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

FORM 10-Q

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2015

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 001-35294

Starz
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**20-8988475**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8900 Liberty Circle **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip Code)

Registrant's telephone number, including area code: **(720) 852-7700**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes__X__ No___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes __X__ No____

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.

Large accelerated filer __X__ Accelerated filer ____ Non-accelerated filer ___ 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 _X__

The number of outstanding shares of Starz's common stock as of March 31, 2015 was:

Series A	Series B
92,095,133	9,872,524

STARZ
FORM 10-Q

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PART I

Item 1. Financial Statements

Starz and Subsidiaries

Condensed Consolidated Balance Sheets

(Unaudited)

(in millions, except share and per share amounts)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 10.1	$ 13.4
Trade accounts receivable, net of allowances of $26.6 and $41.9	262.4	249.1
Program rights, net	363.1	303.5
Deferred income taxes	0.9	0.9
Other current assets	40.8	70.1
Total current assets	677.3	637.0
Program rights	322.2	311.3
Investment in films and television programs, net	333.7	319.5
Property and equipment, net of accumulated depreciation of $127.8 and $123.4	87.6	89.8
Deferred income taxes	14.1	—
Goodwill	131.8	131.8
Other assets, net (Note 8)	120.8	83.8
Total assets	$ 1,687.5	$ 1,573.2
Liabilities and Equity		
Current liabilities:		
Current portion of debt (Note 2)	$ 5.3	$ 5.3
Trade accounts payable	6.0	10.1
Accrued liabilities (Notes 5, 7 and 8)	345.2	327.4
Deferred revenue	10.4	7.4
Total current liabilities	366.9	350.2
Debt (Note 2)	1,187.7	1,174.2
Deferred income taxes	—	1.1
Other liabilities (Note 7)	7.0	7.9
Total liabilities	1,561.6	1,533.4
Stockholders' equity (Note 3):		
Preferred stock, $.01 par value. Authorized 50,000,000 shares; no shares issued	—	—
Series A common stock, $.01 par value. Authorized 2,000,000,000 shares; issued and outstanding 92,095,133 and 91,874,138 shares at March 31, 2015 and December 31, 2014, respectively	0.9	0.9
Series B common stock, $.01 par value. Authorized 75,000,000 shares; issued and outstanding 9,872,524 shares at March 31, 2015 and December 31, 2014	0.1	0.1
Additional paid-in capital	23.5	24.0
Accumulated other comprehensive loss, net of taxes	(1.8)	(2.3)
Retained earnings	110.4	25.8
Total stockholders' equity	133.1	48.5
Noncontrolling interest in subsidiary	(7.2)	(8.7)
Total equity	125.9	39.8
Commitments and contingencies (Note 7)		
Total liabilities and equity	$ 1,687.5	$ 1,573.2

See accompanying notes to condensed consolidated financial statements.

Starz and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

(in millions, except per share amounts)

	Three Months Ended March 31,	
	2015	2014
Revenue:		
Programming networks and other services	$ 415.8	$ 363.3
Home video net sales	34.9	56.7
Total revenue	450.7	420.0
Costs and expenses:		
Programming (including amortization) (Notes 4 and 7)	146.0	156.9
Production and acquisition (including amortization) (Note 5)	56.6	40.9
Home video cost of sales	10.4	13.0
Operating (Note 4)	13.3	14.1
Selling, general and administrative (Note 4)	77.2	76.7
Depreciation and amortization	4.7	4.9
Total costs and expenses	308.2	306.5
Operating income	142.5	113.5
Other income (expense):		
Interest expense, net of amounts capitalized (Note 2)	(11.2)	(11.5)
Other income (expense), net	(2.2)	0.5
Income before income taxes	129.1	102.5
Income tax expense (Note 6)	(43.0)	(35.7)
Net income	86.1	66.8
Net income attributable to noncontrolling interest	(1.5)	(1.9)
Net income attributable to stockholders	$ 84.6	$ 64.9
Basic net income per common share (Note 8)	$ 0.84	$ 0.60
Diluted net income per common share (Note 8)	$ 0.79	$ 0.56
Weighted average number of common shares outstanding (Note 8):		
Basic	101.1	108.2
Diluted	106.6	115.0

See accompanying notes to condensed consolidated financial statements.

Starz and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(in millions)

	Three Months Ended March 31,	
	2015	2014
Net income	$ 86.1	$ 66.8
Other comprehensive income (loss), net of taxes -		
Foreign currency translation adjustments from operations	0.7	(0.2)
Comprehensive income	86.8	66.6
Comprehensive income attributable to noncontrolling interest	(1.7)	(1.9)
Comprehensive income attributable to stockholders	$ 85.1	$ 64.7

See accompanying notes to condensed consolidated financial statements.

Starz and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in millions)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Operating activities:		
Net income	$ 86.1	$ 66.8
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	4.7	4.9
Amortization of program rights	136.9	146.3
Program rights payments	(136.0)	(112.6)
Amortization of investment in films and television programs	36.9	36.2
Investment in films and television programs	(108.7)	(79.5)
Stock compensation	8.3	7.8
Deferred income taxes	(6.8)	(2.1)
Other non-operating and non-cash items	(13.5)	0.9
Changes in assets and liabilities:		
Current and other assets	(8.7)	(1.5)
Payables and other liabilities	(5.0)	(25.9)
Net cash provided by (used in) operating activities	(5.8)	41.3
Investing activities - purchases of property and equipment	(2.2)	(1.3)
Financing activities:		
Borrowings of debt	95.0	84.0
Payments of debt	(81.3)	(65.2)
Exercise of stock options	4.6	0.7
Minimum withholding of taxes related to stock compensation	(5.2)	(5.7)
Excess tax benefit from stock compensation	4.6	4.4
Repurchases of common stock	(13.0)	(66.0)
Net cash provided by (used in) financing activities	4.7	(47.8)
Net decrease in cash and cash equivalents	(3.3)	(7.8)
Cash and cash equivalents:		
Beginning of period	13.4	25.7
End of period	$ 10.1	$ 17.9

See accompanying notes to condensed consolidated financial statements.

Starz and Subsidiaries

Condensed Consolidated Statement of Equity

Three Months Ended March 31, 2015

(Unaudited)

(in millions)

	Stockholders' Equity							
	Preferred Stock	Series A	Series B	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Noncontrolling Interest	Total Equity
Balance at December 31, 2014	$ —	$ 0.9	$ 0.1	$ 24.0	$ (2.3)	$ 25.8	$ (8.7)	$ 39.8
Net income	—	—	—	—	—	84.6	1.5	86.1
Other comprehensive income	—	—	—	—	0.5	—	0.2	0.7
Stock compensation	—	—	—	8.5	—	—	(0.2)	8.3
Stock issued upon exercise of stock options	—	—	—	4.6	—	—	—	4.6
Minimum withholding of taxes related to stock compensation	—	—	—	(5.2)	—	—	—	(5.2)
Excess tax benefit from stock compensation	—	—	—	4.6	—	—	—	4.6
Repurchases of common stock	—	—	—	(13.0)	—	—	—	(13.0)
Balance at March 31, 2015	$ —	$ 0.9	$ 0.1	$ 23.5	$ (1.8)	$ 110.4	$ (7.2)	$ 125.9

See accompanying notes to condensed consolidated financial statements.

Note 1 - Basis of Presentation and Description of Business

Presentation

Starz, through its wholly-owned subsidiary Starz, LLC, provides premium subscription video programming to United States ("U.S.") multichannel video programming distributors ("MVPDs"), including cable operators, satellite television providers and telecommunications companies. Starz also develops, produces and acquires entertainment content and distributes this content to consumers in the U.S. and throughout the world. The accompanying condensed consolidated financial statements include the accounts of Starz and its majority-owned and controlled subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Starz's Annual Report on Form 10-K for the year ended December 31, 2014.

Business

Starz's business operations are conducted by its wholly-owned subsidiaries Starz, LLC, Starz Entertainment, LLC ("Starz Entertainment"), Film Roman, LLC ("Film Roman") and certain other immaterial subsidiaries, and its majority-owned (75%) subsidiary Starz Media Group, LLC ("Starz Media"). The Weinstein Company LLC ("Weinstein") owns a 25% interest in Starz Media. Starz is managed by and organized around the following operating segments:

Starz Networks

Starz Networks' flagship premium networks are STARZ and ENCORE. STARZ, a first-run movie service, exhibits contemporary hit movies, original series, and documentaries. ENCORE airs first-run movies and classic contemporary movies. Starz Networks' third network, MOVIEPLEX, offers a variety of art house, independent films and classic movie library content. STARZ and ENCORE, along with MOVIEPLEX, air across 17 linear networks complemented by on-demand and online services. Starz Networks' premium networks are offered by MVPDs to their subscribers either on a fixed monthly price as part of a programming tier or package or on an a la carte basis.

Starz Distribution

Starz Distribution includes Starz's Anchor Bay Entertainment, Starz Digital and Starz Worldwide Distribution businesses.

Anchor Bay Entertainment

Anchor Bay Entertainment sells or rents DVDs (standard definition and Blu-ray™) under the ANCHOR BAY brand, in the U.S., Canada and other international territories to the extent it has home entertainment rights to such content in international territories. Anchor Bay Entertainment acquires and licenses various titles from third parties and also develops and produces certain of its content. Certain of the titles acquired by Anchor Bay Entertainment air on Starz Networks' STARZ and ENCORE networks. Anchor Bay Entertainment also distributes Starz Networks' original series and Weinstein's titles. Each of these titles are sold to and distributed by regional and national retailers and other distributors, including Amazon, Best Buy, Ingram Entertainment, Netflix, Redbox, Target and Wal-Mart.

