscal 2013 Period. The change in income taxes payable activity during the Fiscal 2013 Period as compared to the Fiscal 2012 Period was primarily associated with the timing of our estimated federal and state income tax payments during such periods.

The \$6.5 million decrease in net cash flows generated by operating activities for the Fiscal 2012 Period as compared to the Fiscal 2011 Period increase was caused by negative fluctuation in working capital activity of approximately \$52.4 million, partially offset by a \$45.9 million increase in net income excluding non-cash items. Working capital activity was primarily impacted by negative fluctuations in accounts payable activity (primarily film rental liabilities) and income taxes payable during the Fiscal 2012 Period as compared to the Fiscal 2011 Period, partially offset by the impact of increased third party sales of our gift cards and discount tickets during the latter part of 2012. The negative fluctuation in accounts payable activity was primarily due to the timing of film and certain other vendor payments during the Fiscal 2012 Period. The decrease in income taxes payable activity during the Fiscal 2012 Period as compared to the Fiscal 2011 Period was primarily associated with the timing of our estimated federal and state income tax payments during such periods.

Investing Activities

Our capital requirements have historically arisen principally in connection with acquisitions of theatres, new theatre construction, strategic partnerships, adding new screens to existing theatres, upgrading the Company's theatre facilities and replacing equipment. We fund the cost of capital expenditures through internally generated cash flows, cash on hand, proceeds from disposition of assets and financing activities.

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) for theatre development, expansion, upgrading and replacements to be in the range of approximately $115.0 million to $125.0 million in fiscal year 2014, exclusive of acquisitions.

On March 29, 2013, the Company completed the acquisition of Hollywood Theaters in which we acquired a total of 43 theatres with 513 screens in exchange for an aggregate net cash purchase price, before post-closing adjustments, of $194.4 million. In addition, the Company assumed approximately $47.9 million of capital lease and lease financing obligations, and certain working capital. The acquisition of Hollywood Theaters enhanced the Company's presence in 16 states and 3 U.S. territories. Please refer to Note 3 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for further discussion of this transaction.

As described more fully in Note 4 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, during the Fiscal 2013 Period, we received approximately 2.2 million newly issued common units of National CineMedia in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement. In addition, on November 19, 2013, we received from National CineMedia approximately 3.4 million newly issued common units of National CineMedia in accordance with the adjustment provisions of the Common Unit Adjustment Agreement in connection with our acquisition of Hollywood Theaters. Finally, the Company redeemed 2.3 million of its 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. These transactions caused a proportionate increase in the Company's ownership share in National CineMedia to 25.4 million common units. As a result, on a fully diluted basis, we own a 20.0% interest in NCM, Inc. as of December 26, 2013.

During the Fiscal 2013 Period, the Company sold 400,000 shares of RealD, Inc. common stock at prices ranging from $14.61 to $15.42 per share. In connection with the sale, the Company received approximately $5.9 million in aggregate net proceeds (after deducting related fees and expenses) and recorded a gain on sale of approximately $2.6 million.

On December 26, 2013, National CineMedia sold its Fathom Events business to AC JV, a newly formed company owned directly and indirectly, 32% by each of RCI, AMC and Cinemark and 4% by National CineMedia. In consideration for the sale, National CineMedia received a total of $25 million in promissory notes from RCI, Cinemark and AMC (one-third or approximately $8.33 million from each). The notes bear interest at 5.0% per annum. Interest and principal payments are due annually in six equal installments commencing on the first anniversary of the closing. In connection with the sale, National CineMedia entered into a transition services agreement to provide certain corporate overhead services for a fee and reimbursement for certain facilities services, creative services, technical event services, event management services and other specified costs to the new entity for a period of nine months following the closing. Due to the related party nature of the transaction, National CineMedia formed a committee of independent directors that hired an investment banking firm who advised the committee and rendered an opinion as to the fairness of the transaction. Since the Company does not have a controlling financial interest in AC JV, it accounts for its investment in AC JV under the equity method of accounting. In addition, on December 26, 2013, RCI amended and restated its existing exhibitor service agreement with National CineMedia in connection with the sale by National CineMedia of its Fathom Events business. AMC and Cinemark also amended and restated their respective existing exhibitor service agreements with National CineMedia in connection with the sale. The existing exhibitor service agreements were modified to remove those provisions addressing the rights and obligations related to digital programing services of the Fathom Events business. Those provisions are now contained in Amended and Restated Digital Programming Exhibitor Services Agreements that were entered into on December 26, 2013 by National CineMedia and each of RCI, AMC and Cinemark, respectively. These Amended and Restated Digital Programming Exhibitor Services Agreements were then assigned by National CineMedia to AC JV as part of the sale. 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 and AC JV.

