

REGAL ENTERTAINMENT GROUP

Form 10-K

March 02, 2015

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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 January 1, 2015

Commission file number: 001-31315

Regal Entertainment Group

(Exact name of Registrant as Specified in Its Charter)

Delaware

02-0556934

(State or Other Jurisdiction of

(I. R. S. Employer

Incorporation or Organization)

Identification Number)

7132 Regal Lane

37918

Knoxville, TN

(Zip Code)

(Address of Principal Executive Offices)

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 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

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 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 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 Accelerated filer Non-accelerated filer Smaller reporting company

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(Do not check if a
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes No
The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 26, 2014, 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 \$1,699,960,104 (79,922,901 shares at a closing price per share of \$21.27).

Shares of Class A common stock outstanding—132,793,216 shares at February 23, 2015

Shares of Class B common stock outstanding—23,708,639 shares at February 23, 2015

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement on Schedule 14A to be used in connection with its 2015 Annual Meeting of Stockholders and to be filed within 120 days after January 1, 2015 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 7,367 screens in 574 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of January 1, 2015, with approximately 220 million attendees for the fifty-three week fiscal year ended January 1, 2015 ("fiscal 2014"). 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 January 1, 2015, had an average of 12.8 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.

For fiscal 2014 and prior periods, the Company's fiscal year ended on the first Thursday after December 25, which in certain years (such as fiscal 2014) resulted in a 53-week fiscal year. On August 27, 2014, the Company's Board of Directors approved a change in the Company's fiscal year from a 52-53 week fiscal year ending on the first Thursday after December 25 of each year to a fiscal year ending on December 31 of each year, effective with the fiscal year commencing January 2, 2015. Beginning January 2, 2015, the Company's quarterly results will be for three month periods ending March 31, June 30, September 30 and December 31 of each year.

For fiscal 2014, we reported total revenues, income from operations and net income attributable to controlling interest of \$2,990.1 million, \$306.4 million and \$105.6 million, respectively. In addition, we generated \$349.1 million of cash flows from operating activities during fiscal 2014.

Business Strategy

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

repayment and investment in our theatre assets, all to provide meaningful value to our stockholders. Key elements of our business strategy include:

Maximizing Stockholder Value. We believe that our cash dividends are an efficient means of distributing value to our stockholders. From our initial public offering ("IPO") in May 2002 through January 1, 2015, we have returned approximately \$4.0 billion to our stockholders in the form of quarterly and extraordinary cash dividends, including a recent extraordinary cash

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dividend of \$1.00 per share of Class A and Class B common stock (approximately \$156.2 million in the aggregate) paid on December 15, 2014.

On October 27, 2014, the Company announced that its Board of Directors authorized the exploration of strategic alternatives to enhance stockholder value, which included a potential sale of the Company. On January 15, 2015, the Company announced that its Board of Directors, in the course of its examination of strategic alternatives and with the advice of Morgan Stanley & Co. LLC after a thorough market review, has determined that a sale of the Company would not be in the best interest of its stockholders at such time. The Company's Board of Directors, consistent with its fiduciary duties, remains committed to evaluating any alternatives that would enhance stockholder value.

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, during fiscal 2012 and 2013, we completed the acquisitions of Hollywood Theaters and Great Escape Theatres, whereby we acquired a total of 68 theatres with 814 screens for an aggregate net cash purchase price of \$284.1 million. The acquisitions enhanced the Company's presence in 16 states and 3 U.S. territories. 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.

With respect to partnership initiatives, we own approximately 20.1% of National CineMedia, LLC ("National CineMedia" or "NCM") as of January 1, 2015. National CineMedia operates the largest digital in-theatre advertising network in North America and concentrates on in-theatre advertising for its theatrical exhibition partners, which includes us, AMC Entertainment, Inc. ("AMC"), and Cinemark, Inc. ("Cinemark"). See "National CineMedia Joint Venture" under Part I, Item I of this Form 10-K for further discussion of National CineMedia. We also participate in other joint ventures such as Digital Cinema Implementation Partners, LLC, Open Road Films and AC JV, LLC, which are also further discussed under Part I, Item I of this Form 10-K. Finally, the Company is a party to a joint venture with certain exhibitors and distributors called Digital Cinema Distribution Coalition ("DCDC"). DCDC has established a satellite distribution network that distributes digital content to theatres via satellite. We believe our investment in National CineMedia and other joint venture arrangements generate incremental value for our stockholders.