Starz Digital

Starz Digital distributes content on pay-per-view, video-on-demand, subscription video-on-demand (“SVOD”), electronic sell-through and other digital formats for Starz’s owned content, including Starz Networks’ original series, and content for which it has licensed home entertainment ancillary rights in the U.S. and throughout the world to the extent it has rights to such content in international territories. Starz Digital receives fees for its content from a wide array of partners and distributors. These range from traditional MVPDs, online/mobile distributors, game developers/publishers and consumer electronics companies. Starz Digital also distributes Weinstein’s titles.

Starz Worldwide Distribution

Starz Worldwide Distribution distributes movies, television series, documentaries, children’s programming and other video content. Starz Worldwide Distribution exploits Starz’s owned content, including Starz Networks’ original series, and content for which it has licensed ancillary rights on free or pay television in the U.S. and throughout the world on free or pay television and other media to the extent it has rights to such content in international territories. Starz Worldwide Distribution receives fees for its content primarily from various U.S. and international programming networks.

Starz Animation

Film Roman develops and produces two-dimensional animated content on a for-hire basis for various third party entertainment companies.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Starz considers amortization of program rights, the development of the remaining unrecognized revenue (also known as “Ultimate Revenue”) estimates associated with released films, the assessment of investment in films and television programs for impairment, the fair value of goodwill and any related impairment, valuation allowances associated with deferred income taxes and allowances for sales returns to be its most significant estimates. Actual results may differ from those estimates.

Prior Period Reclassifications

Certain prior period amounts have been reclassified for comparability with the2015 presentation.

Note 2 - Debt

Debt consists of the following *(in millions)*:

	March 31, 2015	December 31, 2014
Credit Agreement (a)	$ 447.0	$ 432.0
Senior Notes, including premium of $2.3 and $2.5 (b)	677.3	677.5
Capital leases (c)	68.7	70.0
Total debt	1,193.0	1,179.5
Less current portion of debt	(5.3)	(5.3)
Debt	$ 1,187.7	$ 1,174.2

(a) As of March 31, 2015, Starz, LLC had $553.0 million of borrowing capacity under a credit agreement (“Credit Agreement”) that provided for$1,000.0 million of revolving loans and a $50.0 million sub-limit for standby letters of credit with a maturity date of November 16, 2016. As more fully described in Note 10 - Subsequent Events, on April 20, 2015, Starz, LLC terminated the Credit Agreement and entered into a new $1,000.0 million credit agreement (“2015 Credit Agreement”).

Interest on each loan under the Credit Agreement is payable at either an alternate base rate or LIBOR at Starz, LLC's election. Borrowings that are alternate base rate loans bear interest at a per annum rate equal to the alternate base rate plus a margin that varies between 0.5% and 1.5% depending on the consolidated leverage ratio, as defined in the Credit Agreement. The alternate base rate is the highest of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus ½ of 1.0% or (c) LIBOR for a one-month interest period plus 1.0%. Borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.5% and 2.5% depending on the consolidated leverage ratio. The Credit Agreement requires Starz, LLC to pay a commitment fee on any unused portion. The commitment fee varies between 0.25% and 0.50%, depending on the consolidated leverage ratio.

As of March 31, 2015, the following borrowings and related LIBOR or alternate base rate interest rates were outstanding under the Credit Agreement *(dollars in millions)*:

LIBOR or alternate base rate period:	Interest Rate	Loan Amount
March 2015 to April 2015	1.9227%	$ 35.0
March 2015 to April 2015	1.9265%	371.0
March 2015 to April 2015	1.9278%	36.0
March 2015 and forward	4.0000%	5.0
		$ 447.0

The Credit Agreement contains certain covenants that include restrictions on, among others, incurring additional debt, paying dividends, entering into liens or guarantees, or making certain distributions, investments and other restricted payments. In addition, Starz, LLC must comply with certain financial covenants, including a consolidated leverage ratio, as defined in the Credit Agreement. As of March 31, 2015, Starz, LLC was in compliance with all covenants under the Credit Agreement.

(b) Starz, LLC and Starz Finance Corp., a wholly-owned subsidiary, co-issued $675.0 million aggregate principal amount of 5.0% senior notes due September 15, 2019 ("Senior Notes"). The Senior Notes bear interest at a rate of 5.0% payable semi-annually on September 15 and March 15 of each year and are guaranteed by Starz Entertainment.

The Senior Notes contain certain covenants that include restrictions on, among others, incurring additional debt, paying dividends, entering into liens and guarantees, or making certain distributions, investments and other restricted payments. As of March 31, 2015, Starz, LLC was in compliance with all covenants under the Senior Notes.

(c) On January 11, 2013, Starz, LLC entered into a commercial lease for its headquarters building. The term of the lease is ten years, with four successive five-year renewal periods at the option of Starz, LLC. Starz, LLC has recorded a $44.8 million capital lease in connection with this lease agreement with an imputed annual interest rate of 6.4%.

Starz Entertainment has entered into capital lease agreements for its transponder capacity. The agreements expire during 2018 to 2021 and have imputed annual interest rates ranging from 5.5% to 7.0%.

At March 31, 2015, the fair value of the Senior Notes was $697.5 million which was based upon quoted prices in active markets. Starz believes the fair value of the Credit Agreement approximates its carrying value as of March 31, 2015 due to its variable rate nature and Starz's stable credit spread.

Amounts totaling $1.5 million and $0.9 million of interest expense have been capitalized as investment in films and television programs during the three months ended March 31, 2015 and 2014, respectively.

Note 3 - Stockholders' Equity

Preferred Stock

Preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Starz's board of directors. As of March 31, 2015, no shares of preferred stock were issued.

Common Stock

Series A common stock has one vote per share and Series B common stock has ten votes per share. Each share of the Series B common stock is exchangeable at the option of the holder for one share of Series A common stock. The Series A and Series B common stock participate on an equal basis with respect to dividends and distributions.

As of March 31, 2015, there were 15.1 million shares of Series A common stock reserved for issuance under the exercise privileges of outstanding stock options. In addition to the Series A and Series B common stock, there are 2.0 billion shares of Series C common stock authorized for issuance.

Purchases of Common Stock

The Starz board of directors has authorized a total of $800.0 million since January 2013 to repurchase Starz common stock. Starz used $13.0 million of cash, including fees, to buy back 0.4 million shares of common stock under the share repurchase program during the three months ended March 31, 2015. There is $169.3 million remaining under the share repurchase program as of March 31, 2015.

Note 4 – Stock Options and Restricted Stock

Starz has granted to certain of its employees and directors, stock options to purchase Series A common stock, restricted shares of Series A common stock and restricted stock units pursuant to the Starz incentive plans.

Stock compensation expense, by expense category, consists of the following *(in millions)*:

	Three Months Ended March 31,	
	2015	2014
Programming costs	$ 0.6	$ 0.7
Operating expenses	0.1	0.1
Selling, general and administrative expenses	7.6	7.0
Total stock compensation expense	$ 8.3	$ 7.8

As of March 31, 2015, the total unrecognized compensation cost related to the unvested stock options, restricted stock and restricted stock units was approximately $62.8 million. Such amount will be recognized in Starz's condensed consolidated statements of operations over a weighted average period of approximately 2.39 years.

The following table presents the number and weighted average exercise price ("WAEP") of stock options to purchase Starz common stock:

	Options		WAEP
Outstanding at December 31, 2014	16,431,666	$	17.42
Granted	45,449	$	33.71
Exercised	(1,129,145)	$	13.44
Forfeited	(269,449)	$	23.33
Expired/canceled	—	$	—
Outstanding at March 31, 2015	15,078,521	$	17.67
Exercisable at March 31, 2015	6,816,379	$	13.84

At March 31, 2015, the weighted-average remaining contractual term of outstanding options is 5.4 years and exercisable options is 4.1 years. At March 31, 2015, the aggregate intrinsic value of the outstanding options is $252.5 million and the exercisable options is $140.2 million.

The following table presents the number and weighted-average grant date fair value of restricted stock grants:

	Restricted Stock		Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2014	708,658	$	21.01
Granted	2,556	$	34.34
Vested	(71,655)	$	17.05
Forfeited	(13,483)	$	26.29
Outstanding at March 31, 2015	626,076	$	21.41

At March 31, 2015, 2.6 million of outstanding stock options and 0.2 million restricted shares were held by Liberty Media Corporation employees as a result of the January 2013 spin-off of Liberty Spinco, Inc. (currently known as Liberty Media Corporation), our then wholly-owned subsidiary.

In March 2015, Starz granted certain employees restricted stock units that will vest based upon the actual, cumulative Adjusted OIBDA (as defined in Note 9) achieved by Starz during a three year performance period beginning on January 1, 2015 and ending on December 31, 2017 ("Performance Period"), compared to a target cumulative Adjusted OIBDA during the Performance Period specified by the Starz compensation committee. Potential vesting of the restricted stock units ranges from a threshold of 50% of the target award if Starz's actual three-year cumulative Adjusted OIBDA equals 90% of the targeted amount, to a maximum of 200% of the target award if Starz's actual three-year cumulative Adjusted OIBDA equals or exceeds 120% of the targeted amount. Results between threshold, target and maximum will be interpolated on a straight line basis. Each restricted stock unit is the right to receive, in those specified circumstances, one share of Starz Series A common stock. Based upon the target for the Performance Period, the number of restricted stock units representing the threshold, target and maximum are 50,841 units, 101,681 units and 203,362 units, respectively.

