

**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, 2016**

**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 (State or other jurisdiction of incorporation or organization)	20-8988475 (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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark 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 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

The number of outstanding shares of Starz's common stock as of March 31, 2016 was:

Series A	Series B
88,574,412	9,858,316

**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)

Assets	March 31, 2016	December 31, 2015
Current assets:		
Cash and cash equivalents	\$ 9.8	\$ 10.7
Trade accounts receivable, net of allowances of \$21.7 and \$35.2	287.6	252.9
Program rights, net	379.8	316.1
Other current assets	67.1	90.1
Total current assets	744.3	669.8
Program rights	348.9	335.9
Investment in films and television programs, net	215.9	215.6
Property and equipment, net of accumulated depreciation of \$137.4 and \$134.5	87.0	89.2
Deferred income taxes	21.2	21.2
Goodwill	131.8	131.8
Other assets, net	106.4	100.7
Total assets	<u>\$ 1,655.5</u>	<u>\$ 1,564.2</u>
Liabilities and Equity		
Current liabilities:		
Current portion of debt (Note 2)	\$ 5.7	\$ 5.6
Trade accounts payable	10.0	8.0
Accrued liabilities (Notes 6 and 7)	275.0	267.7
Deferred revenue	11.5	10.3
Total current liabilities	302.2	291.6
Debt (Note 2)	1,114.4	1,032.2
Other liabilities (Note 6)	27.3	22.7
Total liabilities	1,443.9	1,346.5
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 88,574,412 and 91,468,763 shares at March 31, 2016 and December 31, 2015, respectively	0.9	0.9
Series B common stock, \$.01 par value. Authorized 75,000,000 shares; issued and outstanding 9,858,316 and 9,861,294 shares at March 31, 2016 and December 31, 2015, respectively	0.1	0.1
Additional paid-in capital	—	—
Accumulated other comprehensive loss, net of taxes	(1.5)	(1.5)
Retained earnings	212.1	218.2
Total equity	211.6	217.7
Commitments and contingencies (Note 6)		
Total liabilities and equity	<u>\$ 1,655.5</u>	<u>\$ 1,564.2</u>

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,	
	2016	2015
Revenue:		
Programming networks and other services	\$ 397.4	\$ 415.8
Home video net sales	34.5	34.9
Total revenue	431.9	450.7
Costs and expenses:		
Programming (including amortization) (Notes 4 and 6)	150.7	146.0
Production and acquisition (including amortization)	58.1	56.6
Home video cost of sales	7.4	10.4
Operating (Note 4)	6.0	13.3
Selling, general and administrative (Note 4)	90.9	77.2
Depreciation and amortization	4.7	4.7
Total costs and expenses	317.8	308.2
Operating income	114.1	142.5
Other income (expense):		
Interest expense, net of amounts capitalized (Note 2)	(11.9)	(11.2)
Other income (expense), net	0.4	(2.2)
Income before income taxes	102.6	129.1
Income tax expense (Note 5)	(35.6)	(43.0)
Net income	67.0	86.1
Net income attributable to noncontrolling interest	—	(1.5)
Net income attributable to stockholders	\$ 67.0	\$ 84.6
Basic net income per common share (Note 7)	\$ 0.68	\$ 0.84
Diluted net income per common share (Note 7)	\$ 0.65	\$ 0.80
Weighted average number of common shares outstanding (Note 7):		
Basic	99.0	101.1
Diluted	102.7	106.2

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,	
	2016	2015
Net income	\$ 67.0	\$ 86.1
Other comprehensive income, net of taxes -		
Foreign currency translation adjustments from operations	—	0.7
Comprehensive income	67.0	86.8
Comprehensive income attributable to noncontrolling interest	—	(1.7)
Comprehensive income attributable to stockholders	<u>\$ 67.0</u>	<u>\$ 85.1</u>

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,	
	2016	2015
Operating activities:		
Net income	\$ 67.0	\$ 86.1
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	4.7	4.7
Amortization of program rights	138.5	136.9
Program rights payments	(126.9)	(136.0)
Amortization of investment in films and television programs	47.0	36.9
Investment in films and television programs	(96.2)	(108.7)
Stock compensation	8.3	8.3
Deferred income taxes	—	(6.8)
Other non-operating and non-cash items	(10.0)	(13.5)
Changes in assets and liabilities:		
Current and other assets	(4.6)	(8.7)
Payables and other liabilities	(22.4)	(5.0)
Net cash provided by (used in) operating activities	<u>5.4</u>	<u>(5.8)</u>
Investing activities:		
Purchases of property and equipment	(2.2)	(2.2)
Investment in and advances to equity investee	(4.0)	—
Net cash used in investing activities	<u>(6.2)</u>	<u>(2.2)</u>
Financing activities:		
Borrowings of debt	133.0	95.0
Payments of debt	(51.4)	(81.3)
Repurchases of common stock	(83.9)	(13.0)
Exercise of stock options	2.2	4.6
Minimum withholding of taxes related to stock compensation	(1.0)	(5.2)
Excess tax benefit from stock compensation	1.0	4.6
Net cash provided by (used in) financing activities	<u>(0.1)</u>	<u>4.7</u>
Net decrease in cash and cash equivalents		
	(0.9)	(3.3)
Cash and cash equivalents:		
Beginning of period	10.7	13.4
End of period	<u>\$ 9.8</u>	<u>\$ 10.1</u>

See accompanying notes to condensed consolidated financial statements.

Starz and Subsidiaries
Condensed Consolidated Statement of Equity
Three Months Ended March 31, 2016
(Unaudited)
(in millions)

	Preferred Stock	Series A	Series B	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance at December 31, 2015	\$ —	\$ 0.9	\$ 0.1	\$ —	\$ (1.5)	\$ 218.2	\$ 217.7
Net income	—	—	—	—	—	67.0	67.0
Stock compensation	—	—	—	8.6	—	—	8.6
Stock issued upon exercise of stock options	—	—	—	2.2	—	—	2.2
Minimum withholding of taxes related to stock compensation	—	—	—	(1.0)	—	—	(1.0)
Excess tax benefit from stock compensation	—	—	—	1.0	—	—	1.0
Repurchases of common stock	—	—	—	(10.8)	—	(73.1)	(83.9)
Balance at March 31, 2016	\$ —	\$ 0.9	\$ 0.1	\$ —	\$ (1.5)	\$ 212.1	\$ 211.6

See accompanying notes to condensed consolidated financial statements.

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31 2016

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, and online video providers (collectively, “Distributors”). 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 (“SEC”). 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, 2015.

Business

Starz’s business operations are conducted by its wholly-owned subsidiaries Starz, LLC, Starz Entertainment, LLC (“Starz Entertainment”), Starz Media Group, LLC (“Starz Media”) and certain other immaterial subsidiaries. In October 2015, Starz, LLC acquired the 25% interest in Starz Media formerly owned by The Weinstein Company LLC (“Weinstein”). In October 2015, Starz, LLC sold 100% of its wholly-owned subsidiary Film Roman, LLC (“Film Roman”), which made up 100% of the Starz Animation operating segment. Following the sale of Film Roman, Starz manages its operations through its Starz Networks and Starz Distribution operating segments:

Starz Networks

Starz Networks’ flagship premium networks are STARZ and STARZ ENCORE. STARZ exhibits first-run hit movies and original series. STARZ ENCORE airs first-run movies, classic contemporary movies and original series. Starz Networks’ third network, MOVIEPLEX, offers a variety of art house, independent films and classic movie library content. STARZ and STARZ ENCORE, along with MOVIEPLEX, air across 17 linear networks complemented by on-demand and online services. Starz Networks’ premium networks are offered by Distributors 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 the Anchor Bay Entertainment, Starz Digital and Starz Worldwide Distribution businesses.

Anchor Bay Entertainment

Anchor Bay Entertainment is the global home video sales arm of Starz and distributes 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 STARZ 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

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

and national retailers and other companies, including Amazon, Best Buy, Ingram Entertainment, Netflix, Redbox, Target and Wal-Mart.

Starz Digital

Starz Digital is the global digital and on-demand licensing arm of Starz and distributes content on pay-per-view, video-on-demand, subscription video-on-demand (“SVOD”), ad-supported video-on-demand (“AVOD”), electronic sell-through and other digital formats for Starz’s owned content, including Starz Networks’ original series, Weinstein’s titles and content licensed from third-parties in the U.S. and throughout the world to the extent it has rights to such content in international territories. Certain of the titles acquired by Starz Digital air on Starz Networks’ STARZ and STARZ ENCORE networks. Starz Digital receives fees for its content from a wide array of partners ranging from traditional MVPDs to online and mobile distributors.

Starz Worldwide Distribution

Starz Worldwide Distribution is the global television licensing arm of Starz and 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 rights on free or pay television in the U.S. and throughout the world 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.

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 estimates (also known as “Ultimate Revenue”) associated with released films, the assessment of investment in films and television programs for 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.

Note 2 - Debt

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

	March 31, 2016	December 31, 2015
Credit Agreement (a)	\$ 391.0	\$ 308.0
Senior Notes, including premium of \$1.8 and \$1.9 (b)	676.8	676.9
Capital leases (c)	63.4	64.8
Debt issuance costs, net	(11.1)	(11.9)
Total debt	1,120.1	1,037.8
Less: current portion	(5.7)	(5.6)
	<u>\$ 1,114.4</u>	<u>\$ 1,032.2</u>

(a) On April 20, 2015, Starz, LLC entered into a credit agreement (“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. Borrowings may be prepaid at any time and from time to time without penalty other than customary breakage costs. Any amounts prepaid may be reborrowed. The Credit Agreement is scheduled to mature on April 20, 2020. As of March 31, 2016, \$609.0 million of borrowing capacity was available under the 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 0.50% and 1.25% depending on the consolidated leverage ratio of Starz, LLC, 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% 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 Credit Agreement

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

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.

As of March 31, 2016, the following borrowings and related LIBOR or alternate base rate interest rates were outstanding (*dollars in millions*):

LIBOR or alternate base rate period:	Interest Rate	Loan Amount
March 2016 to April 2016	2.1880%	\$ 133.0
March 2016 to April 2016	2.1821%	200.0
March 2016 and forward	4.2500%	58.0
		\$ 391.0

The Credit Agreement contains certain covenants that include restrictions on, among others, incurring additional debt, paying dividends, or making certain distributions, investments and other restricted payments, liens or guarantees. 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, 2016, 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, 2016, Starz, LLC was in compliance with all covenants under the Senior Notes.