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 several complementary fronts:

First, we intend to continue our focus on improving customer amenities, including the installation of luxury reclining seats, and experimentation with various other customer engagement and marketing initiatives aimed at increasing attendance and enhancing the overall customer experience. With respect to our luxury reclining seating initiative, as of January 1, 2015, we offered luxury reclining seating in 336 auditoriums at 32 select theatre locations. Based on promising initial results, we expect to offer luxury reclining seating in approximately 40 additional locations by the end of fiscal 2015. The costs of these conversions in some cases are partially covered by investments from our theatre landlords.

Second, to continually address consumer trends and customer preferences, we have focused on expanding our menu of food and alcoholic beverage products. We believe that the enhancement of our food and alcoholic beverage offerings has had a positive effect on our operating results and we expect to continue to invest in such offerings in our theatres. As of January 1, 2015, we offered an expanded menu of food and/or alcoholic beverage items in 159 locations. By the end of fiscal 2015, we expect to offer an expanded menu of food in approximately 180 locations and alcoholic beverages in approximately 130 locations. In addition, as of January 1, 2015, 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 believe that our IMAX® digital projection systems and our proprietary large screen format, RPXSM offer our patrons all-digital, large format premium experiences and generate incremental revenue and cash flows for the

Company. As of January 1, 2015, our IMAX® footprint consisted of a total of 86 IMAX® screens and we also operated a total of 86 RPXSM screens. We have been encouraged by the operating results of our IMAX® and RPXSM screens and to that end, we intend to install additional IMAX® digital projection systems and RPXSM screens during fiscal 2015.

Finally, 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 January 1, 2015, we had over 13 million active

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members in the Regal Crown Club®, making it the largest loyalty program in our industry, and these members accounted for approximately \$1.0 billion of the Company's box office and concession revenues during fiscal 2014. In addition, our mobile ticketing application designed to give customers quick access to box office information via their Apple iPhone® or Android™ phone, has been downloaded approximately 2.5 million times since its fiscal 2012 launch. The application provides customers the ability to find films, movie information, showtimes and special offers from Regal (including Regal Crown Club® loyalty program promotions) and the ability to purchase tickets for local theatres, thereby expediting the admissions process.

We believe the experimentation with customer amenities and engagement initiatives, the broadening of our food and alcoholic beverage offerings, coupled with the product-driven success of our IMAX® screens and growing portfolio of RPXSM screens, allow us to deliver a premium movie-going experience for substantially all of our customers. We believe this strategy will enable us to differentiate our services in certain markets - and build brand loyalty, which we believe will provide us the opportunity for incremental revenue and cash flows.

Pursuing Selective Growth Opportunities and Active Asset Management. We intend to selectively pursue expansion opportunities through new theatre construction and acquisitions that meet our strategic and financial return criteria. Additionally, we manage our asset base by opportunistically closing underperforming theatres. To that end, during fiscal 2014, we continued to actively manage our asset base by opening nine new theatres with 98 screens and closing 15 theatres with 125 screens, ending the year with 574 theatres and 7,367 screens.