Note 5 – Related Party Transactions

In December 2010, Anchor Bay Entertainment entered into a five-year license agreement with Weinstein for the distribution of certain of Weinstein's theatrical releases on DVD and digital formats. Effective December 2014, Anchor Bay Entertainment extended, through April 2020, its license agreement with Weinstein. Anchor Bay Entertainment earns a fee for the distribution of such theatrical titles. Starz recognized expense of $21.4 million and $26.1 million, which is included in production and acquisition costs in the accompanying condensed consolidated statements of operations, for Weinstein's share of the net proceeds under the license agreement, for the three months ended March 31, 2015 and 2014, respectively. Amounts due to Weinstein totaled $40.8 million and $59.6 million, which are included in accrued liabilities in the accompanying condensed consolidated balance sheets, at March 31, 2015 and December 31, 2014, respectively.

Note 6 - Income Taxes

The income tax provision for the three months ended March 31, 2015 and 2014 is calculated by estimating Starz's annual effective tax rate and then applying the effective tax rate to income before income taxes for the period, plus or minus the tax effects of items that relate discretely to the period, if any. Our effective tax rate was 33% and 35% for the three months ended March 31, 2015 and 2014, respectively. For the three months ended March 31, 2015 and 2014, income tax expense differs from the amounts computed by applying the U.S. federal income tax rate of 35% primarily due to Internal Revenue Code Section 199, which allows U.S. taxpayers a deduction for qualified domestic production activities. In addition, our effective tax rate is impacted by state and local taxes for both the three months ended March 31, 2015 and 2014.

Note 7 - Commitments and Contingencies

Programming Rights

Starz has an exclusive multi-year output licensing agreement for qualifying films that are released theatrically in the U.S. by Sony Pictures Entertainment Inc. ("Sony") through 2021. The agreement provides Starz with exclusive pay TV rights to exhibit qualifying theatrically released films under the Sony, Columbia Pictures, Screen Gems, Sony Pictures Classics and TriStar labels. Theatrically released films produced by Sony Pictures Animation are not licensed to Starz under the Sony agreement. In addition, Starz has an exclusive licensing agreement for qualifying films that are released theatrically in the U.S. by Walt Disney Company ("Disney") through 2015. The agreement provides Starz with exclusive pay TV rights to exhibit qualifying theatrically released live-action and animated feature films under the Disney, Touchstone, Pixar and Marvel labels. Theatrically released films produced by DreamWorks and released by Disney are not licensed to Starz under the Disney agreement. The programming fees to be paid to Sony and Disney are based on the quantity and domestic theatrical exhibition receipts of qualifying films. Starz has also entered into agreements with a number of other motion picture producers and is obligated to pay fees for the rights to exhibit certain films that are released by these producers.

The unpaid balance for program rights related to films that were available for exhibition at March 31, 2015 is reflected in accrued liabilities and in other liabilities in the accompanying condensed consolidated balance sheets. As of March 31, 2015, such liabilities aggregated approximately $124.0 million and are payable as follows: $117.3 million in 2015, $6.5 million in 2016 and $0.2 million in 2017.

The estimated amounts payable under programming license agreements related to films that are not available for exhibition until some future date, including the rights to exhibit films that have been released theatrically under the Sony and Disney agreements, which have not been accrued as of March 31, 2015, are as follows: $143.5 million in 2015; $130.4 million in 2016; $111.3 million in 2017; $101.6 million in 2018; $85.8 million in 2019 and $158.7 million thereafter.

Starz is also obligated to pay fees for films that have not yet been released in theaters by Sony and Disney. Starz is unable to estimate the amounts to be paid under these agreements for films that have not yet been released; however, such amounts are expected to be significant.

Total amortization of program rights was $136.9 million and $146.3 million for the three months ended March 31, 2015 and 2014, respectively. These amounts are included in programming costs in the accompanying condensed consolidated statements of operations.

Legal Proceedings

In the normal course of business, Starz is subject to lawsuits and other claims. While it is not possible to predict the outcome of these matters, it is the opinion of management, based upon consultation with legal counsel, that the ultimate disposition of known proceedings will not have a material adverse impact on Starz's consolidated financial position, results of operations or liquidity.

Note 8 – Other Information

Accrued Liabilities

Accrued liabilities consist of the following *(in millions)*:

	March 31, 2015	December 31, 2014
Program rights payable	$ 120.6	$ 89.0
Royalties, residuals and participations	88.3	74.6
Participations payable to Weinstein	40.8	59.6
Advertising and marketing	31.9	41.1
Payroll and related costs	15.6	27.5
Other	48.0	35.6
	$ 345.2	$ 327.4

Supplemental Disclosure of Cash Flow Information

The following table presents the supplemental disclosure of cash flow information *(in millions)*:

	Three Months Ended March 31,	
	2015	2014
Cash paid for interest, net of amounts capitalized	$ 19.0	$ 19.4
Cash paid for income taxes	$ 1.8	$ 2.6

Net Income Attributable to Common Stockholders

Basic net income per common share ("EPS") is computed by dividing net income attributable to stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented. The following is a reconciliation between basic and diluted weighted average shares outstanding *(in millions)*:

	Three Months Ended March 31,	
	2015	2014
Basic weighted average shares outstanding	101.1	108.2
Effect of dilution:		
Stock options	4.8	5.5
Restricted shares	0.6	1.3
Restricted stock units	0.1	—
Diluted weighted average shares outstanding	106.6	115.0

For the three months ended March 31, 2015, and 2014, approximately 1.3 million shares and none, respectively, have been excluded from the diluted weighted average shares outstanding since the shares would have been anti-dilutive.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 replaces the majority of all U.S. GAAP guidance that currently exists on revenue recognition with a single model to be applied to all contracts with customers. The core principle of ASU 2014-09 is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." For a public entity, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. An entity must apply ASU 2014-09 using either the full retrospective approach, by restating all years presented, or the cumulative effect at the date of adoption approach. Starz is currently assessing the impact that these changes will have on its consolidated financial statements and therefore are unable to quantify such impact or determine the method of adoption.

In April 2015, the FASB issued ASU 2015-03*Interest-Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in ASU 2015-03. For a public entity, ASU 2015-03 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early adoption is permitted for financial statements that have not been previously issued. As of March 31, 2015, Starz had $9.2 million of debt issuance costs which are included in other assets, net in the accompanying condensed consolidated balance sheets.

Note 9 – Information about Operating Segments

Starz is primarily engaged in video programming and development, production, acquisition and distribution of entertainment content. Starz evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as Adjusted OIBDA. Adjusted OIBDA is defined as revenue less programming costs, production and acquisition costs, home video cost of sales, operating expenses and selling, general and administrative expenses, but excluding all stock compensation expense. Starz's chief operating decision maker uses this measure of performance in conjunction with other measures to evaluate the operating segments' performance and make decisions about allocating resources among the operating segments. Starz believes Adjusted OIBDA is an important indicator of the operational strength and performance of its operating segments, including each operating segment's ability to assist Starz in servicing its debt and to fund investments in films and television programs. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between operating segments and identify strategies to improve performance. This measure of performance excludes stock compensation and depreciation and amortization that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, income before income taxes, net income, net cash provided by (used in) operating activities and other measures of financial performance prepared in accordance with GAAP.

The following table provides a reconciliation of Adjusted OIBDA to income before income taxes*(in millions)*:

	Three Months Ended March 31,	
	2015	2014
Consolidated Adjusted OIBDA	$ 155.5	$ 126.2
Stock compensation	(8.3)	(7.8)
Depreciation and amortization	(4.7)	(4.9)
Interest expense, net of amounts capitalized	(11.2)	(11.5)
Other income (expense), net	(2.2)	0.5
Income before income taxes	$ 129.1	$ 102.5

Starz's reportable segments are strategic business units that offer different services. They are managed separately because each segment requires different technologies, content delivery methods and marketing strategies. Starz identifies its reportable segments as those operating segments that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets. Starz Networks and Starz Distribution have been identified as reportable segments; however, as Starz has three operating segments, Starz Animation is also reported. Starz generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

Performance Measures *(in millions)*:

	Three Months Ended March 31,	
	2015	2014
Revenue:		
Starz Networks	$ 334.0	$ 324.0
Starz Distribution	109.7	87.3
Starz Animation	7.3	8.9
Inter-segment eliminations	(0.3)	(0.2)
Total revenue	$ 450.7	$ 420.0
Adjusted OIBDA:		
Starz Networks	$ 129.7	$ 114.0
Starz Distribution	26.4	12.7
Starz Animation	(0.6)	(0.6)
Inter-segment eliminations	—	0.1
Total Adjusted OIBDA	$ 155.5	$ 126.2

Other Information *(in millions)*:

	Three Months Ended March 31,	
	2015	2014
Cash paid for investment in films and television programs:		
Starz Networks	$ 69.1	$ 55.5
Starz Distribution	39.6	24.0
Starz Animation	—	—
Inter-segment eliminations	—	—
Total cash paid for investment in films and television programs	$ 108.7	$ 79.5

	March 31, 2015	December 31, 2014
Total assets:		
Starz Networks	$ 1,505.1	$ 1,357.4
Starz Distribution	228.8	174.1
Starz Animation	2.5	2.4
Other unallocated assets (primarily cash, deferred taxes and other assets, including a commercial lease for Starz's corporate headquarters facility)	83.8	101.9
Inter-segment eliminations	(132.7)	(62.6)
Total assets	$ 1,687.5	$ 1,573.2

Note 10 – Subsequent Events

On April 20, 2015 Starz, LLC entered into the 2015 Credit Agreement that provides for $1,000.0 million in revolving loans with a $50.0 million sub-limit for stand-by letters of credit. Net proceeds from the 2015 Credit Agreement were used to repay and terminate the Credit Agreement. Borrowings under the 2015 Credit Agreement may be prepaid at any time and from time to time without penalty other than customary breakage costs. Any amounts prepaid on the 2015 Credit Agreement may be reborrowed. The 2015 Credit Agreement is scheduled to mature on April 20, 2020.