- (c) On January 11, 2013, Starz, LLC entered into a commercial lease with a subsidiary of Starz's related party, Liberty Media Corporation ("Liberty Media"), 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 recorded a 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, 2016, the fair value of the Senior Notes was \$683.4 million and was based upon quoted prices in active markets. Starz believes the fair value of borrowings under the Credit Agreement approximate their carrying value as of March 31, 2016 due to their variable rate nature and Starz's stable credit spread.

Interest costs of \$0.9 million and \$1.5 million have been capitalized as investment in films and television programs during the three months ended March 31, 2016 and 2015, 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, 2016, 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 Series B common stock is exchangeable at the option of the holder for one share of Series A common stock. Series A and Series B common stock participate on an equal basis with respect to dividends and distributions.

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

As of March 31, 2016, there were 12.7 million shares of Series A common stock reserved for issuance under the exercise privileges of outstanding stock options. In addition to 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 \$1,200.0 million since January 2013 to repurchase Starz common stock. Starz repurchased 3.1 million shares of Series A common stock for aggregate consideration, including fees, of \$83.9 million during the three months ended March 31, 2016. Starz had \$394.4 million available under its share repurchase program as of March 31, 2016.

Note 4 – Stock Compensation

Pursuant to the Starz 2011 Incentive Plan, the compensation committee of the board of directors may grant eligible employees stock options, stock appreciation rights, restricted shares and restricted stock units.

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

	Three Months Ended March 31,	
	2016	2015
Programming	\$ 0.7	\$ 0.6
Operating	0.1	0.1
Selling, general and administrative	7.5	7.6
	<u>\$ 8.3</u>	<u>\$ 8.3</u>

As of March 31, 2016, the total unrecognized compensation cost related to unvested stock options, restricted shares and restricted stock units was approximately \$51.5 million. Such amount will be recognized in Starz's condensed consolidated statements of operations over a weighted average period of approximately 2.46 years.

The number and weighted average exercise price ("WAEP") of stock options to purchase Starz common stock were as follows:

	Options	WAEP
Outstanding at December 31, 2015	13,187,542	\$ 18.97
Granted	—	\$ —
Exercised	(283,749)	\$ 14.10
Forfeited	(193,703)	\$ 27.74
Expired/canceled	—	\$ —
Outstanding at March 31, 2016	<u>12,710,090</u>	<u>\$ 18.94</u>
Exercisable at March 31, 2016	<u>8,449,119</u>	<u>\$ 15.95</u>

At March 31, 2016, the weighted-average remaining contractual term of outstanding options was 4.84 years and exercisable options was 4.24 years. At March 31, 2016, the aggregate intrinsic value of outstanding options and exercisable options was \$107.6 million and \$90.3 million, respectively. The aggregate intrinsic value of options exercised was \$4.7 million and \$21.7 million for the three months ended March 31, 2016 and 2015, respectively.

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

The number and weighted average grant-date fair value of restricted share grants were as follows:

	Restricted Shares	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2015	769,947	\$ 29.22
Granted	90,064	\$ 26.09
Vested	(48,092)	\$ 18.43
Forfeited	(27,247)	\$ 27.11
Outstanding at March 31, 2016	<u>784,672</u>	<u>\$ 29.60</u>

The grant-date fair value was based on the market value of the shares on the date of grant. The aggregate fair value of all restricted shares that vested during the three months ended March 31, 2016 and 2015 was \$1.4 million and \$2.4 million, respectively.

As of March 31, 2016, the number of performance based restricted stock units representing the threshold, target and maximum payout levels were 50,061 units, 100,122 units and 200,244 units, respectively (which are not reflected in the table above). During the three months ended March 31, 2016, 6,948 units, at the target payout level, were forfeited.

At March 31, 2016, 1.9 million outstanding stock options were held by employees of Starz's related party Liberty Media.

Note 5 - Income Taxes

The income tax provision for the three months ended March 31, 2016 and 2015 was 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 35% and 33% for the three months ended March 31, 2016 and 2015, respectively. For the three months ended March 31, 2016 and 2015, 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, which was partially offset by state and local taxes.

Note 6 - 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 television 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 had an exclusive licensing agreement for qualifying films that were released theatrically in the U.S. by The Walt Disney Company ("Disney") through 2015, with initial license periods for those films extending into 2017. The agreement provided Starz with exclusive pay television rights to exhibit qualifying theatrically released films under the Disney, Touchstone, Pixar and Marvel labels. Theatrically released films produced by DreamWorks and released by Disney were 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 licensed from these producers.

The unpaid balance for program rights related to films that were available for exhibition at March 31, 2016 is reflected in accrued liabilities and in other liabilities in the accompanying condensed consolidated balance sheets. As of March 31, 2016, such liabilities aggregated approximately \$132.7 million and are payable as follows: \$104.1 million in 2016, \$12.6 million in 2017, \$5.0 million in 2018, \$9.8 million in 2019, and \$1.2 million in 2020.

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

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

Disney agreements, which had not been accrued as of March 31, 2016, were as follows: \$103.1 million in 2016; \$118.4 million in 2017; \$98.4 million in 2018; \$83.9 million in 2019; \$65.3 million in 2020 and \$110.3 million thereafter.

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

Total amortization of program rights was \$138.5 million and \$136.9 million for the three months ended March 31, 2016 and 2015, respectively. These amounts are included in programming costs in the accompanying condensed consolidated statements of operations.

Legal Proceedings

On October 29, 2015, Keno Thomas, a former Starz Entertainment employee, filed a complaint in Los Angeles County Superior Court against Starz, Starz, LLC, Starz Entertainment (collectively, "Starz Parties") and Liberty Media, and certain individual defendants. The plaintiff alleges that the Starz Parties and certain of the other defendants engaged in retaliation, wrongful termination of employment, failure to prevent retaliation and intentional infliction of emotional distress, all in connection with the plaintiff's employment with Starz Entertainment. The plaintiff seeks compensatory, emotional distress and punitive damages, interest and an award of reasonable attorneys' fees. On November 30, 2015, defendants removed this case to the United States District Court for the Central District of California. In February 2016, the parties stipulated to dismiss Starz and Starz, LLC without prejudice and to dismiss Liberty Media with prejudice. On February 29, 2016, the District Court dismissed one of the individual defendants without prejudice, dismissed certain claims for retaliation and for intentional infliction of emotional distress without prejudice and struck certain other allegations in the complaint, permitting the plaintiff to file an amended complaint with respect to the claims dismissed without prejudice. The plaintiff filed an amended complaint on March 30, 2016 with modified allegations of retaliation and intentional infliction of emotional distress. On April 13, 2016, the defendants moved to dismiss various causes of action in the amended complaint. Starz believes that it has substantial defenses to the claims asserted in the foregoing action, is defending the action vigorously, and does not believe that the resolution of the action will have a material adverse effect on its business, financial condition or results of operations.

On November 9, 2015, a purported class action was commenced in the U.S. District Court for the Central District of California by Pierre Bolduc, against Starz and certain individual defendants. The plaintiff purports to represent a class of persons who purchased shares of Starz common stock between August 1, 2014 and October 29, 2015. Citing allegations in the lawsuit filed by Keno Thomas, described above, the plaintiff alleges that the defendants violated applicable federal securities laws by making materially false and misleading statements and failing to disclose that: (a) Starz lacked adequate internal controls; (b) Starz's contract with a certain Distributor was a result of illicit business practices; and (c) as a result, Starz's public statements were materially false and misleading and lacked a reasonable basis. The complaint alleges that the price of shares of Starz's common stock fell as a result of the Keno Thomas lawsuit. The plaintiff seeks damages, interest, reasonable attorneys' fees and costs. On February 11, 2016, the District Court entered an Order appointing Lucille Theroux as Lead Plaintiff and Approving Glancy Prongay & Murray LLP, as Counsel, and thereafter the Court formally changed the case name to Theroux v. Starz, et al. On March 28, 2016, pursuant to the parties' stipulation, the District Court dismissed this action without prejudice.

In the normal course of business, Starz is subject to other lawsuits and other claims, including claims of alleged infringement of the trademarks, patents, copyrights and other intellectual property rights of third parties. While it is not possible to predict the outcome of these other 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 business, financial condition or results of operations.

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

Note 7 – Other Information

Accrued Liabilities

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

	March 31, 2016	December 31, 2015
Program rights payable	\$ 107.7	\$ 67.8
Royalties, residuals and participations	79.8	82.4
Advertising and marketing	40.5	48.1
Payroll and related costs	18.5	29.2
Other	28.5	40.2
	<u>\$ 275.0</u>	<u>\$ 267.7</u>

Supplemental Disclosure of Cash Flow Information

Supplemental disclosure of cash flow information was as follows (*in millions*):

	Three Months Ended March 31,	
	2016	2015
Cash paid for interest, net of amounts capitalized	\$ 19.7	\$ 19.0
Cash paid for income taxes	\$ 1.7	\$ 1.8

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 reconciliation between basic and diluted weighted average shares outstanding was as follows (*in millions*):

	Three Months Ended March 31,	
	2016	2015
Basic weighted average shares outstanding	99.0	101.1
Effect of dilution:		
Stock options	3.5	4.8
Restricted shares	0.2	0.3
Diluted weighted average shares outstanding	<u>102.7</u>	<u>106.2</u>

For the three months ended March 31, 2016 and 2015, approximately 2.9 million shares and 1.4 million shares, respectively, were 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 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, 2017, including interim periods within that reporting period (i.e., January 1, 2018 for Starz). Early application is permitted, but not before annual periods beginning after December 15, 2016 (i.e., January 1, 2017 for Starz). 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, is unable to quantify such impact or determine the method of adoption.

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842): New Guidance on Accounting for Leases*. ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use asset for all leases. A lease liability is defined as a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis. A right-of-use asset is defined as an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. For a public entity, ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e., January 1, 2019 for Starz). Early adoption is permitted. Starz is currently assessing the impact that these changes will have on its consolidated financial statements, and therefore, is unable to quantify such impact.