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 7,367 screens in 574 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. 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 January 1, 2015, approximately 78% of our locations featured stadium seating and approximately 79% of our theatres had 10 or more screens. In addition, approximately 42% of our locations featured one or more premium amenity offerings as of January 1, 2015. Our theatres have an average of 12.8 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 2014, we paid to our stockholders four quarterly cash dividends of \$0.22 per share on each outstanding share of our Class A and Class B common stock, or approximately \$138.6 million in the aggregate. In addition, on December 15, 2014, 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 \$156.2 million. Further, on February 12, 2015, 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 13, 2015 to our stockholders of record on March 3, 2015. These dividends have been or will be funded through cash flow from operations and available cash

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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 2014. 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 contracted slightly to approximately three to four months. We believe that a material contraction of the theatrical release window could significantly dilute the consumer appeal of the out-of-home motion picture offering. As a result, we continue to monitor the status of the theatrical release window during our film licensing decisions. Fundamentally, we believe that movie-going is a convenient, affordable and attractively priced form of out-of-home entertainment, which, on an average price per patron basis, continues to compare favorably to other out-of-home entertainment alternatives, such as concerts and sporting events. Finally, the domestic motion picture exhibition industry is in the process of experimenting with and implementing various initiatives, concepts and customer amenities 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. These initiatives include reserved seating and luxury reclining seating, broadening food and beverage offerings, 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. In addition, we believe the benefits associated with premium motion picture formats are significant for our industry and provide us with the opportunity for incremental revenue from formats such as IMAX® and our proprietary large screen format, RPXSM. Finally, we believe that operating a digital theatre circuit provides greater flexibility in scheduling our programming content, which has enhanced our capacity utilization, and enables us to generate incremental revenue from differentiated motion picture formats, such as digital 3D, and the exhibition of specialty content offerings through certain distributors of specialty content, such as AC JV, LLC. 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 7,367 screens in 574 theatres in 42 states along with Guam, Saipan, American Samoa and the District of Columbia as of January 1, 2015. 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, 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 strategic initiative to install luxury reclining seating at select locations in certain of our key markets. As of January 1, 2015, we offered luxury reclining seating in 336 auditoriums at 32 select theatre locations. Based on promising initial results, we expect to offer luxury reclining seating in approximately

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40 additional locations by the end of fiscal 2015. The costs of these conversions in some cases are partially covered by investments from our theatre landlords.

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.

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The following table details the number of locations and theatre screens in our theatre circuit ranked by the number of screens in each state along with Guam, Saipan, American Samoa and the District of Columbia as of January 1, 2015:

State/District	Locations	Number of Screens
California	87	1,054
Florida	48	709
New York	46	559
Virginia	32	441
Washington	32	361
Texas	29	407
Pennsylvania	24	319
North Carolina	22	269
Ohio	21	299
Oregon	20	214
South Carolina	17	230
Georgia	16	251
Maryland	15	206
Tennessee	13	179
Colorado	13	162
Indiana	12	145
Illinois	11	148
Nevada	11	141
New Jersey	10	142
Massachusetts	10	118
Missouri	8	114
Hawaii	7	72
Mississippi	7	56
Idaho	5	73
Kentucky	5	60
New Mexico	5	60
Connecticut	5	57
Louisiana	5	53
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
Michigan	2	26
Arkansas	2	24
Maine	2	20
Nebraska	1	16
Arizona	1	14
Guam	1	14
District of Columbia	1	14
Montana	1	11

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Saipan	1	7
American Samoa	1	2
Total	574	7,367

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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 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 over 20,100 U.S. theatres screens (of which approximately 19,200 are part of National CineMedia's digital content network) as of January 1, 2015. During 2014, over 700 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 January 1, 2015, the Company received from National CineMedia approximately 11.2 million newly issued common units of National CineMedia as a result of the adjustment provisions of the Common Unit Adjustment Agreement. 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 25.8 million common units. As a result, on a fully diluted basis, we own a 20.1% interest in NCM, Inc. as of January 1, 2015.

During fiscal 2013, National CineMedia sold its "Fathom Events" business to AC JV, LLC ("AC JV"), a newly-formed Delaware limited liability company owned 32% by each of RCI, AMC and Cinemark and 4% by National CineMedia. The Fathom Events business 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 \$8.3 million from each). In addition, RCI, AMC and Cinemark each amended and restated its existing exhibitor service agreement with National CineMedia in connection with the sale by National CineMedia of its Fathom Events business.