Interest on each loan under the 2015 Credit Agreement is payable at either an alternate base rate or LIBOR at Starz, LLC's election. Borrowings that are alternate base rate loans bear interest at a per annum rate equal to the alternate base rate plus a margin that varies between 0.5% and 1.25% depending on the consolidated leverage ratio of Starz, LLC, as defined in the 2015 Credit Agreement. The alternate base rate is the highest of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus ½ of 1% or (c) LIBOR for a one-month interest period plus 1%. Borrowings that are LIBOR loans bear interest at a per annum rate equal to the applicable LIBOR plus a margin that varies between 1.50% and 2.25% depending on the consolidated leverage ratio of Starz, LLC. The 2015 Credit Agreement requires Starz, LLC to pay a commitment fee on any unused portion. The commitment fee varies between 0.25% and 0.40%, depending on the consolidated leverage ratio of Starz, LLC.

The 2015 Credit Agreement contains certain covenants that include restrictions on, among others, incurring additional debt, paying dividends, entering into liens or guarantees, or making certain distributions, investments and other restricted payments. In addition, Starz, LLC must comply with certain financial covenants, including a consolidated leverage ratio, as defined in the 2015 Credit Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q includes statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included in this Quarterly Report on Form 10-Q other than statements of historical fact or current fact are forward-looking statements that address activities, events or developments that we or our management expect, believe or anticipate will or may occur in the future. These statements represent our reasonable judgment on the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors, many of which are beyond our control and could cause our actual results and financial position to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "project," "forecast," "plan," "may," "will," "should," "could," "expect," or the negative thereof, or other words of similar meaning. In particular, these include, but are not limited to, statements of our current views and estimates of future economic circumstances, industry conditions in domestic and international markets, and our future performance and financial results. These forward-looking statements are subject to a number of factors and uncertainties that could cause our actual results to differ materially from the anticipated results and expectations expressed in such forward-looking statements.

Among the factors that may cause actual results and experiences to differ from the anticipated results and expectations expressed in such forward-looking statements are the following:

- changes in the nature of key strategic relationships with MVPDs and content providers and our ability to maintain and renew affiliation agreements with MVPDs and programming output and library agreements with content providers on terms acceptable to us;
- business combinations involving MVPDs or movie studios;
- distributor demand for our products and services, including the impact of higher rates paid by our distributors to other programmers, and our ability to adapt to changes in demand;
- consumer demand for our products and services, including changes in demand resulting from participation in and effectiveness of cooperative marketing campaigns with our distributors, and our ability to adapt to changes in demand;
- competitor responses to our products and services;
- the continued investment in, the cost of and our ability to acquire or produce desirable original programming;
- the cost of and our ability to acquire desirable theatrical movie content;
- disruption in the production of theatrical films or television programs due to work stoppages or strikes by unions representing writers, directors or actors;
- changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders, video-on-demand and IP television, and their impact on media content consumption;
- uncertainties inherent in the development and deployment of new business strategies;
- uncertainties associated with the development of products and services and market acceptance, including the development and provision of programming for new television and telecommunications technologies;
- our future financial performance, including availability, terms and deployment of capital;
- the ability of our suppliers and vendors to deliver products, equipment, software and services;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel and artistic talent;

- the regulatory and competitive environment of the industry in which we operate;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and/or adverse outcomes from regulatory proceedings;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- general economic and business conditions and industry trends;
- consumer spending levels;
- rapid technological changes;
- failure to protect digital information, including confidential and proprietary information about our distributors, viewers and employees, subjecting us to potentially costly government enforcement actions or private litigation and reputational risks;
- our ability to distribute content internationally;
- fluctuation in foreign currency exchange rates; and
- threatened terrorist attacks or political unrest in domestic and international markets.

For a description of our risk factors, please see Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2014.

All forward-looking statements contained in this Quarterly Report on Form 10-Q are qualified in their entirety by this cautionary statement. We caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2014.

OVERVIEW

Starz is a leading integrated global media and entertainment company. We provide premium subscription video programming to U.S. MVPDs, including cable operators, satellite television providers and telecommunications companies. We also develop, produce and acquire entertainment content and distribute this content to consumers in the U.S. and throughout the world. Our business operations are conducted by our wholly-owned subsidiaries Starz, LLC, Starz Entertainment, Film Roman and certain other immaterial subsidiaries, and our majority-owned subsidiary Starz Media, which is owned 25% by Weinstein.

We manage our operations through our Starz Networks, Starz Distribution and Starz Animation operating segments. Our integrated operating segments enable us to maintain control, and maximize the profitability of our original programming content and its marketing and distribution in the home entertainment and television ancillary markets. Our expanding original programming line-up also provides downstream revenue opportunities for our Starz Distribution operating segment to the extent we retain rights to exploit such programming in these ancillary markets both in the U.S. and around the world.

Our reportable segments are strategic business units that offer different services. They are managed separately because each segment requires different technologies, content delivery methods and marketing strategies. We identify our reportable segments as those operating segments that represent 10% or more of our consolidated annual revenue, annual Adjusted OIBDA or total assets. Starz Networks and Starz Distribution have been identified as reportable segments; however, as we have three operating segments, Starz Animation is also reported separately.

Revenue

The STARZ and ENCORE networks are the primary drivers of Starz Networks' revenue. Our networks are distributed pursuant to affiliation agreements with MVPDs. Programming revenue is recognized in the period during which programming is provided, either:

- based solely on the total number of subscribers who receive our networks multiplied by rates specified in the agreements (i.e., consignment), or

- based on amounts or rates which are not tied solely to the total number of subscribers who receive our networks (i.e., non-consignment).

The agreements generally provide for annual contractual rate increases of a fixed percentage or a fixed amount, or rate increases tied to annual increases in the Consumer Price Index.

Starz Distribution earns revenue from its Anchor Bay Entertainment, Starz Digital and Starz Worldwide Distribution businesses through the sale of its content in the U.S. and throughout the world on DVDs, free and pay television, pay-per-view, video-on-demand, SVOD, electronic sell-through and other digital formats. Revenue generated from the sale of DVDs is recognized, net of an allowance for estimated sales returns, on the later of the estimated receipt of the product by the customer or after any restrictions on sale lapse. At the time of the initial sale, we also record a provision, based on historical trends and practices, to reduce revenue for discounts and rebates provided to customers related to the sale of DVDs. Revenue from digital and television licensing is recognized when the film or program is complete in accordance with the terms of the arrangement and is available for exploitation by the licensee. The film or program is available for exploitation when it has been delivered or is available to the licensee and the license period has commenced. Starz Distribution's content includes content we own and license, including Starz Networks' original series, and for Anchor Bay Entertainment and Starz Digital, it also includes the Weinstein's films.

Starz Animation recognizes revenue related to animation services provided to customers under contract generally based on the percentage that costs incurred-to-date bear to estimated total costs to complete utilizing the most recent information. Revenue recognized is proportional to the work performed-to-date under the contracts.

Costs and Expenses

Programming costs are Starz Networks' largest expense. The cost of program rights for films and television programs (including original series) exhibited by Starz Networks is generally amortized on a title-by-title or episode-by-episode basis over the anticipated number of exhibitions. Starz Networks estimates the number of exhibitions based on the number of exhibitions allowed in the agreement and the expected usage of the content. Certain other program rights are amortized to expense on a straight-line basis over the respective lives of the agreements. Starz Networks generally has rights to two or three separate windows under its output agreements. For films with multiple windows, the license fee is allocated between the windows based upon the proportionate estimated fair value of each window with the majority of the cost allocated to the first window. Programming costs vary due to the number of airings and cost of our original series, the number of films licensed and the cost per film paid under our output and library programming agreements.

Production and acquisition costs are Starz Distribution's largest expense and include amortization of our investment in films and television programs, participation and royalty costs and residuals. The portion of costs attributed to the pay television window for our original series is included in programming costs. All remaining production and acquisition costs for original series as well as our other films and television programs that we own or license (not including films licensed under our output and library programming agreements which are included in programming costs) are amortized to production and acquisition costs based on the proportion that current revenue bears to an estimate of Ultimate Revenue for each film or television program. The amount of production and acquisition costs that we will incur for original programming is impacted by both the number of and cost of the productions and the various distribution rights that we acquire or retain for these productions. Participation costs represent amounts paid or due to participants under agreements we have whereby Starz Distribution distributes content in which a participant (e.g., Weinstein, producers or writers of our original programming, etc.) has an ownership interest.

Home video cost of sales represents the direct costs related to the production and distribution of DVDs in our Starz Distribution segment. Costs related to the production of DVDs include costs such as distribution fees, freight, manufacturing costs and mastering costs.

Operating expenses primarily include production costs related to animation services provided to customers under contract and represent Starz Animation's largest expense. In addition, it includes our Starz Networks' operating costs (e.g., salaries, transponder expenses and maintenance and repairs) and non-DVD distribution expenses related to Starz Distribution.

Selling, general and administrative expenses include our advertising and marketing costs and our general and administrative expenses. Our advertising and marketing costs primarily include consumer marketing, distributor marketing support and other marketing costs. Our general and administrative expenses include salaries, stock compensation and other overhead costs.