In March 2016, the FASB issued ASU 2016-09 *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 simplifies the accounting for income taxes associated with share-based compensation by eliminating the requirement to classify the excess tax benefit as additional paid-in capital. For the three months ended March 31, 2016, Starz recognized \$1.0 million of excess tax benefits in additional paid-in capital. Under this new guidance, all tax effects (excess tax benefits and tax deficiencies) related to exercised or vested awards shall be recognized as income tax benefit or expense in the statement of operations in the reporting period as they occur, regardless of whether the tax effects reduce taxes payable in the reporting period. ASU 2016-09 also requires a reclassification of excess tax benefits on the statement of cash flows from a financing activity to an operating activity. The new guidance also establishes the requirement to classify cash paid by an entity to the taxing authorities when directly withholding shares for tax-withholding purposes as a financing activity, which is consistent with Starz's current and historical presentation. For a public entity, ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years (i.e., January 1, 2017 for Starz). Early adoption is permitted for any interim or annual period. Starz is currently assessing the impact that these changes will have on its consolidated financial statements, and therefore, is unable to quantify such impact.

Note 8 – Information about Operating Segments

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 its operating segments' performance and make decisions about allocating resources among its operating segments. Starz believes that 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. 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 Starz's industry, and (ii) it excludes financial information that some may consider important in evaluating Starz's performance. Starz compensates for these limitations by providing a reconciliation of Adjusted OIBDA to GAAP results to enable investors to perform their own analysis of Starz's operating results. 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 reconciliation of Adjusted OIBDA to income before income taxes was as follows *(in millions)*:

	Three Months Ended March 31,	
	2016	2015
Consolidated Adjusted OIBDA	\$ 127.1	\$ 155.5
Stock compensation	(8.3)	(8.3)
Depreciation and amortization	(4.7)	(4.7)
Interest expense, net of amounts capitalized	(11.9)	(11.2)
Other income (expense), net	0.4	(2.2)
Income before income taxes	<u>\$ 102.6</u>	<u>\$ 129.1</u>

Starz and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 31, 2016

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 had three operating segments, Starz Animation was also reported. As mentioned in Note 1, Starz, LLC sold 100% of its wholly-owned subsidiary Film Roman, which made up 100% of the Starz Animation operating segment, in October 2015. 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,	
	2016	2015
Revenue:		
Starz Networks	\$ 339.9	\$ 334.0
Starz Distribution	92.7	109.7
Starz Animation	—	7.3
Inter-segment eliminations	(0.7)	(0.3)
	<u>\$ 431.9</u>	<u>\$ 450.7</u>
Adjusted OIBDA:		
Starz Networks	\$ 116.8	\$ 129.7
Starz Distribution	10.6	26.4
Starz Animation	—	(0.6)
Inter-segment eliminations	(0.3)	—
	<u>\$ 127.1</u>	<u>\$ 155.5</u>

Other Information (*in millions*):

	Three Months Ended March 31,	
	2016	2015
Cash paid for investment in films and television programs:		
Starz Networks	\$ 81.1	\$ 69.1
Starz Distribution	15.1	39.6
Starz Animation	—	—
Inter-segment eliminations	—	—
	<u>\$ 96.2</u>	<u>\$ 108.7</u>
Total assets:		
	March 31, 2016	December 31, 2015
Starz Networks	\$ 1,499.2	\$ 1,365.9
Starz Distribution	173.9	166.8
Starz Animation	—	—
Other unallocated assets (primarily cash, deferred taxes and other assets, including income taxes receivable and the commercial lease for Starz's corporate headquarters facility)	78.3	109.7
Inter-segment eliminations	(95.9)	(78.2)
	<u>\$ 1,655.5</u>	<u>\$ 1,564.2</u>

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 Distributors and content providers and our ability to enter into, maintain and renew affiliation agreements with Distributors and programming output and library agreements with content providers on terms acceptable to us;
- business combinations involving Distributors or content providers;
- 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 catastrophic events, such as natural disasters, fire or weather, or work stoppages or strikes by unions representing writers, directors or actors;
- changes in distribution and viewing of television programming, including the expanded deployment of DVRs, video-on-demand, online based content delivery, Blu-ray™ players, game consoles and mobile devices, 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 distribution partners, viewers and employees, and copies of films, television programs and other content, subjecting us to potentially costly government enforcement actions, private litigation and reputational risks;
- market demand for our products and services 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, 2015.

In addition, there may be other factors that could cause our actual results to be materially different from the results referenced in the forward-looking statements. Many of these factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed. Our actual future results may vary materially from those expressed or implied in any forward-looking statements.

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, 2015.

OVERVIEW

Starz is a leading integrated global media and entertainment company. We provide premium subscription video programming in the U.S. to cable operators, satellite television providers, telecommunications companies and online video providers. 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, Starz Media and certain other immaterial subsidiaries. In October 2015, Starz, LLC acquired the 25% interest in Starz Media formerly owned by Weinstein. In October 2015, Starz, LLC sold 100% of its wholly-owned subsidiary Film Roman, which made up 100% of our Starz Animation operating segment.

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. Following the sale of Film Roman, we manage our operations through our Starz Networks and Starz Distribution 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 the 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.

Revenue

The STARZ and STARZ ENCORE networks are the primary drivers of Starz Networks' revenue. Our networks are distributed pursuant to affiliation agreements with Distributors. 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). Examples of non-consignment agreements include fixed payment arrangements whereby a Distributor pays a fixed monthly payment (with annual escalators) regardless of the total number of subscribers who receive our networks. Additionally, Distributor payments may be calculated using the number of households subscribing to the Distributor's basic service multiplied by rates specified in the agreement.

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, pay-per-view, video-on-demand, SVOD, AVOD, electronic sell-through, other digital formats and free and pay television. 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 titles.

Starz Animation recognized revenue related to animation services provided to customers under contract generally based on the percentage that costs incurred-to-date bore to estimated total costs to complete utilizing the most recent information. Revenue recognized was 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 or shares in the profits from the distribution of the film or television program.

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

Operating expenses primarily includes Starz Networks' operating costs (e.g., salaries, transponder expenses and maintenance and repairs) and non-DVD distribution expenses related to Starz Distribution. Prior to the sale of Film Roman, it included production costs related to animation services provided to customers under contract, which represented Starz Animation's largest expense.

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

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 2016 AND 2015

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

	Three Months Ended March 31,		\$ Change	% Change
	2016	2015	'16 vs '15	'16 vs '15
Revenue:				
Programming networks and other services	\$ 397.4	\$ 415.8	\$ (18.4)	(4)%
Home video net sales	34.5	34.9	(0.4)	(1)%
Total revenue	431.9	450.7	(18.8)	(4)%
Costs and expenses:				
Programming (including amortization)	150.7	146.0	4.7	3 %
Production and acquisition (including amortization)	58.1	56.6	1.5	3 %
Home video cost of sales	7.4	10.4	(3.0)	(29)%
Operating	6.0	13.3	(7.3)	(55)%
Selling, general and administrative	90.9	77.2	13.7	18 %
Depreciation and amortization	4.7	4.7	—	— %
Total costs and expenses	317.8	308.2	9.6	3 %
Operating income	114.1	142.5	(28.4)	(20)%
Other income (expense):				
Interest expense, net of amounts capitalized	(11.9)	(11.2)	(0.7)	(6)%
Other income (expense), net	0.4	(2.2)	2.6	118 %
Income before income taxes	102.6	129.1	(26.5)	(21)%
Income tax expense	(35.6)	(43.0)	7.4	17 %
Net income	\$ 67.0	\$ 86.1	\$ (19.1)	(22)%

COMPARISON OF THREE MONTHS ENDED MARCH 31, 2016 TO THREE MONTHS ENDED MARCH 31, 2015

Revenue

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

	Three Months Ended March 31,		\$ Change	% Change
	2016	2015	'16 vs '15	'16 vs '15
Revenue				
Starz Networks	\$ 339.9	\$ 334.0	\$ 5.9	2 %
Starz Distribution	92.7	109.7	(17.0)	(15)%
Starz Animation	—	7.3	(7.3)	(100)%
Inter-segment eliminations	(0.7)	(0.3)	(0.4)	(133)%
	<u>\$ 431.9</u>	<u>\$ 450.7</u>	<u>\$ (18.8)</u>	<u>(4)%</u>

Starz Networks' revenue represented 79% and 74% of our total revenue for the three months ended March 31, 2016 and 2015, respectively.

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

Period End Subscriptions:	As of March 31,		# Change	% Change
	2016	2015 (1)	'16 vs '15	'16 vs '15
STARZ	24.0	23.4	0.6	3 %
STARZ ENCORE	32.4	33.5	(1.1)	(3)%
	<u>56.4</u>	<u>56.9</u>	<u>(0.5)</u>	<u>(1)%</u>

(1) The March 31, 2015 period end subscriptions have been adjusted for a reporting correction by one of our distributors. Such adjustment had no impact on our revenue.

Revenue from Starz Networks increased \$5.9 million or 2% for the three months ended March 31, 2016 as compared to the corresponding prior year period. The increase in revenue was a result of a \$10.7 million increase due to higher effective rates, partially offset by a \$4.8 million decrease due to lower average subscriptions resulting from video household losses at certain distributors.

Revenue from Starz Distribution decreased \$17.0 million or 15% for the three months ended March 31, 2016 as compared to the corresponding prior year period. This decrease was primarily due to a decrease in revenue from our original series. During the three months ended March 31, 2015, we licensed certain of our original series in the U.S., including "Spartacus" and "Magic City" to Netflix and "The White Queen" to Amazon. This decrease was partially offset by an increase in revenue from films distributed for Weinstein.

Programming

Programming costs increased \$4.7 million or 3% for the three months ended March 31, 2016 as compared to the corresponding prior year period. The increase in programming costs was primarily due to a \$3.8 million increase in original series amortization expense and a \$3.0 million increase in other programming related costs, offset by a \$2.1 million decrease in output and library film 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 2016 and 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.

Production and Acquisition

Production and acquisition costs increased \$1.5 million or 3% for the three months ended March 31, 2016 as compared to the corresponding prior year period. The increase was primarily due to an increase in revenue from films distributed for Weinstein, which resulted in higher participation costs. This increase was partially offset by a decrease in revenue related to our original series, which resulted in lower amortization of our investment in films and television programs and participation costs.