Net cash flows used in investing activities totaled approximately $258.7 million, $183.4 million and $101.1 million for the Fiscal 2013 Period, the Fiscal 2012 Period and the Fiscal 2011 Period, respectively. The $75.3 million increase in cash flows used in investing activities during the Fiscal 2013 Period, as compared to the Fiscal 2012 Period, was primarily attributable to the impact of the $194.4 million acquisition of Hollywood Theaters during the Fiscal 2013 Period and a $21.4 million increase in capital expenditures (net of proceeds from disposals) during the Fiscal 2013 Period, partially offset by the impact of proceeds of $40.9 million related to the sale of NCM, Inc. common stock, $5.9 million received related to the sale of RealD, Inc. common stock, and a $1.3 million decrease in cash contributions to our various investments in non-consolidated entities during the Fiscal 2013 Period. The $82.3 million increase in cash flows used in investing activities during the Fiscal 2012 Period, as compared to the Fiscal 2011 Period, was primarily attributable to the impact of the $89.7 million acquisition of Great Escape Theatres during the Fiscal 2012 Period and a $16.7 million increase in capital expenditures (net of proceeds from

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disposals) during the Fiscal 2012 Period, partially offset by a $29.5 million decrease in cash contributions to our various investments in non-consolidated entities during the Fiscal 2012 Period.

Financing Activities

As described more fully in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on January 17, 2013, the Company issued the $5^{3}/_{4}$% Senior Notes Due 2025 in a registered public offering. Net proceeds from the offering were approximately $244.5 million, after deducting underwriting discounts and offering expenses. Regal used approximately $194.4 million of the net proceeds from the offering to fund the acquisition of Hollywood Theaters as described further above and in Note 3—"Acquisitions." Regal used the remainder of the net proceeds from the offering for general corporate purposes.

As described more fully in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on April 19, 2013, Regal Cinemas, Regal, REH and the other affiliates of Regal Cinemas party thereto, as guarantors, entered into the Second Amendment to the Credit Agreement, with Credit Suisse and the lenders party thereto. The Second Amendment amends the Credit Agreement by reducing the interest rate on the Term Facility by 0.50%. Specifically, the Second Amendment provides that, depending on the consolidated leverage ratio of Regal Cinemas and its subsidiaries, the applicable margin under the Term Facility for base rate loans will be either 1.50% or 1.75% and the applicable margin under the Term Facility for LIBOR rate loans will be either 2.50% or 2.75%. Among other things, the Second Amendment also amends the Credit Agreement (i) by deleting the interest coverage ratio test and providing that the remaining financial covenants will only be tested if the outstanding amount of the revolving loans and letters of credit (including unreimbursed drawings) under the Revolving Facility equals or exceeds 25% of the Revolving Commitment, (ii) by providing for a 1% prepayment premium applicable in the event that Regal Cinemas enters into a refinancing or amendment of the Term Facility on or prior to the first anniversary of the Second Amendment Date that, in either case, has the effect of reducing the interest rate on the Term Facility, (iii) to permit the release of Regal from its guarantee of the obligations under the Credit Agreement in the event that it does not guarantee any other debt of Regal Cinemas or its subsidiaries, and (iv) by eliminating the mortgage requirement for fee-owned real properties that are acquired by Regal Cinemas or its subsidiaries after the Second Amendment Date. Except as amended by the Second Amendment, the remaining terms of the Credit Agreement remain in full force and effect. As a result of the Second Amendment, the Company recorded a loss on debt extinguishment of approximately $0.4 million during the year ended December 26, 2013.