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 2015 AND 2014

Our operating results are as follows *(dollars in millions)*:

	Three Months Ended March 31,		$ Change	% Change
	2015	2014	'15 vs '14	'15 vs '14
Revenue:				
Programming networks and other services	$ 415.8	$ 363.3	$ 52.5	14 %
Home video net sales	34.9	56.7	(21.8)	(38)%
Total revenue	450.7	420.0	30.7	7 %
Costs and expenses:				
Programming (including amortization)	146.0	156.9	(10.9)	(7)%
Production and acquisition (including amortization)	56.6	40.9	15.7	38 %
Home video cost of sales	10.4	13.0	(2.6)	(20)%
Operating	13.3	14.1	(0.8)	(6)%
Selling, general and administrative	77.2	76.7	0.5	1 %
Depreciation and amortization	4.7	4.9	(0.2)	(4)%
Total costs and expenses	308.2	306.5	1.7	1 %
Operating income	142.5	113.5	29.0	26 %
Other income (expense):				
Interest expense, net of amounts capitalized	(11.2)	(11.5)	0.3	3 %
Other income (expense), net	(2.2)	0.5	(2.7)	540 %
Income before income taxes	129.1	102.5	26.6	26 %
Income tax expense	(43.0)	(35.7)	(7.3)	(20)%
Net income	$ 86.1	$ 66.8	$ 19.3	29 %

COMPARISON OF THREE MONTHS ENDED MARCH 31, 2015 TO THREE MONTHS ENDED MARCH 31, 2014

Revenue

Revenue by segment is as follows *(dollars in millions)*:

	Three Months Ended March 31,		$ Change	% Change
	2015	2014	‘15 vs ‘14	‘15 vs ‘14
Revenue				
Starz Networks	$ 334.0	$ 324.0	$ 10.0	3 %
Starz Distribution	109.7	87.3	22.4	26 %
Starz Animation	7.3	8.9	(1.6)	(18)%
Inter-segment eliminations	(0.3)	(0.2)	(0.1)	(50)%
Total revenue	$ 450.7	$ 420.0	$ 30.7	7 %

Starz Networks’ revenue represented 74% and 77% of our total revenue for the three months ended March 31, 2015 and 2014, respectively.

The table below sets forth, for the periods presented, subscriptions to our STARZ and ENCORE networks *(subscriptions in millions)*:

	As of March 31,		# Change	% Change
Period End Subscriptions:	2015	2014	‘15 vs ‘14	‘15 vs ‘14
STARZ	23.7	21.9	1.8	8 %
ENCORE	33.8	34.4	(0.6)	(2)%
Total	57.5	56.3	1.2	2 %

Revenue from Starz Networks increased $10.0 million or 3% for the three months ended March 31, 2015 as compared to the corresponding prior year period. The increase in revenue is a result of a $15.3 million increase due to higher effective rates, partially offset by a $5.3 million decrease due to lower average subscriptions. Consignment subscriptions were negatively impacted at certain distributors by reduced promotional activity.

Revenue from Starz Distribution increased $22.4 million or 26% for the three months ended March 31, 2015 as compared to the corresponding prior year period. This increase is primarily due to licensing of our original series “Spartacus” and “Magic City” to Netflix in the U.S. and select international territories and “The White Queen” to Amazon in the U.S. and Netflix in select international territories along with the release of “Black Sails” season one in the home entertainment market (i.e., DVD and digital formats) and “Black Sails” season two in various television markets throughout the world. Such increase was partially offset by lower revenue from the distribution of Weinstein new releases.

Programming

Programming costs decreased $10.9 million or 7% for the three months ended March 31, 2015 as compared to the corresponding prior year period. The decrease in programming costs is primarily due to a $12.1 million decrease in output and library film amortization expense partially offset by a $2.6 million increase in original series amortization expense.

We expect programming costs related to original programming to increase in the future. We are currently benefiting from a lower cost per film that we pay under our output agreements with Sony and Disney. This lower cost per film was the result of favorable negotiations during the most recent output agreement renewals. We expect to see continued savings in the 2015 through 2017 timeframe at which time the first window license period under our Disney output agreement ends. We plan to utilize these savings to fund a portion of the increase in our original programming to 80-90 episodes per year by 2016 or 2017.

Production and Acquisition

Production and acquisition costs increased $15.7 million or 38% for the three months ended March 31, 2015 as compared to the corresponding prior year period. The increase is primarily due to higher Starz Distribution revenue related to our original series, which resulted in higher amortization of our investment in films and television programs and participation costs, during the three months ended March 31, 2015.

Home Video Cost of Sales

Home video cost of sales decreased $2.6 million or 20% for the three months ended March 31, 2015 as compared to the corresponding prior year period. Home video cost of sales represented 30% and 23% of home video net sales for the three months ended March 31, 2015 and 2014, respectively. This increase in costs as a percentage of sales is due to higher revenue from our original series and lower revenue from Weinstein titles. Under our agreement with Weinstein, DVD replication and packaging costs are paid for by Weinstein.

Selling, General and Administrative

Selling, general and administrative expenses are as follows *(dollars in millions)*:

	Three Months Ended March 31,		$ Change	% Change
	2015	2014	‘15 vs ‘14	‘15 vs ‘14
Advertising and marketing				
Starz Networks	$ 32.7	$ 27.9	$ 4.8	17 %
Starz Distribution	7.0	11.1	(4.1)	(37)%
Starz Animation	—	—	—	— %
Inter-segment eliminations	—	—	—	— %
Total advertising and marketing	39.7	39.0	0.7	2 %
General and administrative, excluding stock compensation				
Starz Networks	21.5	21.7	(0.2)	(1)%
Starz Distribution	8.3	8.8	(0.5)	(6)%
Starz Animation	0.1	0.2	(0.1)	(50)%
Inter-segment eliminations	—	—	—	— %
General and administrative, excluding stock compensation	29.9	30.7	(0.8)	(3)%
Stock compensation	7.6	7.0	0.6	9 %
Total general and administrative	37.5	37.7	(0.2)	(1)%
Total selling, general and administrative	$ 77.2	$ 76.7	$ 0.5	1 %
General and administrative expense as a percentage of revenue	8 %	9 %		

Starz Networks’ advertising and marketing costs increased due to an increase in distributor marketing support and increased spend related to our original programming line-up. Starz Distribution’s advertising and marketing costs decreased primarily as a result of reduced spend due to fewer significant new films distributed for Weinstein.

Adjusted OIBDA

Adjusted OIBDA by segment is as follows *(dollars in millions)*:

	Three Months Ended March 31,		$ Change	% Change
	2015	2014	‘15 vs ‘14	‘15 vs ‘14
Adjusted OIBDA (1)				
Starz Networks	$ 129.7	$ 114.0	$ 15.7	14 %
Starz Distribution	26.4	12.7	13.7	108 %
Starz Animation	(0.6)	(0.6)	—	— %
Inter-segment eliminations	—	0.1	(0.1)	100 %
Total Adjusted OIBDA	$ 155.5	$ 126.2	$ 29.3	23 %

(1) See Note 9 to the unaudited condensed consolidated financial statements included in this Form 10-Q for a discussion of Adjusted OIBDA, which also includes a reconciliation of Adjusted OIBDA to the GAAP measure income before income taxes. We evaluate performance and make decisions about allocating resources to our operating segments based on financial measures such as Adjusted OIBDA. The primary material limitations associated with the use of Adjusted OIBDA as compared to GAAP results are (i) it may not be comparable to similarly titled measures used by other companies in our industry, and (ii) it excludes financial information that some may consider important in evaluating our performance. We compensate for these limitations by providing a reconciliation of Adjusted OIBDA to GAAP results to enable investors to perform their own analysis of our operating results.

Adjusted OIBDA for Starz Networks increased $15.7 million for the three months ended March 31, 2015 as compared to the corresponding prior year period. Such increase was a result of the increase in revenue and lower programming costs, both of which were slightly offset by the increase in advertising and marketing costs. Adjusted OIBDA for Starz Distribution increased $13.7 million primarily due to higher revenue and a decrease in advertising and marketing costs, partially offset by an increase in production and acquisition costs.

Other Income (Expense), Net

We recorded other expense, net of $2.2 million for the three months ended March 31, 2015 as compared to other income, net of $0.5 million for the three months ended March 31, 2014. The expense for the three months ended March 31, 2015 is primarily comprised of our share of losses from our investment in Playco Holdings Limited. The income for the three months ended March 31, 2014 is primarily comprised of gains on foreign currency hedging transactions and foreign currency exchange gains.

Income Taxes

We had income before income taxes of $129.1 million and $102.5 million and income tax expense of $43.0 million and $35.7 million for the three months ended March 31, 2015 and 2014, respectively. Our effective tax rate was 33% and 35% for the three months ended March 31, 2015 and 2014, respectively. Our effective tax rate for the three months ended March 31, 2015 and 2014 is impacted by Internal Revenue Code Section 199, which allows U.S. taxpayers a deduction for qualified domestic production activities. The deduction for qualified production activity is based on our level of domestic productions and other criteria and must be evaluated each year. Changes in our domestic production activities could impact our qualification for a deduction under Section 199 in the future. In addition, our effective tax rate is impacted by state and local taxes for both the three months ended March 31, 2015 and 2014.

MATERIAL CHANGES IN FINANCIAL CONDITION

As of March 31, 2015, our cash and cash equivalents totaled $10.1 million. Our cash and cash equivalents are, from time to time, invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated commercial paper.

We generated a negative $5.8 million of net cash used in operating activities and generated a positive $41.3 million of net cash provided by operating activities for the three months ended March 31, 2015 and 2014, respectively. Our primary uses of cash are for payments under our programming output and library agreements and production and acquisition costs for our original programming, home video and other content (i.e., investment in films and television programs), which are included as a reduction of net cash provided by (used in) operating activities. Cash paid under our programming output and library agreements totaled $136.0 million and $112.6 million for the three months ended March 31, 2015 and 2014, respectively, and increased primarily due to a higher number of first-run films paid for in 2015 as compared to 2014. Cash paid for original programming, home video and other content totaled $108.7 million and $79.5 million for the three months ended March 31, 2015 and 2014, respectively, and increased primarily due to an increase in the number of original series in production. We plan to continue to increase our investments in original programming in future periods. A $34.6 million increase in our long term receivables from the licensing of certain of our original series to Netflix and Amazon also negatively impacted our net cash used in operating activities for the three months ended March 31, 2015.