Home Video Cost of Sales

Home video cost of sales decreased \$3.0 million or 29% for the three months ended March 31, 2016 as compared to the corresponding prior year period. Home video cost of sales represented 21% and 30% of home video net sales for the three months ended March 31, 2016 and 2015, respectively. This decrease in costs as a percentage of sales was due to higher revenue from Weinstein titles. Under our agreement with Weinstein, DVD replication and packaging costs are paid for by Weinstein.

Operating

Operating expense decreased \$7.3 million for the three months ended March 31, 2016 as compared to the corresponding prior year period. The decrease is primarily due to the sale of Film Roman in October 2015.

Selling, General and Administrative

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

	Three Months Ended March 31,		\$ Change '16 vs '15	% Change '16 vs '15
	2016	2015		
Advertising and marketing:				
Starz Networks	\$ 37.6	\$ 32.7	\$ 4.9	15 %
Starz Distribution	6.7	7.0	(0.3)	(4)%
Starz Animation	—	—	—	— %
Inter-segment eliminations	—	—	—	— %
Total advertising and marketing	44.3	39.7	4.6	12 %
General and administrative, excluding stock compensation:				
Starz Networks	30.1	21.5	8.6	40 %
Starz Distribution	9.0	8.3	0.7	8 %
Starz Animation	—	0.1	(0.1)	(100)%
Inter-segment eliminations	—	—	—	— %
General and administrative, excluding stock compensation	39.1	29.9	9.2	31 %
Stock compensation	7.5	7.6	(0.1)	(1)%
Total general and administrative	46.6	37.5	9.1	24 %
	\$ 90.9	\$ 77.2	\$ 13.7	18 %
General and administrative expense as a percentage of revenue				
	11 %	8 %		

Starz Networks' advertising and marketing costs increased primarily due to spend associated with "The Girlfriend Experience," which premiered on April 10, 2016. The increase in Starz Networks' general and administrative expenses was primarily due to an increase in litigation related costs and payroll costs.

Adjusted OIBDA

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

	Three Months Ended March 31,		\$ Change	% Change
	2016	2015	'16 vs '15	'16 vs '15
Adjusted OIBDA (1)				
Starz Networks	\$ 116.8	\$ 129.7	\$ (12.9)	(10)%
Starz Distribution	10.6	26.4	(15.8)	(60)%
Starz Animation	—	(0.6)	0.6	100 %
Inter-segment eliminations	(0.3)	—	(0.3)	n/a
	<u>\$ 127.1</u>	<u>\$ 155.5</u>	<u>\$ (28.4)</u>	<u>(18)%</u>

(1) See Note 8 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.

Adjusted OIBDA for Starz Networks decreased \$12.9 million for the three months ended March 31, 2016 as compared to the corresponding prior year period. Such decrease was a result of the increase in selling, general and administrative expenses and programming costs, partially offset by the increase in revenue. Adjusted OIBDA for Starz Distribution decreased \$15.8 million primarily due to the decrease in revenue.

Other Income (Expense), Net

We recorded other income, net of \$0.4 million for the three months ended March 31, 2016 as compared to other expense, net of \$2.2 million for the three months ended March 31, 2015. The income for the three months ended March 31, 2016 was primarily comprised of foreign currency hedging and exchange gains, partially offset by our share of losses from our investment in Playco Holdings Limited ("Playco"), an equity investee in which we hold an approximate 40% ownership interest. The expense for the three months ended March 31, 2015 was primarily comprised of our share of losses from our investment in Playco.

Income Taxes

We had income before income taxes of \$102.6 million and \$129.1 million and income tax expense of \$35.6 million and \$43.0 million for the three months ended March 31, 2016 and 2015, respectively. Our effective tax rate was 35% and 33% for the three months ended March 31, 2016 and 2015, respectively. Our effective tax rate for the three months ended March 31, 2016 and 2015 was positively impacted by Internal Revenue Code Section 199, which allows U.S. taxpayers a deduction for qualified domestic production activities, and was partially offset by state and local taxes. 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.

MATERIAL CHANGES IN FINANCIAL CONDITION

As of March 31, 2016, our cash and cash equivalents totaled \$9.8 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.

Operating Activities

We generated \$5.4 million of net cash provided by operating activities and generated \$5.8 million of net cash used in operating activities for the three months ended March 31, 2016 and 2015, respectively. Our primary uses of cash are 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 (increase to) net cash provided by (used in) operating activities. Cash paid under our programming output and library agreements totaled \$126.9 million and \$136.0 million for the three months ended March 31, 2016 and 2015, respectively. Cash paid for original programming, home video and other content totaled \$96.2 million and \$108.7 million for the three months ended March 31, 2016 and 2015, respectively, and decreased primarily due to a decrease in payments to Weinstein, partially offset by an increase related to original series in production. We plan to continue to increase our

investments in original programming in future periods. A \$14.3 million and a \$34.6 million increase in our long term receivables from the licensing of certain of our original series to Netflix and Amazon negatively impacted our net cash provided by (used in) operating activities for the three months ended March 31, 2016 and 2015, respectively.

Investing Activities

During the three months ended March 31, 2016, we made advances to Playco totaling \$4.0 million.

Financing Activities

During the three months ended March 31, 2016, we had net borrowings of debt of \$81.6 million. We repurchased 3.1 million shares of common stock for \$83.9 million, including fees, under our share repurchase program during the three months ended March 31, 2016 as compared to \$13.0 million during the three months ended March 31, 2015. We had \$394.4 million available under our share repurchase program as of March 31, 2016.

We are continually projecting anticipated cash requirements for our operating, investing and financing needs. Potential sources of liquidity include net cash provided by operating activities and borrowings under our Credit Agreement. Our expected uses of cash for investing and financing activities include capital expenditures, funding of Playco, debt repayments and buybacks of common stock. Based on our current operating plans, we believe that net cash provided by operating activities, available borrowing capacity under our Credit Agreement, through its expiration on April 20, 2020, and access to debt and equity markets will be sufficient to fund our expected uses of cash for the foreseeable future. Net cash provided by operating activities and access to the capital markets can be impacted by factors outside of our control. Our Senior Notes are due on September 15, 2019. We plan to refinance these notes on terms acceptable to us prior to their due date. However, there can be no assurance that we will be able to refinance them on acceptable terms, if at all. As of March 31, 2016, \$609.0 million of borrowing capacity was available under our Credit Agreement.

RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 *Revenue from Contracts with Customers (Topic 606)* in May 2014, issued ASU 2016-02 *Leases (Topic 842): New Guidance on Accounting for Leases* in February 2016 and issued ASU 2016-09 *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* in March 2016. See Note 7 to the unaudited condensed consolidated financial statements included in this Form 10-Q for a discussion of the new accounting standards and the assessments of the potential impacts on Starz.

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 fund our investing and financing activities. 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, 2016, our debt was 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
\$391.0	2.49%	\$740.2	5.12%

A hypothetical 50 basis point change in interest rates prevailing at March 31, 2016 would either increase or decrease our annual interest expense on our variable rate debt by approximately \$2.0 million. As shown above, the majority of our

outstanding debt at March 31, 2016 was fixed rate debt, however, at March 31, 2016, \$609.0 million of borrowing capacity was available under our Credit Agreement, which is at variable rates.

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, 2016 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, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

On October 29, 2015, Keno Thomas, a former Starz Entertainment employee, filed a complaint in Los Angeles County Superior Court against Starz, Starz, LLC, Starz Entertainment (collectively, "Starz Parties") and Liberty Media, and certain individual defendants. The plaintiff alleges that the Starz Parties and certain of the other defendants engaged in retaliation, wrongful termination of employment, failure to prevent retaliation and intentional infliction of emotional distress, all in connection with the plaintiff's employment with Starz Entertainment. The plaintiff seeks compensatory, emotional distress and punitive damages, interest and an award of reasonable attorneys' fees. On November 30, 2015, defendants removed this case to the United States District Court for the Central District of California. In February 2016, the parties stipulated to dismiss Starz and Starz, LLC without prejudice and to dismiss Liberty Media with prejudice. On February 29, 2016, the District Court dismissed one of the individual defendants without prejudice, dismissed certain claims for retaliation and for intentional infliction of emotional distress without prejudice and struck certain other allegations in the complaint, permitting the plaintiff to file an amended complaint with respect to the claims dismissed without prejudice. The plaintiff filed an amended complaint on March 30, 2016 with modified allegations of retaliation and intentional infliction of emotional distress. On April 13, 2016, the defendants moved to dismiss various causes of action in the amended complaint. Starz believes that it has substantial defenses to the claims asserted in the foregoing action, is defending the action vigorously, and does not believe that the resolution of the action will have a material adverse effect on its business, financial condition or results of operations.

On November 9, 2015, a purported class action was commenced in the U.S. District Court for the Central District of California by Pierre Bolduc, against Starz and certain individual defendants. The plaintiff purports to represent a class of persons who purchased shares of Starz common stock between August 1, 2014 and October 29, 2015. Citing allegations in the lawsuit filed by Keno Thomas, described above, the plaintiff alleges that the defendants violated applicable federal securities laws by making materially false and misleading statements and failing to disclose that: (a) Starz lacked adequate internal controls; (b) Starz's contract with a certain Distributor was a result of illicit business practices; and (c) as a result, Starz's public statements were materially false and misleading and lacked a reasonable basis. The complaint alleges that the price of shares of Starz's common stock fell as a result of the Keno Thomas lawsuit. The plaintiff seeks damages, interest, reasonable attorneys' fees and costs. On February 11, 2016, the District Court entered an Order appointing Lucille Theroux as Lead Plaintiff and Approving Glancy Prongay & Murray LLP, as Counsel, and thereafter the Court formally changed the case name to Theroux v. Starz, et al. On March 28, 2016, pursuant to the parties' stipulation, the District Court dismissed this action without prejudice.

In the normal course of business, Starz is subject to other lawsuits and other claims, including claims of alleged infringement of the trademarks, patents, copyrights and other intellectual property rights of third parties. While it is not possible to predict the outcome of these other 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 business, financial condition or results of operations.