In addition, on May 28, 2013, Regal Cinemas, Regal, REH and the other affiliates of Regal Cinemas party thereto, as guarantors, entered into the Loan Modification Agreement with Credit Suisse and the revolving lenders party thereto. The Loan Modification Agreement amends the Credit Agreement by reducing the interest rate on the Revolving Facility by 1.00%. Specifically, the Loan Modification Agreement provides that, depending on the consolidated leverage ratio of Regal Cinemas and its subsidiaries, the applicable margin under the Revolving Facility for base rate loans will be either 1.50% or 1.75% and the applicable margin under the Revolving Facility for LIBOR rate loans will be either 2.50% or 2.75%. The Loan Modification Agreement also amends the Credit Agreement to extend the maturity date of the Revolving Facility from May 19, 2015 to May 19, 2017.

As described more fully in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, on June 13, 2013, the Company issued the $5^{3}/_{4}$% Senior Notes Due 2023 in a registered public offering. Net proceeds from the offering were approximately $244.4 million, after deducting underwriting discounts and offering expenses. In connection with the issuance of the $5^{3}/_{4}$% Senior Notes Due 2023, on May 29, 2013, the Company commenced a tender offer to purchase for cash its $9^{1}/_{8}$% Senior Notes. Total offer consideration for each $1,000 principal amount of $9^{1}/_{8}$% Senior Notes tendered was $1,143.75, including an early tender premium payment of $30.00 per $1,000 principal amount of $9^{1}/_{8}$% Senior Notes for those holders who properly tendered their $9^{1}/_{8}$% Senior Notes on or before June 11, 2013. Upon consummation of the tender offer, approximately $213.6 million aggregate principal amount of the $9^{1}/_{8}$% Senior Notes were purchased. Total additional consideration paid in the tender offer, including the early tender premium payment, was approximately $30.7 million. The tender offer was financed with $244.3 million of the net proceeds from the issuance of the $5^{3}/_{4}$% Senior Notes Due 2023. As a result of the tender offer, the Company recorded a $30.3 million loss on extinguishment of debt during the year ended

December 26, 2013.

As of December 26, 2013, we had approximately $978.3 million aggregate principal amount outstanding under the Term Facility, $315.4 million aggregate principal amount outstanding (including premium) under the $9^{1}/_{8}$% Senior Notes, $394.6 million aggregate principal amount outstanding (net of debt discount) under the $8^{5}/_{8}$% Senior Notes, $250.0 million aggregate principal amount outstanding under the $5^{3}/_{4}$% Senior Notes Due 2025 and $250.0 million aggregate principal amount outstanding under the $5^{3}/_{4}$% Senior Notes Due 2023. As of December 26, 2013, 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 26, 2013, we are in full compliance with all agreements, including all related covenants, governing our outstanding debt obligations.

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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 26, 2013.

On October 23, 2013, Regal Cinemas entered into one additional hedging relationship via one distinct interest rate swap agreement with an effective date of June 30, 2015 and a maturity date of June 30, 2018. This swap will require Regal Cinemas to pay interest at a fixed rate of 1.828% and receive interest at a variable rate. The interest rate swap is designated to hedge $200.0 million of variable rate debt obligations.