During the three months ended March 31, 2015, we had net borrowings of $13.7 million. Additionally, we used $13.0 million of cash, including fees, to buy back 0.4 million shares of common stock under our share repurchase program for the three months ended March 31, 2015 as compared to $66.0 million for the three months ended March 31, 2014. We have $169.3 million available under our share repurchase program as of March 31, 2015.

We are continually projecting our anticipated cash requirements for our operating, investing and financing needs as well as net cash provided by operating activities available to meet these needs. Our potential sources of liquidity are net cash provided by operating activities and borrowings under our 2015 Credit Agreement and we expect that we will be able to utilize these sources to fund our expected uses of cash for investing and financing activities, which include debt repayments, buybacks of common stock and capital expenditures during 2015. Based upon our current operating plans, we believe that our net cash provided by operating activities and borrowings under our 2015 Credit Agreement through its expiration on April 20, 2020 will be sufficient to fund our cash commitments for investing and financing activities, such as our capital expenditures and long term debt obligations from 2016 through 2019.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 replaces the majority of all U.S. GAAP guidance that currently exists on revenue recognition with a single model to be applied to all contracts with customers. The core principle of ASU 2014-09 is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." For a public entity, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. An entity must apply ASU 2014-09 using either the full retrospective approach, by restating all years presented, or the cumulative effect at the date of adoption approach. We are currently assessing the impact that these changes will have on our consolidated financial statements and therefore are unable to quantify such impact or determine the method of adoption.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the normal course of business due to our ongoing financial and operating activities. Market risk refers to the risk of loss arising from adverse changes in stock prices and interest rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings.

We are exposed to changes in interest rates as a result of borrowings used to maintain our liquidity and fund our operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt and by entering into interest rate swap and collar arrangements when we deem appropriate.

As of March 31, 2015, our debt is comprised of the following amounts *(in millions)*:

Variable rate debt		Fixed rate debt	
Principal amount	Weighted avg. interest rate	Principal amount	Weighted avg. interest rate
$447.0	1.95%	$746.0	5.13%

A hypothetical 50 basis point change in interest rates prevailing at March 31, 2015 would either increase or decrease our annual interest expense on our variable rate debt by approximately $2.2 million. As shown above, the majority of our outstanding debt at March 31, 2015 was fixed rate debt. We have borrowing capacity at March 31, 2015 of $553.0 million under our Credit Agreement at variable rates.

At March 31, 2015, the fair value of our Senior Notes was $697.5 million. We believe the fair value of our Credit Agreement approximates its carrying value as of March 31, 2015 due to its variable rate nature and our stable credit spread.

We are exposed to foreign exchange rate risk on certain of our original series that are produced in foreign countries. We mitigate this foreign exchange rate risk by entering into forward contracts and other types of derivative instruments as deemed appropriate. As of March 31, 2015, the fair market value of our outstanding derivative instruments related to foreign currencies was insignificant. We are also exposed to foreign exchange rate risk on our foreign operations; however, this risk is not deemed significant to our overall business.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (“Exchange Act”), we carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and our principal financial and accounting officer (“Executives”), of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that our disclosure controls and procedures were effective as of March 31, 2015 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

There has been no change in our internal control over financial reporting that occurred during the three months ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

In the normal course of business, we are subject to lawsuits and other claims. While it is not possible to predict the outcome of these matters, it is the opinion of management, based upon consultation with legal counsel, that the ultimate disposition of known proceedings will not have a material adverse impact on our consolidated financial position, results of operations or liquidity.

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

Share Repurchase Program

The Starz board of directors has authorized a total of$800.0 million since January 2013 to repurchase Starz common stock.

First quarter repurchases and remaining availability under the repurchase program is as follows:

	Series A common stock			
Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs
January 1 - 31, 2015	198,200	$ 29.97	198,200	$176.3 million
February 1 - 28, 2015	—	$ —	—	$176.3 million
March 1 - 31, 2015	208,498	$ 33.70	208,498	$169.3 million
Total	406,698		406,698	

In addition to the shares listed in the table above, 17,971 shares of Series A common stock were surrendered in the first quarter of 2015 by our employees to pay withholding taxes in connection with the vesting of restricted stock.

Item 6. Exhibits

Listed below are the exhibits which are filed as part of this Report (according to the number assigned to them in Item 601 of Regulation S-K).

Exhibit No.	Description of Exhibit
10.1	Form of Performance-Based Restricted Stock Units Award Agreement under Registrant's 2011 Incentive Plan*
10.2	Credit Agreement dated as of April 20, 2015 among Starz, LLC, as Borrower, The Bank of Nova Scotia, as Administrative Agent, and the other parties named therein (incorporated by reference to Exhibit 4.1 to Starz, LLC's Current Report on Form 8-K (File No. 333-184551), filed with the Securities and Exchange Commission on April 24, 2015).
31.1	Rule 13a-14(a)/15(d)-14(a) Certification*
31.2	Rule 13a-14(a)/15(d)-14(a) Certification*
32.1	Section 1350 Certifications**
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Label Linkbase Document*
101.PRE	XBRL Taxonomy Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Definition Document*

*Filed herewith.
**Furnished herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Starz		
	By:	/s/ Christopher P. Albrecht	
Date: April 29, 2015		Name:	Christopher P. Albrecht
		Title:	Chief Executive Officer
	By:	/s/ Scott D. Macdonald	
Date: April 29, 2015		Name:	Scott D. Macdonald
		Title:	Chief Financial Officer, Executive Vice President and Treasurer (Principal Financial Officer and Principal Accounting Officer)

Exhibit List

Exhibits. Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

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101.PRE	XBRL Taxonomy Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Definition Document*

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* Filed herewith.

** Furnished herewith.

Exhibit 10.1

Information for Recipients of
Starz Performance-Based Restricted Stock Units Award
2011 Incentive Plan
(Amended and Restated as of October 15, 2013)

Notice of Grant. Congratulations! You have been granted performance-based restricted stock units with respect to shares of Starz Series A Common Stock ("STRZA") (the "Restricted Stock Units Award"). A Performance-Based Restricted Stock Units Agreement (the "Agreement") setting forth the terms of the Restricted Stock Units follows this informational page. The Restricted Stock Units were granted under the Starz 2011 Incentive Plan (Amended and Restated as of October 15, 2013) (the "2011 Incentive Plan").

Acknowledgment of Grant. By your electronic acknowledgment of the Restricted Stock Units Award, you are acknowledging the terms and conditions of the award set forth in the Agreement that follows as though you and Starz (the "Company") had signed an original copy of the Agreement. The Restricted Stock Units Award was granted and became effective as of the Grant Date (as that term is defined in the Agreement) and was granted on the terms and conditions reflected in the Agreement. The number of Restricted Stock Units granted to you was approved by the Compensation Committee of the Board of Directors of the Company, and was communicated to you via memo and the Company's online grant and administration program.

2011 Incentive Plan – Exhibit A. The 2011 Incentive Plan that governs the Restricted Stock Units Award is incorporated into the Agreement as Exhibit A. You can access the 2011 Incentive Plan via the link at the end of the Agreement or in the UBS online library.

SEC Registration Statements. Any STRZA shares issuable upon vesting of Restricted Stock Units were registered with the Securities and Exchange Commission on a Form S-8 filed on November 9, 2011 (as amended by Post-Effective Amendment No. 1 filed on November 29, 2011) (Registration No. 333-177844); on a Form S-8 filed on January 20, 2012 (Registration No. 333-179112); on a Form S-8 filed on November 13, 2012 (Registration No. 333-184900); and on a Form S-8 filed on January 11, 2013 (Registration No. 333-185986). These statements can be found on the Company's website at http://ir.starz.com/sec.cfm. Also available on the Company's website are the most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission. Please refer to these reports as well as the Company's future filings with the Securities and Exchange Commission (also available on the Company's website) for important information regarding the Company and its common stock.

Tax and Estate Advice. We recommend that you consult with your personal tax and/or estate advisor regarding the effect of the award of Restricted Stock Units on your personal tax and estate situation.

STARZ
2011 INCENTIVE PLAN
(Amended and Restated as of October 15, 2013)

PERFORMANCE-BASED RESTRICTED STOCK UNITS AWARD AGREEMENT

THIS PERFORMANCE-BASED RESTRICTED STOCK UNITS AWARD AGREEMENT (this "Agreement") is made as of March 20, 2015 (the "Grant Date"), by and between STARZ, a Delaware corporation (the "Company"), and the recipient (the "Grantee") of an Award of Restricted Stock Units granted by the Compensation Committee of the Board of Directors of the Company as set forth in this Agreement.

The Company has adopted the Starz 2011 Incentive Plan (Amended and Restated as of October 15, 2014) (as has been or may hereafter be amended, the "Plan"), a copy of which is attached via a link at the end of this online Agreement as Exhibit A (and which can also be accessed in the UBS online library) and by this reference made a part hereof, for the benefit of eligible employees of the Company and its Subsidiaries. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Compensation Committee appointed by the Board of Directors of the Company pursuant to Section 3.1 of the Plan to administer the Plan (the "Committee") has determined that it would be in the interest of the Company and its stockholders to award restricted stock units to the Grantee, subject to the conditions and restrictions set forth herein and in the Plan, in order to provide the Grantee with additional remuneration for services rendered, to encourage the Grantee to remain in the employ of the Company or its Subsidiaries and to increase the Grantee's personal interest in the continued success and progress of the Company.