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

Share Repurchase Program

The Starz board of directors has authorized a total of \$1,200.0 million since January 2013 to repurchase Starz common stock.

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

Period	Series A common stock			
	(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, 2016	976,591	\$ 31.36	976,591	\$47.6 million
February 1 - 29, 2016	1,612,373	\$ 24.45	1,612,373	\$408.1 million
March 1 - 31, 2016	545,582	\$ 25.22	545,582	\$394.4 million
	<u>3,134,546</u>		<u>3,134,546</u>	

In addition to the shares listed in the table above, 14,051 shares of Series A common stock were surrendered in the first quarter of 2016 by employees to pay withholding taxes in connection with the vesting of the employees' 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).

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.1	Form of Starz Severance Agreement, effective September 1, 2013, for certain named executive officers*
10.2	Amendment to the March 20, 2015 Performance-Based Restricted Stock Units Award Agreement, effective February 24, 2016*
10.3	Form of Performance-Based Restricted Stock Units Award Agreement, approved March 25, 2016, under the Registrant's 2011 Incentive Plan*
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.

Date: April 28, 2016

Starz

By: /s/ Christopher P. Albrecht

Name: Christopher P. Albrecht

Title: Chief Executive Officer

Date: April 28, 2016

By: /s/ Scott D. Macdonald

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*

* Filed
herewith.

** Furnished
herewith.

STARZ SEVERANCE AGREEMENT**WITH**_____
(the "Executive")**Effective Date: September 1, 2013**

This Starz Severance Agreement (the "Agreement") is entered into, as of the Effective Date set forth above, by and between Starz Entertainment, LLC (the "Employer") and the Executive named above.

This Agreement provides for severance benefits if the Executive's employment with the Employer is terminated in a Qualifying Termination. Capitalized terms have the meanings set forth in Section 6.

Section 1. Severance Pay Benefits:

a. **Severance Pay Benefits - Generally:** Subject to Section 2, if the Executive's employment is terminated in a Qualifying Termination that is not an Excluded Termination, the Executive will be eligible for severance pay benefits in an amount equal to [_____] months of Base Pay (the "Severance Pay Amount").

b. **Form and Timing of Severance Pay:** Except as otherwise provided in Sections 2 and 3, the Severance Pay Amount will be paid in installments in amounts equal to the Executive's Base Pay pursuant to the Employer's regular payroll practices, commencing with the payroll date coincident with or immediately following the 50th day after the Executive's termination date, except that the first payment of severance pay on such date will include a lump sum amount equal to the severance pay that would have been paid during such 50-day period immediately following the Participant's termination date; provided that the Waiver and Release has been signed by the Executive and the Waiver and Release Agreement is not revoked during any applicable revocation period.

i. Severance pay benefits will be subject to all applicable tax and other withholdings, except that no withholding will be made for any 401(k) plan or for premiums for continued insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA").

ii. If the Executive becomes re-employed by the Employer or any member of the Starz Group in any category of employment prior to the Executive's actual receipt of any portion of the severance pay benefit, the severance payments will be suspended, and the Executive will not be subject to additional severance payments under this Agreement. If the Executive dies after becoming eligible for severance pay but before the Executive receives the full amount of his or her severance pay benefit, the remaining amount of such Severance Pay Amount will be paid in one lump sum, within 60 days after the Executive's date of death, to the Executive's estate.

iii. In no event will the severance pay benefits be considered "wages" pursuant to any State law or regulation.

c. Adjustments to Severance Pay Benefits: The Severance Pay Amount shall be reduced by each of the following, provided that the aggregate reductions shall not reduce severance pay below the Release Consideration:

- i. the amount of wages or other compensation for services received by the Executive from any other employer or other entity (that is not a member of the Starz Group) during the Severance Period;
- ii. any wages or wage replacement benefits paid or payable to the Executive with respect to any applicable notice period required under the Worker Adjustment and Retraining Notification Act (WARN) or any state law with respect to notice prior to termination;
- iii. to the extent permitted by law, by any debt that the Executive owes the Employer or any member of the Starz Group at the time the Severance Pay Amount becomes payable; and
- iv. the Severance Pay Amount under this Agreement will be reduced (but not below the Release Consideration) by any amount of severance pay the Executive may be entitled to receive under any other severance plan or arrangement, individual written employment agreement or other agreement relating to payment upon separation from employment.

d. Enhanced Severance Pay Benefits Upon a Change in Control. If the Executive experiences a Qualifying Termination within 30 days preceding or twelve months immediately following a Change in Control, in addition to the Severance Pay Amount described in Section 1(a) above, and subject to the adjustments in Section 1(c) and the provisions of Section 2, the Executive will be entitled to the following additional severance pay benefits:

- i. A lump sum payment equal to [_____%] of the Executive's Severance Pay Amount, which will be paid within 60 days following such termination date; and
- ii. Provided that the Executive elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Employer will contribute to the health plan maintained by the Employer as of the date of termination, or any such successor health plan maintained by the Employer, that monthly amount that reflects the portion of the premium for such coverage that is paid by the Employer as of the date of termination throughout the period beginning on the date of termination and ending on the earliest of (A) the date that is 18 months following the date of termination, or (B) the expiration of the coverage period specified under COBRA.

Section 2. Conditions for Payment of Severance Pay Benefits: The Executive must meet all of the following conditions in order to be eligible to receive severance pay benefits under this Agreement:

- a. **Waiver and Release Agreement Required:** To the extent permitted under applicable law, the severance pay benefits provided under this Agreement are conditioned upon the Executive returning the signed Waiver and Release Agreement to the Employer by the 45th day following the Executive's termination date and such Waiver and Release Agreement becoming irrevocable.
-

b. Suspension of Severance Pay Upon Competitive Activities: Conditions for the Executive's receipt of severance pay benefits are intended to protect the trade secrets and other business interests of the Starz Group. If the Executive elects to engage in Competitive Activities during the Severance Period, the Executive shall deliver to the Employer at least ten business days prior to commencing any such Competitive Activities a written notice advising the Employer of (i) the Executive's intent to commence Competitive Activities, and (ii) the commencement date for such Competitive Activities (the "Competition Notice"). If the Executive engages in Competitive Activities prior to the expiration of the Severance Period, the Employer shall have no obligation to make any further payment of severance pay benefits (except to the extent severance pay benefits at least equal to the Release Consideration have not theretofore been paid).

c. Other Damages Upon Competitive Activities: In addition to the suspension of severance pay upon the Executive's engaging in Competitive Activities as provided above, to the extent permitted by applicable law, the Executive agrees that (i) the Employer and its affiliates will be irreparably injured in the event of such Competitive Activities; (ii) the Executive will repay to the Employer 75% of the total amount of severance pay benefits received by the Executive under this Agreement; provided that the Executive may retain severance pay benefits equal to the Release Consideration (whether such payments were received prior or subsequent to such Competitive Activities), together with interest from the dates of such payments to the date reimbursement is made at the rate per annum equal to the prime rate of interest charged by the bank designated by Employer plus 5% or, if lower, the maximum rate permitted by law, (iii) because monetary damages will not be an adequate remedy for any such Competitive Activities, the Employer and its affiliates also will be entitled to injunctive relief, in addition to any other remedy which they may have, in the event of such Competitive Activities; and (iv) the existence of any unrelated claims which the Executive may have against the Employer or any of its affiliates, whether under this Agreement or otherwise, will not be a defense to the enforcement by the Employer or its affiliates of any of their rights under this paragraph. The covenants of the Executive contained in this paragraph are in addition to, and not in lieu of, any obligations which the Executive may have with respect to the subject matter of this paragraph, whether by contract, as a matter of law or otherwise, and such covenants and their enforceability will survive any termination of the employment of the Executive for any reason and any investigation made with respect to the Competitive Activities by the Employer or any of its affiliates.

d. Agreement to Not Solicit and to Keep Information Confidential: The Executive agrees that, during his or her employment with the Employer or any member of the Starz Group and during the Severance Period, the Executive will not:

i. solicit or divert any business or any customer from any Starz Group member or assist any person in doing so or attempting to do so, or cause or seek to cause any person to refrain from dealing or doing business with any member of the Starz Group or assists any person in doing so or attempting to do so;

ii. solicit or induce, directly or indirectly, or cause or authorize others to solicit or induce, directly or indirectly, any person employed by any member of the Starz Group to leave such employment with the Starz Group member; and

iii. disclose or furnish to, or use for the benefit of, any other person, firm or corporation any Confidential Information, except in the course of the proper performance of the Executive's employment

duties or as required by law (in which event the Executive shall give prior written notice to the Employer and shall cooperate with the Employer in complying with such legal requirements),

and the Executive agrees that (A) the Employer and its affiliates will be irreparably injured in the event of a breach of the provisions of this paragraph; (B) because monetary damages will not be an adequate remedy for any such breach, the Employer and its affiliates will be entitled to injunctive relief, in addition to any other remedy which they may have, in the event of such a breach of the provisions of this paragraph; and (C) the existence of any unrelated claims which the Executive may have against the Employer or any of its affiliates, whether under this Agreement or otherwise, will not be a defense to the enforcement by the Employer or its affiliates of any of their rights under this paragraph.

e. Transfer of Duties: The Executive must cooperate with the orderly transfer of his or her duties as requested by the Employer.

f. Return of Property: The Executive must return all Employer and Starz Group property by a date specified by the Employer.

g. Notification of Other Employment: The Executive must notify the Employer in writing immediately upon becoming employed by any employer in any capacity during the Severance Period.