During the Fiscal 2013 Period, Regal paid four quarterly cash dividends of $0.21 per share on each outstanding share of the Company's Class A and Class B common stock, or approximately $132.2 million in the aggregate. On February 13, 2014, 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 14, 2014, to stockholders of record on March 4, 2014. This dividend reflects a $0.01 per share increase from the Company's last quarterly cash dividend of $0.21 per share declared on October 24, 2013. These dividends have been or will be funded through cash flow from operations and available cash on hand. We, at the discretion of the 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 by (used in) financing activities were approximately $83.2 million, $(306.7) million and $(204.3) million for the Fiscal 2013 Period, the Fiscal 2012 Period and the Fiscal 2011 Period, respectively. The net increase in cash flows provided by financing activities during the Fiscal 2013 Period as compared to the Fiscal 2012 Period of $389.9 million was primarily attributable to the impact of receiving $250.0 million in gross proceeds from the issuance of our $5^{3}/_{4}$% Senior Notes Due 2025, receiving $250.0 million in gross proceeds from the issuance of our $5^{3}/_{4}$% Senior Notes Due 2023 in the Fiscal 2013 Period and a $155.1 million decrease in dividends paid to stockholders during the 2013 Fiscal Period as compared to the 2012 Fiscal Period, partially offset by the impact of $244.3 million of cash used to repurchase a portion of our $9^{1}/_{8}$% Senior Notes, $13.5 million of cash paid for debt acquisition costs during the Fiscal 2013 Period and a $3.1 million increase in net payments on long-term debt obligations during the Fiscal 2013 Period. The net increase in cash flows used in financing activities during the Fiscal 2012 Period as compared to the Fiscal 2011 Period of $102.4 million was primarily attributable to the impact of receiving $261.3 million in gross proceeds from the issuance of our $9^{1}/_{8}$% Senior Notes in the Fiscal 2011 Period and a $157.5 million increase in dividends paid to stockholders during the 2012 Fiscal Period as compared to the 2011 Fiscal Period, partially offset by a decrease in net payments on long-term debt obligations of $233.6 million and the impact of $74.7 million of cash used to redeem our $6^{1}/_{4}$% Convertible Senior Notes during the Fiscal 2011 Period.

EBITDA

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was approximately $606.2 million, $549.9 million and $399.5 million for the Fiscal 2013 Period, the Fiscal 2012 Period and the Fiscal 2011 Period, respectively. The increase in EBITDA for the Fiscal 2013 Period was primarily attributable to an increase in operating income as described above, the impact of the gain on sale of NCM, Inc. common stock and higher equity earnings generated by certain of our equity method investments, partially offset by the impact of the $30.3 million loss on debt extinguishment related to the repurchase of approximately $213.6 million aggregate principal amount of the Company's $9^{1}/_{8}$% Senior Notes. The increase in EBITDA in the Fiscal 2012 Period from the Fiscal 2011 Period was primarily attributable to an increase in operating income as described above, the impact of the Fiscal 2011 Period loss on debt extinguishment associated with the Amended Senior Credit Facility, incremental income from certain of the

Company's equity method investments during the Fiscal 2012 Period and the impact of the impairment of our investment in RealD, Inc. recorded in the Fiscal 2011 Period, partially offset by lower earnings recognized from National CineMedia during the Fiscal 2012 Period. The Company uses EBITDA as a supplemental liquidity 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 U.S. generally accepted accounting principles ("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

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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 these non-GAAP measures 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 EBITDA to net cash provided by operating activities is calculated as follows (in millions):

	Fiscal 2013 Period	Fiscal 2012 Period	Fiscal 2011 Period
EBITDA	$606.2	$549.9	$399.5
Interest expense, net	(141.3)	(135.0)	(149.7)
Provision for income taxes	(107.0)	(89.5)	(15.4)
Deferred income taxes	(11.8)	52.4	41.3
Changes in operating assets and liabilities	(1.5)	(68.3)	(15.9)
Loss on extinguishment of debt	30.7	—	21.9
Gain on sale of NCM, Inc. common stock	(30.9)	—	—
Impairment of investment in RealD, Inc.	—	—	13.9
Other items, net	2.5	37.1	57.5
Net cash provided by operating activities	$346.9	$346.6	$353.1

Interest Rate Swaps

As described in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, as of December 26, 2013, the Company maintained two effective hedging relationships via two distinct interest rate swap agreements (maturing June 30, 2015 and December 31, 2015, respectively), which require Regal Cinemas to pay interest at fixed rates ranging from 1.325% to 1.820% and receive interest at a variable rate. These interest rate swap agreements are designated to hedge $300.0 million of variable rate debt obligations at an effective rate of approximately 4.16% as of December 26, 2013.