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. 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 effected equity contributions of approximately \$3.6 million to DCIP during fiscal 2014, and expects to make additional equity

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contributions in the future. Also during fiscal 2014, the Company received \$6.3 million in cash distributions from DCIP as a return on its investment.

The Company holds a 46.7% economic interest in DCIP as of January 1, 2015. As of January 1, 2015, we operated 7,333 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 2014 which generated national box office revenues of approximately \$161.3 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 January 1, 2015, 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 January 1, 2015 was \$(10.0) million. 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 often establishes a film's success and substantiates the film's revenue potential. For example, the revenue streams of home video, DVD and pay cable distribution agreements often contractually depend 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.

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 majority of our arrangements use a "sliding scale" formula. Under a sliding scale formula, the distributor receives a percentage of the box office receipts using a pre-determined and mutually agreed upon film rental template. This formula establishes film rental predicated on box office performance and is the predominant formula used by us to

calculate film rental fees. We have also used a "firm term" formula and a "review or settlement" method. 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.

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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 2014, films shown from our ten major film distributors accounted for approximately 95% of our admissions revenues. Six of the ten major film distributors each accounted for more than 10% of fiscal 2014 admission revenues. No single film distributor accounted for more than 20% of fiscal 2014 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 27.7% of our total revenues from concessions sales during fiscal 2014. 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 have focused on expanding our menu of food and alcoholic beverage products. We believe that the enhancement of our food and alcoholic beverage offerings has had a positive effect on our operating results and we expect to continue to invest in such offerings in our theatres. As of January 1, 2015, we offered an expanded menu of food and/or alcoholic beverage items in 159 locations. By the end of fiscal 2015, we expect to offer an expanded menu of food in approximately 180 locations and alcoholic beverages in approximately 130 locations. In addition, as of January 1, 2015, 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.

We believe that the enhancement of our food and alcoholic beverage offerings has had a positive effect on our operating results and we expect to continue to invest in such offerings in our theatres.

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 and other customer amenities, location, reputation, seating capacity;
- quality of projection and sound systems;
- appeal of our concession products; and
- ability and willingness to promote the films that are showing.

We have several hundred competitors nationwide that vary substantially in size, from small independent exhibitors to large national chains such as AMC and Cinemark. As a result, our theatres are subject to varying degrees of competition in the regions in which they operate. Our competitors, including newly established motion picture exhibitors, may build new theatres or screens in areas in which we operate, which may result in increased competition and excess capacity in those areas. If this occurs, it may have an adverse effect on our business and results of operations. As 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. As discussed in "Industry Overview and Trends" under Part I, Item I of this Form 10-K, the domestic motion picture exhibition

industry is in the process of 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. We are optimistic that these and other recent industry initiatives and trends will drive continued growth and strength for the domestic motion picture industry. To that end, our market share may be positively or negatively impacted by such initiatives and trends during any given fiscal period.

We also compete with other motion picture distribution channels, including 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

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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. Over the past several years, the theatrical release window has contracted slightly to approximately three to four months. 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 January 1, 2015, we had over 13 million active members in the Regal Crown Club®, and these members accounted for approximately \$1.0 billion of the Company's box office and concession revenues during fiscal 2014. 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. Our mobile ticketing application designed to give customers quick access to box office information via their Apple iPhone® or Android™ phone, has been downloaded approximately 2.5 million times since its fiscal 2012 launch. The application provides customers the ability to find films, movie information, showtimes and special offers from Regal and the ability to purchase tickets for local theatres, thereby expediting the admissions process. Additionally, the application helps customers stay up-to-date on the latest coupons and Regal Crown Club® loyalty program promotions.

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 the ability to 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 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.

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As of January 1, 2015, we employed approximately 23,168 persons. The Company considers its employee relations to be good.

EXECUTIVE OFFICERS OF THE REGISTRANT

Shown below are the names, ages as of January 1, 2015, 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	48	Chief Executive Officer
Gregory W. Dunn	55	President and Chief Operating Officer
Peter B. Brandow	54	Executive Vice President, General Counsel and Secretary
David H. Ownby	45	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 Thacher & Bartlett LLP.