Section 3. Application of Code Section 409A to Severance Pay: To the extent that Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”) applies to any payment of severance under this Agreement, the following will apply:

a. Any payable that is triggered upon the Executive’s termination of employment shall be paid only if such termination of employment constitutes a “separation from service” under Section 409A;

b. For purposes of Section 409A, the Executive’s right to receive installment payments of any severance amount shall be treated as a right to receive a series of separate and distinct payments.

c. In no event will the Employer or its affiliates be liable for any additional tax, interest or penalties that may be imposed on the Executive under Section 409A or any damages for failing to comply with Section 409A.

d. In the event that the Executive is deemed on the date of termination to be a “specified employee” as defined in Section 409A, then with regard to any payment that is subject to Section 409A, such payment shall be delayed until the earlier of (A) the first business day of the seventh calendar month following such termination of employment, or (B) the Executive’s death. Any payments delayed by reason of the prior sentence shall be paid in a single lump sum, without interest thereon, on the date indicated by the previous sentence and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

Section 4. Miscellaneous:

a. Amendment and Termination of Agreement. This Agreement may be amended or terminated only by written action signed by the Executive and the Employer; provided, however, that the Employer may

assign this Agreement to any member of the Starz Group, or any successor to any member of the Starz Group, without the consent of the Executive.

b. Ineligibility for Other Severance Plans. The Executive acknowledges and agrees that he or she is not eligible to participate in, or to receive any benefits under, the Starz Severance Plan for Employees, the Starz Severance Plan for Executives, or any successor plan to such plans.

c. No Additional Rights Created. The terms and conditions of the Executive's employment with the Employer (or any affiliate) may not be modified or in any way affected by this Agreement.

d. Records. The records of the Employer with respect to the determination of eligibility, employment history, Base Pay, absences, and all other relevant matters shall be conclusive for all purposes of this Agreement.

e. Construction. The laws of the State of [Colorado/California] will apply and any action brought under this Agreement shall be brought in the State of [Colorado/California].

f. Return of Amounts Paid in Error. Upon a determination by the Employer that amounts have been paid under this Agreement to the Executive or other individual in error, or amounts have been paid to any individual not entitled to payment under the terms of this Agreement, the Executive or other individual receiving such incorrect payments will repay such amounts to the Employer immediately upon notice of such error, and the Employer will have the right to pursue such repayment to the fullest extent of the law.

g. Severability Provisions. If any provision of this Agreement, or the application of such provision to any person or in any circumstance, is found by a court of competent jurisdiction to be unenforceable for any reason, such provision may be modified or severed from this Agreement to the extent necessary to make such provision unenforceable against such person or in such circumstance. Neither the unenforceability of such provision nor the modification or severance of such provision will affect (i) the enforceability of any other provision of this Agreement or (ii) the enforceability of such provision against any person or in any circumstance other than those against or in which such provision is found to be unenforceable.

Section 5. Arbitration:

a. Application of Section. Other than any action to obtain injunctive relief relating to the matters set forth in Section 1 of this Agreement, if any controversy, claim or dispute arises out of or in any way relates to this Agreement, the alleged breach thereof, Executive's employment with the Employer or termination therefrom, including, without limitation, any and all claims for employment discrimination or harassment, civil tort and any other employment laws, excepting only claims that may not, by statute, be arbitrated, both Executive and the Employer (and its members, managers, officers, employees or agents) agree to submit any such dispute exclusively to binding arbitration. Both Executive and the Employer acknowledge that they are relinquishing their right to a jury trial in civil court. The Executive and the Employer agree that arbitration is the exclusive remedy for all disputes arising out of or related to Executive's employment with the Employer.

b. **Arbitration.** The arbitration shall be subject to the Federal Arbitration Act and shall be administered by JAMS in accordance with the Employment Arbitration Rules & Procedures of JAMS then in effect and subject to JAMS Policy on Employment Arbitration Minimum Standards, except as otherwise provided in this Agreement. Arbitration shall be commenced and heard in the **[Denver, Colorado/Los Angeles, California]** metropolitan area. Only one arbitrator shall preside over the proceedings, who shall be selected by agreement of the parties from a list of five or more qualified arbitrators provided by the arbitration tribunal, or if the parties are unable to agree on an arbitrator within ten business days following receipt of such list, the arbitration tribunal shall select the arbitrator. The arbitrator shall apply the substantive law (and the law of remedies, if applicable) of **[Colorado/California]** or federal law, or both, as applicable to the claim(s) asserted. In any arbitration, the burden of proof shall be allocated as provided by applicable law. The arbitrator shall have the authority to award any and all legal and equitable relief authorized by the law applicable to the claim(s) being asserted in the arbitration, as if the claim(s) were brought in a federal or state court of law. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Discovery, such as depositions or document requests, shall be available to the Employer and Executive as though the dispute were pending in federal court. The arbitrator shall have the ability to rule on pre-hearing motions as though the matter were in a federal court, including the ability to rule on a motion for summary judgment.

c. **Fees.** If permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law (e.g., filing fees, room rental fees, etc.) shall be shared equally by the parties. If the foregoing is not permitted by applicable law, the fees of the arbitrator and any other fees for the administration of the arbitration that would not normally be incurred if the action were brought in a court of law (e.g., filing fees, room rental fees, etc.) shall be paid by the Employer, provided that Executive shall be required to pay the amount of filing fees equal to that which Executive would be required to pay to file an action in **[Colorado/California]** state court. Each party shall pay its own attorneys' fees and other costs incurred in connection with the arbitration, unless the relief authorized by law allows otherwise and the arbitrator determines that attorneys' fees shall be paid in a different manner. The arbitrator must provide a written decision that is subject to limited judicial review consistent with applicable law. If any part of this arbitration provision is deemed to be unenforceable by an arbitrator or a court of law, that part may be severed or reformed so as to make the balance of this arbitration provision enforceable.

Section 6. Definitions:

a. **"Base Pay"** means the weekly base pay in effect for the payroll period during which the Executive's employment is terminated. Overtime, bonuses, commissions, piece rate, incentive pay and any taxable or nontaxable fringe benefits or payments are not included in the calculation of Base Pay. For an Executive who is a part-time employee, such person's "Base Pay" will be the Executive's average weekly wages from the Employer for the most recent 8 weeks during which the Executive worked on at least two days, excluding overtime, bonuses, commissions, piece rate, incentive pay, and any taxable or nontaxable fringe benefits or payments.

b. **"Change in Control"** means the closing date of an Approved Transaction, or the effective date of a Board Change or a Control Purchase, as such terms are defined in the Starz 2011 Incentive Plan.

c. **“Competitive Activities”** occur when the Executive, during his or her employment with the Employer or any member of the Starz Group and during the Severance Period, directly or indirectly, as principal or agent, or in any other capacity, owns, manages, operates, participates in, or is employed by (including, but not limited to, service as a freelance employee or freelance contractor, an independent contractor, or consultant), any party that competes with the business of any member of the Starz Group (which may include, but is not limited to, program providers such as HBO, Showtime, Amazon, Epix and Netflix, and program distributors such as DirecTV, Comcast, AT&T and any virtual multi-video programming distributor, such as the virtual multi-video programming distribution businesses proposed by Intel and Sony) including, without limitation, the business of Starz Media Group LLC, or any successor in interest to or affiliate of any of the above mentioned entities. Nothing contained herein shall be construed as denying the Executive the right to own securities of any such entity, so long as such securities are listed on a national securities exchange or quoted on the Nasdaq Stock Market, to the extent of an aggregate of 5% of the outstanding shares of such securities.

d. **“Confidential Information”** means any and all non-public information as to which any member of the Starz Group takes reasonable steps to protect the confidentiality of and that affects or relates to the business of the Starz Group, including, without limitation: (i) financial data, customer lists and data, licensing arrangements, business strategies, pricing information, product development, intellectual, artistic, literary, dramatic or musical rights, works, or other materials of any kind or nature (whether or not entitled to protection under applicable copyright laws, or reduced to or embodied in any medium or tangible form), including, without limitation, all copyrights, patents, trademarks, service marks, trade secrets, contract rights, titles, themes, stories, treatments, ideas, concepts, technologies, art work, logos, hardware, and software; (ii) such information as may be embodied in any and all computer programs, tapes, diskettes, disks, mailing lists, lists of actual or prospective customers and/or suppliers, notebooks, documents, memoranda, reports, files, correspondence, charts and lists; and (iii) all other written, printed or otherwise recorded material of any kind whatsoever and any other information, whether or not reduced to writing, including “know-how,” ideas, concepts, research, processes, and plans. “Confidential Information” does not include information relating to the Executive’s working conditions or wages, information that is in the public domain, information that is generally known in the trade, or information that the Executive can prove he or she acquired wholly independently of his employment with the Employer.

e. **“Excluded Termination”** means:

i. the employee’s employment is terminated because of resignation (other than a Voluntary Termination for Good Reason that is a Qualifying Termination), retirement, death or disability;

ii. the employee’s employment is terminated because of the employee’s misconduct or poor performance;

iii. prior to the termination of employment date, the employee is offered employment with any member of the Starz Group, any joint venture in which any member of the Starz Group is involved, any company affiliated with any member of the Starz Group in a joint venture, any purchaser of any business, division, interest or assets of any member of the Starz Group (including any entity involved in a trade of a business or a trade of assets with a Starz Group member) or any entity which is or will be spun off from any member of the Starz Group, if the offer for employment is at a location that is within 30 miles of the office where the employee was employed as of such date and the offered base wage for such employment is not more than 10

percent lower than the employee's current base wage rate (which excludes overtime, bonuses, commissions, incentive pay and taxable and nontaxable fringe benefits), unless such termination constitutes a Voluntary Termination for Good Reason that is a Qualifying Termination;

iv. the employee fails to return to work after any leave of absence;

v. the employee voluntarily terminates his or her employment prior to the termination of employment date set forth in the notice of layoff, reduction in force, job elimination or restructuring, unless such termination constitutes a Voluntary Termination for Good Reason that is a Qualifying Termination.

f. "**Qualifying Termination**" means:

i. An involuntary termination of employment by reason of a layoff, reduction in force, job elimination or restructuring; or

ii. Solely within the 30 days preceding or the twelve months immediately following a Change in Control, a Voluntary Termination for Good Reason.

g. "**Release Consideration**" means the amount of severance pay benefits that is equal to one-twelfth of the Executive's Base Pay in effect at the date of termination of the Executive's employment, which amount shall constitute consideration for the Executive's delivery of the Waiver and Release Agreement.

h. "**Severance Period**" means the period for which severance pay benefits are calculated as provided in Section 1.

i. "**Starz Group**" means Starz, a Delaware corporation (and any successor thereto) and its (or its successor's) direct and indirect subsidiaries (defined for this purpose as any entity which is more than 50% owned) as of the date of determination.

j. "**Voluntary Termination for Good Reason**" means the Executive's termination of his or her employment with the Employer upon the occurrence of any of the following events without the prior consent of the Executive:

i. a significant reduction in the Executive's then current Base Salary;

ii. a significant reduction in the Executive's title, duties or reporting relationship with the Employer or the assignment to Executive of duties that are inconsistent with Executive's position with the Employer; or

iii. the relocation of the Executive's primary place of employment to a location that is more than 50 miles from the Executive's primary place of employment as of the Executive's termination date.