The Company and the Grantee therefore agree as follows:

1. **Definitions**. The following terms, when used in this Agreement, have the following meanings:

"Adjusted OIBDA" means the Company's revenue less programming costs (excluding stock compensation expense), production and acquisition costs, home video cost of sales, operating expenses (excluding stock compensation expense) and selling, general and administrative expenses (excluding stock compensation expense) for a specified period.

"Cause" has the meaning specified as "cause" in Section 10.2(b) of the Plan.

"Close of Business" means, on any day, 5:00 p.m., Denver, Colorado time.

“Committee” has the meaning specified in the recitals to this Agreement.

“Common Stock” means the Company’s Series A Common Stock.

“Company” has the meaning specified in the preamble to this Agreement.

“Disability” has the meaning specified in the Plan.

“Dividend Equivalents” has the meaning specified in the Plan.

“Forfeitable Benefits” has the meaning specified in Section 22.

“Grant Date” has the meaning specified in the preamble to this Agreement.

“Grantee” has the meaning specified in the preamble to this Agreement.

“Misstatement Period” has the meaning specified in Section 22.

“Performance Period” means the three-year period beginning January 1, 2015 and ending December 31, 2017.

“Plan” has the meaning specified in the recitals of this Agreement.

“Required Withholding Amount” has the meaning specified in Section 5.

“restricted stock unit” means a unit evidencing the right to receive, under the circumstances specified in the Plan and this Agreement, one share of Common Stock.

“Restricted Stock Units” has the meaning specified in Section 2.

“Section 409(A)” has the meaning specified in Section 21.

Target Restricted Stock Units” means the number of Restricted Stock Units that will be earned if the Company achieves 100% of the Target Three-Year Adjusted OIBDA, as specified on Schedule 1.

“Target Three-Year Adjusted OIBDA” has the meaning specified on Schedule 1.

“Three-Year Adjusted OIBDA” means cumulative Adjusted OIBDA for the Performance Period.

“Unpaid Dividend Equivalents” has the meaning specified in Section 3(d).

“Vested Dividend Equivalents” has the meaning specified in Section 10.

"Vesting Date" means each date on which any Restricted Stock Units cease to be subject to a risk of forfeiture, as determined in accordance with this Agreement.

"Voluntary Termination for Good Reason" has the meaning specified in Section 6.B.

2. **Award.** Pursuant to the terms of the Plan and in consideration of the covenants and promises of the Grantee herein contained, the Company hereby awards to the Grantee as of the Grant Date, that number of performance-based restricted stock units set forth on Schedule 1, each representing the right to receive one share of the Company's Common Stock, as authorized by the Committee and set forth in the notice of online grant delivered to the Grantee pursuant to the Company's online grant and administration program, subject to the conditions and restrictions set forth in this Agreement and in the Plan (the "Restricted Stock Units").

3. **Vesting and Forfeiture of Restricted Stock Units.**

(a) Subject to Section 10.1(b) of the Plan and to earlier vesting in accordance with Section 6, Restricted Stock Units will vest, in whole or in part, only in accordance with the conditions stated in this Section 3.

(b) Schedule 1 sets forth the number of Restricted Stock Units, if any, that will vest based on the amount of the Company's Three-Year Adjusted OIBDA, as determined and certified by the Committee.

(c) On or prior to March 30, 2018, (the "Committee Certification Date"), the Committee will certify the amount of the Company's Three-Year Adjusted OIBDA. The Committee will then promptly notify the Grantee regarding the number of Restricted Stock Units, if any, that have vested pursuant to this Section 3 as of the Committee Certification Date (with any fractional Restricted Stock Unit rounded up to the nearest whole Restricted Stock Unit). Any Restricted Stock Units that remain outstanding as of the Committee Certification Date and do not become vested in accordance with this Section 3 as of such date, will automatically be forfeited as of the Close of Business on the Committee Certification Date. Upon forfeiture of any unvested Restricted Stock Units pursuant to this Section 3 or Section 6, such Restricted Stock Units and any related Unpaid Dividend Equivalents will be immediately cancelled, and the Grantee will cease to have any rights with respect thereto.

(d) Any Dividend Equivalents with respect to Restricted Stock Units that have not theretofore become Vested Dividend Equivalents ("Unpaid Dividend Equivalents") will become vested only to the extent that the Restricted Stock Units related thereto shall have become vested in accordance with this Agreement.

(e) Notwithstanding the foregoing, the Grantee will not vest, pursuant to this Section 3, in Restricted Stock Units or related Unpaid Dividend Equivalents in which the Grantee would otherwise vest as of a given date if the Grantee has not been continuously employed by the Company from the Grant Date through such date (the vesting or forfeiture of such Restricted Stock Units and related Unpaid Dividend Equivalents to be governed instead by Section 6).

4. **Settlement of Restricted Stock Units.** Settlement of Restricted Stock Units that vest in accordance with Section 3 or Section 6 shall be made as soon as administratively practicable after the applicable Vesting Date, but in no event later than March 15 of the calendar year following the calendar year in which such Vesting Date occurs. Settlement of vested Restricted Stock Units shall be made in payment of shares of Common Stock, together with any related Dividend Equivalents, in accordance with Section 7.

5. **Mandatory Withholding for Taxes.** To the extent that the Company is subject to withholding tax requirements under any national, state, local or other governmental law with respect to the award of the Restricted Stock Units to the Grantee or the vesting or settlement thereof, or the designation of any Dividend Equivalents as payable or distributable or the payment or distribution thereof, the Grantee must make arrangement satisfactory to the Company to make payment to the Company or its designee of the amount required to be withheld under such tax laws, as determined by the Company (collectively, the "Required Withholding Amount"). To the extent such withholding is required, the Company shall withhold (a) from the shares of Common Stock represented by such vested Restricted Stock Units and otherwise deliverable to the Grantee a number of shares of Common Stock and/or (b) from any related Dividend Equivalents otherwise deliverable to the Grantee an amount of such Dividend Equivalents, which collectively have a value (or, in the case of securities withheld, a Fair Market Value) as of the date the obligation to withhold arises equal to the Required Withholding Amount, unless the Grantee remits the Required Withholding Amount to the Company or its designee in cash in such form and by such time as the Company may require or other provisions for withholding such amount satisfactory to the Company have been made. Notwithstanding any other provisions of this Agreement, the delivery of any shares of Common Stock represented by vested Restricted Stock Units and any related Dividend Equivalents may be postponed until any required withholding taxes have been paid to the Company.

6. **Early Termination or Vesting of Restricted Stock Units**.

A. Unless otherwise determined by the Committee in its sole discretion, if the Grantee's employment with the Company or a Subsidiary terminates prior to the Committee Certification Date:

(a) Except as provided in Section 6.A.(d), if the Grantee's employment with the Company or a Subsidiary terminates for any reason other than death or Disability, then the Restricted Stock Units will be forfeited as of the Close of Business on the date of such termination of employment; provided, that if the Grantee remains employed until the Close of Business on December 31, 2017 and the Grantee's employment then terminates without Cause on or prior to the Committee Certification Date, the Restricted Stock Units will remain outstanding until the Committee Certification Date and will vest on such date to the extent the Committee certifies they have vested in accordance with Section 3;

(b) If the Grantee dies while employed by the Company or a Subsidiary, then the Target Restricted Stock Units will immediately become fully vested, and the remainder of the Restricted Stock Units will be forfeited immediately;

(c) If the Grantee's employment with the Company or a Subsidiary terminates by reason of Disability, then the Target Restricted Stock Units will immediately become fully vested, and the remainder of the Restricted Stock Units will be forfeited immediately; and

(d) If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause or if the Grantee voluntarily terminates the Grantee's employment pursuant to a Voluntary Termination for Good Reason (either, a "Protected Termination"), and the Protected Termination occurs (i) within the 30-day period immediately preceding the closing date of an Approved Transaction in which any Restricted Stock Units that remain outstanding and unvested as of such closing date are not otherwise accelerated in connection with such Approved Transaction in accordance with the terms of the Plan or (ii) prior to the first anniversary of the closing date of an Approved Transaction in which any Restricted Stock Units that remain outstanding and unvested as of such closing date are not otherwise accelerated in connection with such Approved Transaction in accordance with the terms of the Plan, then, effective as of the Close of Business on the date of such Protected Termination, the Target Restricted Stock Units will become fully vested, and the remainder of the Restricted Stock Units will be forfeited.

Unless the Committee otherwise determines, a change of the Grantee's employment from the Company to a Subsidiary or from a Subsidiary to the Company or another Subsidiary will not be considered a termination of the Grantee's employment for purposes of this Agreement if such change of employment is made at the request or with the express consent of the Company. Unless the Committee otherwise determines, however, any such change of employment that is not made at the request or with the express consent of the Company will be a termination of the Grantee's employment within the meaning of this Agreement.

B. For purposes of this Agreement, a "Voluntary Termination for Good Reason" means a voluntary termination by the Grantee of the Grantee's employment with the Company and its Subsidiaries upon the occurrence of any of the following events without the Grantee's prior consent:

(a) a significant reduction in the Grantee's then current base salary (defined as the Grantee's weekly base pay in effect for the payroll period during which the Grantee's employment is terminated or, if the Grantee is a part-time employee, the Grantee's average weekly wages from the Company for the most recent 8 weeks during which the Grantee worked at least two days, but not including in either case, overtime, bonuses, commissions, piece rate, incentive pay or taxable or nontaxable fringe benefits or payments);

(b) a significant reduction in the Grantee's title, duties or reporting relationship with the Grantee's employer or the assignment to the Grantee of duties that are inconsistent with the Grantee's position with the Grantee's employer; or

(c) the relocation of the Grantee's primary place of employment to a location that is more than 50 miles from the Grantee's primary place of employment as of the Grantee's termination date.