Under the terms of the Company's two effective interest rate swap agreements as of December 26, 2013 detailed below, Regal Cinemas currently receives interest at a variable rate based on the 3-month LIBOR on the first $300.0 million of aggregate borrowings under the Term Facility and will receive 1-month LIBOR on the next $350.0 million under the Term Facility when the remaining two swap agreements become effective. With respect to the Company's two effective interest rate swap agreements as of December 26, 2013, the 3-month LIBOR rate on each reset date determines the variable portion of the interest rate swaps for the following three-month period. The interest rate swaps settle any accrued interest for cash on the last day of each calendar month or calendar quarter, as applicable, until expiration. At such dates, the differences to be paid or received on the interest rate swaps will be included in interest expense. No premium or discount was incurred upon the Company entering into the interest rate swaps, because the pay and receive rates on the interest rate swaps represented prevailing rates for the counterparty at the time the interest rate swaps were entered into. The interest rate swaps qualify for cash flow hedge accounting treatment and as such, the change in the fair value of the interest rate swaps are recorded on the Company's consolidated balance sheet as an asset or liability with the effective portion of the interest rate swaps' gains or losses reported as a component of other comprehensive income (loss) and the ineffective portion reported in earnings (interest expense). As interest expense is accrued on the debt obligation, amounts in accumulated other comprehensive income (loss) related to the interest rate swaps will be reclassified into earnings to obtain a net cost on the debt obligation equal to the effective yield of the fixed rate of each swap. In the event that an interest rate swap is terminated prior to maturity, gains or losses accumulated in other comprehensive income or loss remain deferred and are reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings.

Below is a summary of the Company's current interest rate swap agreements designated as hedge agreements as of December 26, 2013:

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Nominal Amount		Effective Date	Base Rate	Receive Rate	Expiration Date
$200.0 million	(1)	June 30, 2012	1.820%	3-month LIBOR	June 30, 2015
$100.0 million	(1)	December 31, 2012	1.325%	3-month LIBOR	December 31, 2015
$150.0 million	(2)	December 31, 2013	0.817%	1-month LIBOR	December 31, 2016
$200.0 million	(3)	June 30, 2015	1.828%	1-month LIBOR	June 30, 2018

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(1) During the year ended December 29, 2011, Regal Cinemas entered into two hedging relationships via two distinct interest rate swap agreements with effective dates beginning on June 30, 2012 and December 31, 2012, respectively, and maturity terms ending on June 30, 2015 and December 31, 2015, respectively. These swaps require Regal Cinemas to pay interest at fixed rates ranging from 1.325% to 1.82% and receive interest at a variable rate. The interest rate swaps are designated to hedge $300.0 million of variable rate debt obligations.

(2) During the year ended December 27, 2012, Regal Cinemas entered into one additional hedging relationship via one distinct interest rate swap agreement with an effective date beginning on December 31, 2013 and a maturity date of December 31, 2016. This swap will require Regal Cinemas to pay interest at a fixed rate of 0.817% and receive interest at a variable rate. The interest rate swap is designated to hedge $150.0 million of variable rate debt obligations.

(3) On October 23, 2013, Regal Cinemas entered into one additional hedging relationship via one distinct interest rate swap agreement with an effective date beginning on June 30, 2015, and a maturity date of June 30, 2018. This swap will require Regal Cinemas to pay interest at a fixed rate of 1.828% and receive interest at a variable rate. The interest rate swap is designated to hedge $200.0 million of variable rate debt obligations.

The fair value of the Company's interest rate swaps is based on Level 2 inputs as described in ASC Topic 820, Fair Value Measurements and Disclosures, which include observable inputs such as dealer quoted prices for similar assets or liabilities, and represents the estimated amount Regal Cinemas would receive or pay to terminate the agreements taking into consideration various factors, including current interest rates, credit risk and counterparty credit risk. The counterparties to the Company's interest rate swaps are major financial institutions. The Company evaluates the bond ratings of the financial institutions and believes that credit risk is at an acceptably low level. See Note 13 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K for additional discussion of the Company's interest rate swaps' 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 26, 2013, 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)	$2,203.7	$16.1	$ 25.3	$ 1,266.3	$896.0
Future interest on debt obligations(2)	731.9	125.5	246.2	189.9	170.3
Capital lease obligations, including interest(3)	26.4	4.4	6.4	3.9	11.7
Lease financing arrangements, including interest(3)	134.8	20.3	36.7	36.1	41.7

Purchase commitments(4)	44.0	35.9	8.1	—	—
Operating leases(5)	3,298.1	419.2	793.6	715.8	1,369.5
FIN 48 liabilities(6)	1.0	1.0	—	—	—
Other long term liabilities	0.2	0.2	—	—	—
Total	$6,440.1	$622.6	$ 1,116.3	$ 2,212.0	$2,489.2