A Voluntary Termination for Good Reason shall not be effective unless all of the following provisions shall have been complied with:

(A) the Executive shall give the Employer a written notice of the Executive'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; (B) the Employer shall have 30 days after receiving such notice in which to cure such grounds; and (C) if the Employer fails, within such 30-day period, to cure such grounds to the Executive's reasonable satisfaction, the Executive terminates his or her employment hereunder within 30 days following the last day of such 30-day period. If the Employer timely cures such grounds in accordance with the preceding sentence, the Executive shall not be entitled to terminate his or her employment pursuant to a Voluntary Termination for Good Reason based on such grounds.

k. **“Waiver and Release Agreement”** means the written agreement under which the Executive agrees to release the Employer and all others associated or affiliated with the Employer from all legal claims associated with the Executive's employment by the Employer and to keep Starz Group information confidential and to not disparage any member of the Starz Group or any related person, such agreement to be in a form acceptable to the Employer.

IN WITNESS WHEREOF, the Employer and the Executive have signed this Agreement to be effective on the Effective Date.

Starz Entertainment, LLC

By: _____

Title: _____

Date: _____

Executive

**AMENDMENT TO THE
MARCH 20, 2015
PERFORMANCE-BASED RESTRICTED STOCK UNITS
AWARD AGREEMENT**

WHEREAS, STARZ, a Delaware corporation (the “Company”) maintains the Starz 2011 Incentive Plan (Amended and Restated as of October 15, 2013) (as has been or may hereafter be amended, the “Plan”). Capitalized terms used and not otherwise defined in this Amendment will have the meanings ascribed to them in the Plan.

WHEREAS, pursuant to the Plan, the Compensation Committee of the Board of Directors of the Company (the “Committee”) previously made grants of performance-based Restricted Stock Units with a Grant Date of March 20, 2015 (each such grant, a “2015 Grant”), with each 2015 Grant documented by a Performance-Based Restricted Stock Units Award Agreement (the “Award Agreement”).

WHEREAS, under Section 13 of the Award Agreement and Section 10.7(b) of the Plan, with the consent of the Holder and subject to the terms and conditions of the Plan, the Committee may amend outstanding Award Agreements with any Holder.

WHEREAS, the Committee desires to amend the Award Agreements for all outstanding (as of February 24, 2016) but unvested 2015 Grants, with the consent of the Holder of each such 2015 Grant, to provide that if a Holder’s employment is terminated in a Retirement Event (as defined below), such Holder’s Restricted Stock Units will remain outstanding following such Retirement Event and the Holder may vest as of the Committee Certification Date (as defined in the Award Agreement) in a pro rata portion of any Restricted Stock Units that would have vested had the Holder remained employed through December 31, 2017 based on the portion of the three-year period ending on December 31, 2017 that the Holder was employed with the Company or its Subsidiaries.

NOW, THEREFORE, effective as of February 24, 2016, for all outstanding (as of February 24, 2016) but unvested 2015 Grants, the Committee hereby amends the Award Agreements for such 2015 Grants as follows:

- A. Section 1 of the Award Agreements is amended to add the following definitions, inserted in the appropriate alphabetical order:

“Competitive Activities” occur when the Grantee, during the Post-Retirement Period, directly or indirectly:

- (a) as principal or agent, or in any other capacity, owns, manages, operates, participates in, or is employed by (including, but not limited to, service as a freelance employee or freelance contractor, an independent contractor, or consultant) HBO, Showtime, Amazon, Epix or Netflix, or any successor in interest to or affiliate of the foregoing entities; provided, that Competitive Activities does not include Grantee owning securities of any such entity, so long as such securities are listed on a national securities exchange or quoted

on the Nasdaq Stock Market, to the extent of an aggregate of 5% of the outstanding shares of such securities;

- (a) solicits or diverts any business or any customer from any Starz Group member or assists any person in doing so or attempting to do so, or causes or seeks to cause any person to refrain from dealing or doing business with any member of the Starz Group or assists any person in doing so or attempting to do so,
- (b) solicits or induces or causes or authorizes others to solicit or induce, directly or indirectly, any person employed by any member of the Starz Group to leave such employment with the Starz Group member, or
- (c) discloses or furnishes to, or uses for the benefit of, any other person, firm or corporation any Confidential Information, except in the course of the proper performance of the Grantee's employment duties or as required by law (in which event the Grantee shall give prior written notice to the Company and shall cooperate with the Company in complying with such legal requirements).

"Confidential Information" means any and all non-public information as to which any member of the Starz Group takes reasonable steps to protect the confidentiality of and that affects or relates to the business of the Starz Group, including, without limitation: (a) financial data, customer lists and data, licensing arrangements, business strategies, pricing information, product development, intellectual, artistic, literary, dramatic or musical rights, works, or other materials of any kind or nature (whether or not entitled to protection under applicable copyright laws, or reduced to or embodied in any medium or tangible form), including, without limitation, all copyrights, patents, trademarks, service marks, trade secrets, contract rights, titles, themes, stories, treatments, ideas, concepts, technologies, art work, logos, hardware, and software; (b) such information as may be embodied in any and all computer programs, tapes, diskettes, disks, mailing lists, lists of actual or prospective customers and/or suppliers, notebooks, documents, memoranda, reports, files, correspondence, charts and lists; and (c) all other written, printed or otherwise recorded material of any kind whatsoever and any other information, whether or not reduced to writing, including "know-how," ideas, concepts, research, processes, and plans. "Confidential Information" does not include information relating to the Grantee's working conditions or wages, information that is in the public domain, information that is generally known in the trade, or information that the Grantee can prove he or she acquired wholly independently of his or her employment with the Company.

"Post-Retirement Period" means the period from the date of Grantee's termination of employment pursuant to a Retirement Event through December 31, 2017.

"Retirement Event" means the termination of Grantee's employment for any reason other than Cause, death or Disability if (a) the Grantee is age 62 or older on the date of such termination of employment or (b) the Grantee is at least age 55 but not yet age 62 on the date of such termination of employment, and the Grantee has, as of such termination date,

been continuously employed by the Company or any Subsidiary for at least ten consecutive 12-month periods measured from the Grantee's hire date with the Company or any Subsidiary (as reflected in the payroll records of the Company) to the anniversaries of that date, without interruption by resignation, discharge, layoff, or other termination of employment for any reason.

“Starz Group” means Starz, a Delaware corporation (and any successor thereto) and its (or its successor's) direct and indirect subsidiaries (defined for this purpose as any entity which is more than 50% owned).

- B. The second sentence of Section 3(c) of the Award Agreements is amended to read in its entirety as follows:

“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, after taking into account Section 6.A(e) if applicable (with any fractional Restricted Stock Unit rounded up to the nearest whole Restricted Stock Unit).”

- C. Section 6.A.(a) of the Award Agreements is amended to read in its entirety as follows:

“(a) Except as provided in Section 6.A.(d) or Section 6.A.(e), 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;”

- D. A new Section 6.A.(e) is added to the Award Agreements to read in its entirety as follows:

“(e) If the Grantee's employment with the Company or a Subsidiary is terminated by the Grantee, the Company or such Subsidiary in circumstances constituting a Retirement Event and the Grantee does not engage in any Competitive Activities during the Post-Retirement Period as reasonably determined by the Company, the Grantee will become vested as of the Committee Certification Date in a number of Restricted Stock Units equal to: (i) the number of Restricted Stock Units, if any, that would have vested pursuant to Section 3 as of the Committee Certification Date (with any fractional Restricted Stock Unit rounded up to the nearest whole Restricted Stock Unit) had the Grantee remained employed, multiplied by (ii) a fraction, the numerator of which is the number of days between January 1, 2015 and the date of termination of employment pursuant to the Retirement Event, and the denominator of which is 1,096. The requirement that the Grantee not engage in Competitive Activities in order to vest in Restricted Stock Units pursuant to this Section 6.A.(e) is intended to protect the trade secrets and other business interests of the Company. If the Grantee elects to engage in any Competitive Activities during the Post-

Retirement Period as reasonably determined by the Company, the Grantee shall deliver to the Company, at least ten (10) business days prior to commencing any such Competitive Activities, a written notice advising the Company of (y) the Grantee's intent to commence Competitive Activities, and (z) the commencement date for such Competitive Activities. If the Grantee engages in Competitive Activities prior to the expiration of the Post-Retirement Period, the Grantee will not become vested in any Restricted Stock Units pursuant to this Section 6.A.(e), and any Restricted Stock Units that are outstanding and unvested as of the Committee Certification Date will be forfeited as of such date."

- E. The changes contained in this Amendment shall be effective with respect to a 2015 Grant only with the consent of the Holder of such 2015 Grant, with such consent to be evidenced by Grantee's electronic acceptance of this Amendment via the UBS online platform, or any other method that may be specified by the Committee.
- F. Except as provided above, the Award Agreement and the Plan shall remain unchanged and shall remain in full force and effect.

**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 the ___ day of ___, 20__ (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, 2013) (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:

“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.

“Competitive Activities” occur when the Grantee, during the Post-Retirement Period, directly or indirectly:

- (a) as principal or agent, or in any other capacity, owns, manages, operates, participates in, or is employed by (including, but not limited to, service as a freelance employee or freelance contractor, an independent contractor, or consultant) HBO, Showtime, Amazon, Epix or Netflix, or any successor in interest to or affiliate of the foregoing entities; provided, that Competitive Activities does not include Grantee owning securities of any such entity, so long as such securities are listed on a national securities exchange or quoted on the Nasdaq Stock Market, to the extent of an aggregate of 5% of the outstanding shares of such securities;
- (b) solicits or diverts any business or any customer from any Starz Group member or assists any person in doing so or attempting to do so, or causes or seeks to cause any person to refrain from dealing or doing business with any member of the Starz Group or assists any person in doing so or attempting to do so,
- (c) solicits or induces or causes or authorizes others to solicit or induce, directly or indirectly, any person employed by any member of the Starz Group to leave such employment with the Starz Group member, or
- (d) discloses or furnishes to, or uses for the benefit of, any other person, firm or corporation any Confidential Information, except in the course of the proper performance of the Grantee’s employment duties or as required by law (in which event the Grantee shall give prior written notice to the Company and shall cooperate with the Company in complying with such legal requirements).