David H. Ownby is our Executive Vice President, Chief Financial Officer and Treasurer and has served in this capacity since June 2009. Mr. Ownby also has served as our Chief Accounting Officer since May 2006. Mr. Ownby served as our Senior Vice President of Finance from March 2002 to June 2009. Prior thereto, Mr. Ownby served as the Company's Vice President 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.

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.

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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 2014, our total rent expense and net interest expense were approximately \$423.4 million and \$126.5 million, respectively. As of January 1, 2015, we had total debt obligations of \$2,360.2 million. As of January 1, 2015, we had total contractual cash obligations of approximately \$6,140.9 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, to obtain additional financing or suspend the payment of dividends. We cannot assure you that we will be able to refinance any indebtedness, sell any such assets or obtain additional financing on commercially reasonable terms or at all.

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

Our ability to operate successfully depends upon the availability, diversity and commercial appeal of motion pictures, our ability to license motion pictures and the performance of such motion pictures in our markets. We license first-run motion pictures, the success of which 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.

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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 95% of our admissions revenues during fiscal 2014. 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 three to 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 the majority of our locations feature 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.

Finally, the motion picture exhibition industry continues to experiment with and implement various initiatives, concepts, customer amenities and technological innovations aimed at delivering a premium movie-going experience for its patrons (including, but not limited to, luxury reclining seating, enhancement of food and alcoholic beverage offerings, the installation of premium format screens, digital 3D projection and satellite distribution technologies). While we continue to experiment and implement these initiatives, new innovations will continue to impact our industry. If we are unable to respond to or invest in changes in technology and the preferences of our customers, we may not be able to compete with other exhibitors or other entertainment venues, which could adversely affect our results of operations.

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

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acquisitions. If we cannot generate anticipated cash flows resulting from acquisitions or fail to realize their anticipated benefits, our results of operations and profitability could be adversely affected. Any acquisition may involve operating risks, such as:

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

We also 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 January 1, 2015, we own approximately 20.1% of National CineMedia, and participate in other joint ventures such as DCIP, Open Road Films, AC JV and DCDC. 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, AC JV and DCDC 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.

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.

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

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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.

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 slightly above the applicable minimum wage in the theatre's jurisdiction. Increases in the minimum wage and implementation of reforms requiring the provision of additional benefits will increase our labor costs.

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

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

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 January 1, 2015, 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, effect stockholder actions by written consent in lieu of stockholder meetings and determine the outcome of all matters submitted to a vote of our stockholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares of common stock or other equity securities and the payment of dividends on our common stock. 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 open-market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Sales of substantial amounts of shares of our Class A common stock in the public market, including by the Anschutz

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Company or its affiliates, or the perception that those sales will occur, could cause the market price of our Class A common stock to decline.

As of February 23, 2015, we had outstanding 23,708,639 shares of Class B common stock that may convert into Class A common stock on a one-for-one basis, all of which shares of common stock constitute "restricted securities" under the Securities Act. Provided the holders comply with the applicable volume limits and other conditions prescribed in Rule 144 under the Securities Act, all of these restricted securities are currently freely tradable.

In addition, Anschutz Company and its affiliates are able to sell their shares pursuant to the registration rights that we have granted and may choose to do so at any time. In addition, 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 (unless otherwise required by the rules of the New York Stock Exchange), up to 50,000,000 shares of preferred stock, par value \$0.001 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

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

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

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

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

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

We are a holding company with no operations of our own. Consequently, our ability to service our and our subsidiaries' debt and pay dividends on our common stock is dependent upon the earnings from the businesses conducted by our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. Any distribution of earnings to us from our subsidiaries, or advances or other distributions of funds by these subsidiaries to us, all of which are subject to statutory or contractual restrictions, are contingent upon our subsidiaries' earnings and are subject to various business considerations. Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of our 5³/₄% Senior Notes due 2022 (the "5³/₄% Senior Notes Due 2022"), our 5³/₄% Senior Notes due 2023 (the "5³/₄% Senior Notes Due 2023"), our 5³/₄% Senior Notes due 2025 (the "5³/₄% Senior Notes Due 2025") and our common stock to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors. In addition, even if we were a creditor of any of

our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Item 1B. UNRESOLVED STAFF COMMENTS.