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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 26, 2013. Our Credit Agreement 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 26, 2013 (consisting of approximately $678.3 million of variable interest rate borrowings under the Term Facility, $315.4 million outstanding under the $9^1/_8$% Senior Notes, $400.0 million outstanding under the $8^5/_8$% Senior Notes, $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 $15.4 million of other debt obligations) are based on the stated fixed rate or in the case of the $678.3 million of variable interest rate borrowings under the Term Facility, the current interest rate specified in our Credit Agreement as of December 26, 2013 (2.75%). Future interest payments on the Company's hedged indebtedness as of December 26, 2013 (the remaining $300.0 million of borrowings under the Term Facility) are based on (1) 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 26, 2013 (2.50%) and (2) the expected fixed interest payments under the Company's interest rate swap agreements, which are described in further detail under Note 5 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 26, 2013. Future interest payments are calculated based on interest rates implicit in the underlying leases, which have a weighted average interest rate of 11.07%, 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 committed as of December 26, 2013, including improvements associated with existing theatres, the construction of new theatres, the estimated cost of ADA related betterments and investments in non-consolidated entities.

(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 $7.3 million of recorded liabilities associated with unrecognized state tax benefits because the timing of the related payments was not reasonably estimable as of December 26, 2013.

(7) In addition, as of December 26, 2013, 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 is exposed to various market risks including interest rate risk and equity price 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 Credit Agreement provides variable rate interest that could be adversely affected by an increase in interest rates. Borrowings under the Term Facility bears 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 two effective interest rate swap agreements (which hedge an aggregate of $300.0 million of variable rate debt obligations as of December 26, 2013) described in Note 5 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K, Regal Cinemas pays interest at fixed rates ranging from 1.325% to 1.820% and receives interest at a variable rate.

As of December 26, 2013 and December 27, 2012, borrowings of $978.3 million and $988.4 million (net of debt discount), respectively, were outstanding under the Term Facility at an effective interest rate of 3.18% (as of December 26, 2013) and 3.53% (as of December 27, 2012), 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 Term Facility as of December 26, 2013, would increase or decrease interest expense by $3.1 million for the fiscal year ended December 26, 2013.

In addition, the Company is exposed to equity price risk associated with approximately 0.8 million shares of stock held in RealD, Inc. as described further in Note 13 to the consolidated financial statements included in Part II, Item 8 of this Form 10-K. Such shares of stock are accounted for as available for sale securities with recurring fair value adjustments recorded as a component of accumulated other comprehensive loss/income (net of related tax effects).

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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 26, 2013. This assessment was based on criteria for effective internal control over financial reporting described in the Internal Control - Integrated Framework (1992) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management believes that the Company's internal control over financial reporting is effective as of December 26, 2013.

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 26, 2013, 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 26, 2013 and December 27, 2012, 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 26, 2013. We also have audited Regal Entertainment Group's internal control over financial reporting as of December 26, 2013, based on criteria established in Internal Control - Integrated Framework (1992) 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 26, 2013 and December 27, 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December

26, 2013, 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 26, 2013, based on criteria established in Internal Control - Integrated Framework (1992) by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP
Knoxville, Tennessee
February 24, 2014