“Confidential Information” means any and all non-public information as to which any member of the Starz Group takes reasonable steps to protect the confidentiality of and that affects or relates to the business of the Starz Group, including, without limitation: (a) financial data, customer lists and data, licensing arrangements, business strategies, pricing information, product development, intellectual, artistic, literary, dramatic or musical rights, works, or other materials of any kind or nature (whether or not entitled to protection under applicable copyright laws, or reduced to or embodied in any medium or tangible form), including, without limitation, all copyrights, patents, trademarks, service marks, trade secrets, contract rights, titles, themes, stories, treatments, ideas, concepts, technologies, art work, logos, hardware, and software; (b) such information as may be embodied in any and all computer programs, tapes, diskettes, disks, mailing lists, lists of actual or prospective customers and/or suppliers, notebooks, documents, memoranda, reports, files, correspondence, charts and lists; and (c) all other written, printed or otherwise recorded material of any kind whatsoever and any other information, whether or not reduced to writing, including “know-how,” ideas, concepts, research, processes, and plans. “Confidential Information” does not

include information relating to the Grantee's working conditions or wages, information that is in the public domain, information that is generally known in the trade, or information that the Grantee can prove he or she acquired wholly independently of his or her employment with the Company.

"Contingently Earned RSUs" means a number of Restricted Stock Units, if any, equal to the percentage of the Restricted Stock Units that could become Contingently Earned RSUs, as specified on Schedule 1, based on the amount of the Company's Two-Year Operating Segment Revenue and the percentage of Target Two-Year Operating Segment Revenue that such Two-Year Operating Segment Revenue represents, as determined and certified by the Committee in accordance with Section 3(b) (with any fractional Restricted Stock Unit rounded up to the nearest whole Restricted Stock Unit).

"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.

"Operating Segment Revenue" means, for any calendar year, the revenue for the Starz Networks operating segment of the Company, based on revenue for such operating segment as reported in the Company's Annual Report on Form 10-K for that calendar year.

"Performance Period" means the two-year period beginning January 1, 2016 and ending December 31, 2017.

"Plan" has the meaning specified in the recitals of this Agreement.

"Post-Retirement Period" means the period from the date of Grantee's termination of employment pursuant to a Retirement Event through December 31, 2018.

"Premiere Episode" means an episode of original programming series premiering during the Performance Period on STARZ, ENCORE or other linear networks, on-demand services or online services operated by the Starz Networks operating segment of the Company (as defined in the Company's Annual Report on Form 10-K during the Performance Period).

"Premiere Episodes Limit" means 200 Premiere Episodes, or such higher number of Premiere Episodes as may be approved by the Board of Directors of the Company.

“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.

“Retirement Event” means the termination of Grantee’s employment for any reason other than Cause, death or Disability if (a) the Grantee is age 62 or older on the date of such termination of employment or (b) the Grantee is at least age 55 but not yet age 62 on the date of such termination of employment, and the Grantee has, as of such termination date, been continuously employed by the Company or any Subsidiary for at least ten consecutive 12-month periods measured from the Grantee’s hire date with the Company or any Subsidiary (as reflected in the payroll records of the Company) to the anniversaries of that date, without interruption by resignation, discharge, layoff, or other termination of employment for any reason.

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

“Starz Group” means Starz, a Delaware corporation (and any successor thereto) and its (or its successor’s) direct and indirect subsidiaries (defined for this purpose as any entity which is more than 50% owned).

“Target Two-Year Operating Segment Revenue” has the meaning specified on Schedule 1.

“Two-Year Operating Segment Revenue” means cumulative Operating Segment Revenue for the Performance Period.

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

“Vested Dividend Equivalents” has the meaning specified in Section 9.

“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) On or prior to March 30, 2018, (the "Committee Certification Date"), the Committee will certify whether the Premiere Episodes Limit has been exceeded. If the Premiere Episodes Limit has been exceeded, no Restricted Stock Units will become Contingently Earned RSUs, and all Restricted Stock Units will automatically be forfeited as of the Close of Business on the Committee Certification Date. If the Premiere Episodes Limit has not been exceeded, the Committee will certify on the Committee Certification Date (i) the amount of Two-Year Operating Segment Revenue, (ii) the percentage of Target Two-Year Operating Segment Revenue that such Two-Year Operating Segment Revenue represents and (iii) the number of Contingently Earned RSUs.

(c) Any Contingently Earned RSUs, if not earlier terminated or vested in accordance with the Plan or this Agreement, will vest on December 31, 2018, subject to the Grantee's continuous employment with the Company from the Grant Date through such date.

(d) Any Restricted Stock Units that do not become Contingently Earned RSUs on the Committee Certification Date in accordance with Section 3(b) 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.

(e) 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.

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 Early 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 December 31, 2018:

(a) Except as provided in Section 6.A.(d) or Section 6.A.(e), 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 (including any Restricted Stock Units that are then Contingently Earned RSUs) will be forfeited as of the Close of Business on the date of such termination of employment;

(b) If the Grantee dies while employed by the Company or a Subsidiary, then (i) if such event occurs prior to the Committee Certification Date, the Grantee shall become fully vested as of the Committee Certification Date in a number of Restricted Stock Units equal to: (y) the number of Contingently Earned RSUs (if any) multiplied by (z) a fraction, the numerator of which is the number of days between January 1, 2016 and the date of death, and the denominator of which is 1,096, and the remainder of any Contingently Earned RSUs will be forfeited immediately or (ii) if such event occurs on or after the Committee Certification Date, any Contingently Earned RSUs will become fully vested as of the date of death;

(c) If the Grantee's employment with the Company or a Subsidiary terminates by reason of Disability, then (i) if such event occurs prior to the Committee Certification Date, the Grantee shall become fully vested as of the Committee Certification Date in a number of Restricted Stock Units equal to: (y) the number of Contingently Earned RSUs (if any) multiplied by (z) a fraction, the numerator of which is the number of days between January 1, 2016 and the date of such termination, and the denominator of which is 1,096, and the remainder of any Contingently Earned RSUs will be forfeited immediately, or (ii) if such event occurs on or after the Committee Certification Date, any Contingently Earned RSUs will become fully vested as of the date of such termination;

(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, as defined in Section 6.B. (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, (y) if the date of such Protected Termination occurs prior to the Committee Certification Date, a number of then outstanding and unvested Restricted Stock Units equal to the positive difference (if any), between (I) 50% of the number of Restricted Stock Units granted pursuant to Section 2 of this Agreement and (II) the number of Restricted Stock Units (if any) that were accelerated in connection with the Approved Transaction, will immediately become fully vested, and the remainder of the Restricted Stock Units that are then outstanding and unvested will be forfeited immediately, or (z) if the date of such Protected Termination occurs on or after the Committee Certification Date, any Contingently Earned RSUs that are then outstanding and unvested will become fully vested as of the date of the Protected Termination; and

(e) If the Grantee's employment with the Company or a Subsidiary is terminated by the Grantee, the Company or such Subsidiary in circumstances constituting a Retirement Event and the Grantee does not engage in any Competitive Activities during the Post-Retirement Period as reasonably determined by the Company, the Grantee will become vested on December 31, 2018 in a number of Restricted Stock

Units equal to: (i) the number of Contingently Earned RSUs, if any, multiplied by (ii) a fraction, the numerator of which is the number of days between January 1, 2016 and the date of termination of employment pursuant to the Retirement Event, and the denominator of which is 1,096. The requirement that the Grantee not engage in Competitive Activities in order to vest in Restricted Stock Units pursuant to this Section 6.A.(e) is intended to protect the trade secrets and other business interests of the Company. If the Grantee elects to engage in any Competitive Activities during the Post-Retirement Period, the Grantee shall deliver to the Company, at least ten (10) business days prior to commencing any such Competitive Activities, a written notice advising the Company of (y) the Grantee's intent to commence Competitive Activities, and (z) the commencement date for such Competitive Activities. If the Grantee engages in Competitive Activities prior to the expiration of the Post-Retirement Period, the Grantee will not become vested in any Restricted Stock Units pursuant to this Section 6.A.(e), and any Restricted Stock Units that are outstanding and unvested as of December 31, 2018 will be forfeited as of such date.

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 (a) 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 (b) in the reasonable judgment of the Committee, (i) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (ii) 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 (y) any and all cash and/or shares of Common Stock received by the Grantee (i) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (ii) 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 (z) 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 1
to
Starz Performance-Based Restricted Stock Units Award Agreement

Restricted Stock Units That May Become Contingently Earned
Based on Amount of Two-Year Operating Segment Revenue

Number of Restricted Stock Units Granted Pursuant to Section 2 of your Award Agreement (i.e., the maximum number of Restricted Stock Units that may become contingently earned under the Award Agreement): _____

Target Two-Year Operating Segment Revenue: \$ _____

Percentage of Target Two-Year Operating Segment Revenue Achieved	Percentage of Restricted Stock Units That Will Become Contingently Earned RSUs
105% or more	100%
104%	80%
103%	60%
102%	40%
101%	20%
100% or less	0%

For Percentage of Target Two-Year Operating Segment Revenue Achievements between the numbers set forth in the table above (e.g., more than 101% but less than 102%), there will be applied straight-line linear interpolation between those numbers and corresponding straight-line linear interpolation of the Percentages of Restricted Stock Units That Will Become Contingently Earned RSUs, calculated to two decimal places.

* Target Two-Year Operating Segment Revenue 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.

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 28, 2016

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

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 28, 2016

/s/ Scott D. Macdonald

Scott D. Macdonald

Chief Financial Officer, Executive Vice President and Treasurer

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, 2016 (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.

Date: April 28, 2016

By: /s/ Christopher P. Albrecht

Name: Christopher P. Albrecht

Title: Chief Executive Officer (Principal Executive Officer)

Date: April 28, 2016

By: /s/ Scott D. Macdonald

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.