No termination shall constitute a Voluntary Termination for Good Reason unless all of the following provisions shall have been complied with: (i) the Grantee shall have given the Company written notice of the Grantee's intention to effect a Voluntary Termination for Good Reason, such notice to state in detail the particular circumstances that constitute the grounds on which the proposed Voluntary Termination for Good Reason is based and to be given no later than 90 days after the initial occurrence of such circumstances; (ii) the Company shall have 30 days after receiving such notice in which to cure such grounds; and (iii) if the Company fails, within such 30-day period, to cure such grounds to the Grantee's reasonable satisfaction, the Grantee terminates the Grantee's employment with the Company and its Subsidiaries within 30 days following the last day of such 30-day period. If the Company timely cures such grounds in accordance with the preceding sentence, the Grantee shall not be entitled to terminate the Grantee's employment pursuant to a Voluntary Termination for Good Reason based on such grounds.

7. **Delivery by the Company.** As soon as practicable after the vesting of Restricted Stock Units, and any related Unpaid Dividend Equivalents, pursuant to Section 3 or Section 6 (but in no event later than March 15 of the calendar year following the year in which such vesting occurs) and subject to the withholding referred to in Section 5, the Company will (a) register in a book entry account in the name of the Grantee, or cause to be issued and delivered to the Grantee (in certificate or electronic form), that number of shares of Common Stock represented by such vested Restricted

Stock Units and any securities representing related vested Unpaid Dividend Equivalents, and (b) cause to be delivered to the Grantee any cash payment representing vested Unpaid Dividend Equivalents. Any delivery of securities will be deemed effected for all purposes when a certificate representing, or statement of holdings reflecting, such securities and, in the case of any Unpaid Dividend Equivalents, any other documents necessary to reflect ownership thereof by the Grantee, have been delivered personally to the Grantee or, if delivery is by mail, when the Company or its stock transfer agent has deposited the certificate or statement of holdings and/or such other documents in the United States mail, addressed to the Grantee. Any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the amount equal to the amount of the cash owed, has been delivered personally to the Grantee or deposited in the United States mail, addressed to the Grantee.

8. **Nontransferability of Restricted Stock Units.** Restricted Stock Units and any related Unpaid Dividend Equivalents that have not vested, are not transferable (either voluntarily or involuntarily) before or after the Grantee's death, except as follows: (a) during the Grantee's lifetime, pursuant to a domestic relations order issued by a court of competent jurisdiction that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Committee; or (b) after the Grantee's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Restricted Stock Units are transferred in accordance with the provisions of the preceding sentence shall take such Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to the Grantee. Certificates representing Restricted Stock Units that have vested may be delivered (or, in the case of book entry registration, registered) only to the Grantee (or during the Grantee's lifetime, to the Grantee's court appointed legal representative) or to a person to whom the Restricted Stock Units have been transferred in accordance with this Section.

9. **No Stockholder Rights; Dividend Equivalents.** The Grantee will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to any shares of Common Stock represented by any Restricted Stock Units unless and until such time as shares of Common Stock represented by vested Restricted Stock Units have been delivered to the Grantee in accordance with Section 7, nor will the existence of this Agreement affect in any way the right or power of the Company or any stockholder of the Company to accomplish any corporate act, including, without limitation, any reclassification, reorganization or other change of or to its capital or business structure, merger, consolidation, liquidation or sale or other disposition of all or any part of its business or assets. The Grantee will have no right to receive, or otherwise with respect to, any Dividend Equivalents until such time, if ever, as (a) the Restricted Stock Units with respect to which such Dividend Equivalents relate shall have become vested, or (b) such Dividend Equivalents shall have become Vested Dividend Equivalents as described below, and, if vesting does not occur, the related Dividend Equivalents will be forfeited. Dividend Equivalents

shall not bear interest or be segregated in a separate account. Notwithstanding the foregoing, the Committee may, in its sole discretion, accelerate the vesting of any portion of the Dividend Equivalents (the "Vested Dividend Equivalents"). The settlement of any Vested Dividend Equivalents shall be made as soon as administratively practicable after the accelerated vesting date, but in no event later than March 15 of the calendar year following the year in which such accelerated vesting date occurs. With respect to any Restricted Stock Units and Dividend Equivalents, the Grantee is a general unsecured creditor of the Company.

10. **Adjustments; Early Vesting in Certain Events.**

(a) The Restricted Stock Units will be subject to adjustment (including, without limitation, as to the number of Restricted Stock Units) in such manner as the Committee, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

(b) In the event of any Approved Transaction, Board Change or Control Purchase following the Grant Date, the Restricted Stock Units may vest in accordance with Section 10.1(b) of the Plan.

11. **Restrictions Imposed by Law.** Without limiting the generality of Section 10.8 of the Plan, the Company will not be obligated to deliver any shares of Common Stock represented by vested Restricted Stock Units or securities constituting any Unpaid Dividend Equivalents if counsel to the Company determines that the issuance or delivery thereof would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock or such other securities are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the delivery of shares of Common Stock represented by vested Restricted Stock Units or securities constituting or cash payment related to any Unpaid Dividend Equivalents to comply with any such law, rule, regulation, or agreement.

12. **Notice.** Unless the Company notifies the Grantee in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by United States first class mail, postage prepaid and addressed as follows:

Starz
8900 Liberty Circle
Englewood, Colorado 80112
Attn: General Counsel

Unless the Company elects to notify the Grantee electronically pursuant to the online grant and administration program or via email, any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by United States first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company on the date of this Agreement, unless the Company has received written notification from the Grantee of a change of address.

13. **Amendment.** Notwithstanding any other provision hereof, this Agreement may be amended from time to time as approved by the Committee as contemplated by Section 10.7(b) of the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee,

(a) this Agreement may be amended from time to time as approved by the Committee (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for the benefit of the Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect the rights of the Grantee with respect to the Award evidenced hereby, or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board or the stockholders of the Company, the Restricted Stock Units granted under this Agreement may be canceled by the Company and a new Award made in substitution therefor, provided, that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect the Restricted Stock Units to the extent then vested.

14. **Grantee Employment.** Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate the Grantee's employment at any time, with or without Cause, subject to the provisions of any employment agreement between the Grantee and the Company or any Subsidiary.

15. **Nonalienation of Benefits.** Except as provided in Section 8 and prior to vesting of the Restricted Stock Units, (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be liable

for or subject to the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

16. **Governing Law.** This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

17. **Construction.** References in this Agreement to “this Agreement” and the words “herein,” “hereof,” “hereunder” and similar terms include all Exhibits and Schedules appended hereto, including the Plan. All references to “Sections” in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word “include” and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Committee upon questions regarding this Agreement or the Plan will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

18. **Rules by Committee.** The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Committee may adopt from time to time.

19. **Entire Agreement.** This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the subject matter hereof. The Grantee and the Company hereby declare and represent that no promise or agreement not expressed herein has been made regarding the Award and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between the Grantee and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 and 15, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

20. **Grantee Acceptance.** The Grantee will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company or by such other method as may be agreed by the Grantee and the Company.

21. **Code Section 409A Compliance.** To the extent that the provisions of Section 409A of the Code or any U.S. Department of the Treasury regulations promulgated thereunder are applicable to any Restricted Stock Unit or Dividend Equivalent, the parties intend that this

Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. The Grantee will cooperate with the Company in taking such actions as the Company may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any U.S. Department of the Treasury regulations promulgated thereunder.

22. **Forfeiture for Misconduct and Repayment of Certain Amounts.** If the Grantee holds the office of Vice President or above as of the Grant Date, and if (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated Subsidiaries) is required and (ii) in the reasonable judgment of the Committee, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee during the Misstatement Period in such amount as the Committee may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Committee, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. “Forfeitable Benefits” means (i) any and all cash and/or shares of Common Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of Common Stock and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, “Forfeitable Benefits” will not include any shares of Common Stock received upon vesting of any Restricted Shares during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. “Misstatement Period” means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

Schedule I
to
Starz Performance-Based Restricted Stock Units Award Agreement

Vesting of Restricted Stock Units Based on Amount of Three-Year Adjusted OIBDA

Number of Potential Maximum Restricted Stock Units: __________

Number of Target Restricted Stock Units: __________ **(also referred to as "Your Target Grant")**

Target Three-Year Adjusted OIBDA: $___________ *

Percentage of Target Three-Year Adjusted OIBDA Achieved	Percentage of Target Restricted Stock Units That Will Vest
120%	200%
110%	150%
100%	100%
95%	75%
90%	50%
<90%	0%

For Target Three -Year Adjusted OIBDA Achievements between the numbers set forth in the table above (*e.g.*, more than 100% but less than 120%), there will be applied straight-line linear interpolation between those numbers and corresponding straight-line linear interpolation of the Percentages of Target Restricted Stock Units That Will Vest, calculated to two decimal places.

*Target Three-Year Adjusted OIBDA is subject to adjustment by the Committee as the Committee deems necessary or appropriate to take into account the impact of material or significant acquisitions or dispositions, and changes in law and accounting or tax rules.

EXHIBIT 31.1

CERTIFICATION

I, Christopher P. Albrecht, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Starz;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2015

/s/ Christopher P. Albrecht
Christopher P. Albrecht
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Scott D. Macdonald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Starz;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2015

/s/ Scott D. Macdonald
Scott D. Macdonald
Chief Financial Officer, Executive Vice President and Treasurer

Exhibit 32.1

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Starz, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended March 31, 2015 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

	By:	/s/ Christopher P. Albrecht	
Date: April 29, 2015		Name:	Christopher P. Albrecht
		Title:	Chief Executive Officer (Principal Executive Officer)
	By:	/s/ Scott D. Macdonald	
Date: April 29, 2015		Name:	Scott D. Macdonald
		Title:	Chief Financial Officer, Executive Vice President and Treasurer (Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.