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

	December 26, 2013	December 27, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$280.9	$109.5
Trade and other receivables	122.8	102.7
Income tax receivable	6.6	8.0
Inventories	19.0	17.8
Prepaid expenses and other current assets	19.3	14.8
Deferred income tax asset	16.5	11.4
TOTAL CURRENT ASSETS	465.1	264.2
PROPERTY AND EQUIPMENT:		
Land	139.0	123.1
Buildings and leasehold improvements	2,074.1	1,955.2
Equipment	948.5	861.0
Construction in progress	6.7	9.0
Total property and equipment	3,168.3	2,948.3
Accumulated depreciation and amortization	(1,658.7)	(1,485.1)
TOTAL PROPERTY AND EQUIPMENT, NET	1,509.6	1,463.2
GOODWILL	320.4	274.0
INTANGIBLE ASSETS, NET	57.7	27.8
DEFERRED INCOME TAX ASSET	32.6	—
OTHER NON-CURRENT ASSETS	319.3	192.9
TOTAL ASSETS	$2,704.7	$2,222.1
LIABILITIES AND DEFICIT		
CURRENT LIABILITIES:		
Current portion of debt obligations	$29.8	$22.0
Accounts payable	170.2	157.0
Accrued expenses	86.6	67.6
Deferred revenue	181.8	166.6
Interest payable	38.0	38.7
TOTAL CURRENT LIABILITIES	506.4	451.9
LONG-TERM DEBT, LESS CURRENT PORTION	2,187.7	1,912.4
LEASE FINANCING ARRANGEMENTS, LESS CURRENT PORTION	80.2	52.2
CAPITAL LEASE OBLIGATIONS, LESS CURRENT PORTION	13.0	8.6
DEFERRED INCOME TAX LIABILITY	—	7.7
NON-CURRENT DEFERRED REVENUE	424.8	341.4
OTHER NON-CURRENT LIABILITIES	207.9	198.3
TOTAL LIABILITIES	3,420.0	2,972.5
COMMITMENTS AND CONTINGENCIES		
DEFICIT:		
Class A common stock, $0.001 par value; 500,000,000 shares authorized, 132,120,854 and 131,743,778 shares issued and outstanding at December 26, 2013 and December 27, 2012, respectively	0.1	0.1

Class B common stock, $0.001 par value; 200,000,000 shares authorized, 23,708,639 shares issued and outstanding at December 26, 2013 and December 27, 2012	—	—
Preferred stock, $0.001 par value; 50,000,000 shares authorized; none issued and outstanding	—	—
Additional paid-in capital (deficit)	(782.9)	(745.5)
Retained earnings	71.8	1.1
Accumulated other comprehensive loss, net	(2.4)	(4.3)
TOTAL STOCKHOLDERS' DEFICIT OF REGAL ENTERTAINMENT GROUP	(713.4)	(748.6)
Noncontrolling interest	(1.9)	(1.8)
TOTAL DEFICIT	(715.3)	(750.4)
TOTAL LIABILITIES AND DEFICIT	$2,704.7	$2,222.1

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 26, 2013	Year Ended December 27, 2012	Year Ended December 29, 2011
REVENUES:			
Admissions	$2,059.6	$1,925.1	$1,842.6
Concessions	816.9	748.4	708.0
Other operating revenues	161.6	146.5	125.3
TOTAL REVENUES	3,038.1	2,820.0	2,675.9
OPERATING EXPENSES:			
Film rental and advertising costs	1,078.0	1,000.5	953.7
Cost of concessions	111.6	101.1	96.6
Rent expense	413.6	384.4	381.5
Other operating expenses	812.8	735.9	744.4
General and administrative expenses (including share-based compensation of $9.3, $10.3 and $7.9 for the years ended December 26, 2013, December 27, 2012 and December 29, 2011, respectively)	73.7	68.8	65.8
Depreciation and amortization	200.2	183.1	197.6
Net loss on disposal and impairment of operating assets and other	8.4	16.2	20.8
TOTAL OPERATING EXPENSES	2,698.3	2,490.0	2,460.4
INCOME FROM OPERATIONS	339.8	330.0	215.5
OTHER EXPENSE (INCOME):			
Interest expense, net	141.3	135.0	149.7
Loss on extinguishment of debt	30.7	—	21.9
Earnings recognized from NCM	(37.5)	(34.8)	(37.9)
Gain on sale of NCM, Inc. common stock	(30.9)	—	—
Impairment of investment in RealD, Inc.	—	—	13.9
Other, net	(28.4)	(1.9)	15.9
TOTAL OTHER EXPENSE, NET	75.2	98.3	163.5
INCOME BEFORE INCOME TAXES	264.6	231.7	52.0
PROVISION FOR INCOME TAXES	107.0	89.5	15.4
NET INCOME	157.6	142.2	36.6
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST, NET OF TAX	0.1	0.1	0.2
NET INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	$157.7	$142.3	$36.8
EARNINGS PER SHARE OF CLASS A AND CLASS B COMMON STOCK (NOTE 12):			
Basic	$1.02	$0.92	$0.24
Diluted	$1.01	$0.92	$0.24
AVERAGE SHARES OUTSTANDING (in thousands):			
Basic	154,826	154,174	153,577
Diluted	155,723	154,990	154,556
DIVIDENDS DECLARED PER COMMON SHARE	$0.84	$1.84	$0.84

See accompanying notes to consolidated financial statements.