None.

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Item 2. PROPERTIES.

As of January 1, 2015, we operated 518 theatre locations pursuant to lease agreements and owned the land and buildings in fee for 56 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 January 1, 2015, 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 2014	
	High	Low
First Quarter (December 27, 2013 - March 27, 2014)	\$20.14	\$17.97
Second Quarter (March 28, 2014 - June 26, 2014)	21.40	18.41
Third Quarter (June 27, 2014 - September 25, 2014)	21.56	19.41
Fourth Quarter (September 26, 2014 - January 1, 2015)	23.24	17.87
	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

On February 23, 2015, there were approximately 257 stockholders of record of our Class A common stock and one stockholder of record of our Class B common stock. As of February 23, 2015 our officers, directors and key employees hold, or in the case of performance shares are eligible to receive, approximately 1,569,734 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 28, 2019. All shares of restricted stock are registered and will be freely tradable when the restrictions lapse, unless such shares are issued to or acquired by an affiliate of Regal, in which case the affiliate may only sell the shares subject to the volume limitations imposed by Rule 144 of the Securities Act.

Dividend Policy

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During fiscal 2014, we paid to our stockholders four quarterly cash dividends of \$0.22 per share on each outstanding share of our Class A and Class B common stock, or approximately \$138.6 million in the aggregate. In addition, on December 15, 2014, 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 \$156.2 million. 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. Finally, on February 12, 2015, 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 13, 2015 to our stockholders of record on March 3, 2015. 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 30, 2010, considering the results of United Artists, Regal Cinemas, Edwards and the eight theatres acquired from AMC on May 24, 2010 and June 24, 2010 for periods subsequent to their acquisition dates, (ii) the fiscal year ended December 29, 2011, considering the results of United Artists, Regal Cinemas, Edwards and the eight theatres acquired from AMC from December 31, 2010, (iii) the fiscal year ended December 27, 2012, considering the results of United Artists, Regal Cinemas, Edwards, 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, (iv) the fiscal year ended December 26, 2013, considering the results of United Artists, Regal Cinemas, Edwards, the eight theatres acquired from AMC and 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, and (v) the fiscal year ended January 1, 2015, considering the results of United Artists, Regal Cinemas, Edwards, the eight theatres acquired from AMC, the 25 theatres acquired from Great Escape Theatres, and the 43 theatres acquired from Hollywood Theaters from December 27, 2013. The fiscal year ended January 1, 2015 consisted of 53 weeks of operations. The selected historical consolidated financial data as of and for the fiscal years ended January 1, 2015, December 26, 2013, December 27, 2012, December 29, 2011, and December 30, 2010 were derived from the audited consolidated financial statements of Regal and the notes thereto. The selected historical financial data does not necessarily indicate the operating results or financial position that would have resulted from our operations on a combined basis during the periods presented, nor is the historical data necessarily indicative of any future operating results or financial position of Regal. In addition to the below selected financial data, you should also refer to the more complete financial information included elsewhere in this Form 10-K.

Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended	Fiscal year ended
January 1, 2015 (1)	December 26, 2013	December 27, 2012	December 29, 2011	December 30, 2010
(in millions, except per share data)				

Statement of Income Data:

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Total revenues	\$2,990.1	\$3,038.1	\$2,820.0	\$2,675.9	\$2,801.9
Income from operations(6)	306.4	339.8	330.0	215.5	209.8
Net income attributable to controlling interest(5)(6)(7)	105.6	157.7	142.3	36.8	74.0
Earnings per diluted share(5)(6)(7)	0.68	1.01	0.92	0.24	0.48
Dividends per common share(2)(3)(4)	\$1.88	\$0.84	\$1.84	\$	