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

	Year Ended December 26, 2013	Year Ended December 27, 2012	Year Ended December 29, 2011
NET INCOME	$157.6	$142.2	$36.6
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Change in fair value of interest rate swap transactions	2.3	2.8	8.0
Change in fair value of available for sale securities	(0.6)	2.0	3.5
Reclassification adjustment for gain on sale of available for sale securities recognized in net income	(1.2)	—	—
Change in fair value of equity method investee interest rate swap transactions	1.4	—	—
Other-than-temporary impairment of available for sale securities	—	—	(8.4)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	1.9	4.8	3.1
TOTAL COMPREHENSIVE INCOME, NET OF TAX	159.5	147.0	39.7
Comprehensive loss attributable to noncontrolling interest, net of tax	0.1	0.1	0.2
COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	$159.6	$147.1	$39.9

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 30, 2010	130.6	$ 0.1	23.7	$ —	$ (532.9)	$ 8.9	$ (12.2)	$ (536.1)	$ (1.4)	$ (537.5)
Change in fair value of interest rate swap transactions, net of tax	—	—	—	—	—	—	8.0	8.0	—	8.0
Change in fair value of available for sale securities, net of tax	—	—	—	—	—	—	3.5	3.5	—	3.5
Other-than-temporary impairment of available for sale securities, net of tax	—	—	—	—	—	—	(8.4)	(8.4)	—	(8.4)
Net income attributable to controlling interest	—	—	—	—	—	36.8	—	36.8	—	36.8
Noncontrolling interest adjustments	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Share-based compensation expense	—	—	—	—	7.4	—	—	7.4	—	7.4
Exercise of stock options	0.1	—	—	—	0.4	—	—	0.4	—	0.4
Tax benefits from exercise of stock options, vesting of restricted stock and other	(0.1)	—	—	—	(2.0)	—	—	(2.0)	—	(2.0)
Issuance of restricted stock	0.3	—	—	—	—	—	—	—	—	—
Cash dividends declared, $0.84 per share	—	—	—	—	(96.5)	(33.3)	—	(129.8)	—	(129.8)
Balances, December 29, 2011	130.9	0.1	23.7	—	(623.6)	12.4	(9.1)	(620.2)	(1.6)	(621.8)
Change in fair value of interest rate swap transactions, net of tax	—	—	—	—	—	—	2.8	2.8	—	2.8
Change in fair value of available for sale securities, net of tax	—	—	—	—	—	—	2.0	2.0	—	2.0
Net income attributable to controlling interest	—	—	—	—	—	142.3	—	142.3	—	142.3
Noncontrolling interest adjustments	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Share-based compensation expense	—	—	—	—	8.6	—	—	8.6	—	8.6
Exercise of stock options	0.3	—	—	—	2.5	—	—	2.5	—	2.5

Tax benefits from exercise of stock options, vesting of restricted stock and other	(0.1)	—	—	—	(0.6)	—	—	(0.6)	—	(0.6)
Issuance of restricted stock	0.6	—	—	—	—	—	—	—	—	—
Extraordinary cash dividend declared, $1.00 per share	—	—	—	—	(118.2)	(37.3)	—	(155.5)	—	(155.5)
Cash dividends declared, $0.84 per share	—	—	—	—	(14.2)	(116.3)	—	(130.5)	—	(130.5)
Balances, December 27, 2012	131.7	0.1	23.7	—	(745.5)	1.1	(4.3)	(748.6)	(1.8)	(750.4)
Change in fair value of interest rate swap transactions, net of tax	—	—	—	—	—	—	2.3	2.3	—	2.3
Change in fair value of available for sale securities, net of tax	—	—	—	—	—	—	(0.6)	(0.6)	—	(0.6)
Reclassification adjustment for gain on sale of available for sale securities recognized in net income	—	—	—	—	—	—	(1.2)			