

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended June 30, 2020**
- 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 001-33892**

**AMC ENTERTAINMENT HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

<p style="text-align: center;"><b>Delaware</b> (State or other jurisdiction of incorporation or organization) <b>One AMC Way</b> <b>11500 Ash Street, Leawood, KS</b> (Address of principal executive offices)</p>	<p><b>26-0303916</b> (I.R.S. Employer Identification No.)</p> <p><b>66211</b> (Zip Code)</p>
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Registrant's telephone number, including area code: **(913) 213-2000**

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard provided pursuant to Section 13(a) of the Exchange Act.

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock	AMC	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each class of common stock	Number of shares outstanding as of August 3, 2020
Class A common stock	57,549,593
Class B common stock	51,769,784

AMC ENTERTAINMENT HOLDINGS, INC.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements. (Unaudited)

AMC ENTERTAINMENT HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except share and per share amounts)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(unaudited)		(unaudited)	
Revenues				
Admissions	\$ 0.9	\$ 895.5	\$ 568.9	\$ 1,627.0
Food and beverage	0.4	492.5	288.5	861.3
Other theatre	17.6	118.1	103.0	218.2
Total revenues	18.9	1,506.1	960.4	2,706.5
Operating costs and expenses				
Film exhibition costs	0.2	482.5	271.9	847.8
Food and beverage costs	4.5	76.4	57.9	137.9
Operating expense, excluding depreciation and amortization below	114.8	437.4	471.7	840.2
Rent	224.1	245.9	461.9	487.9
General and administrative:				
Merger, acquisition and other costs	1.8	3.2	2.0	6.5
Other, excluding depreciation and amortization below	25.4	43.2	58.6	89.4
Depreciation and amortization	119.7	112.0	242.2	225.0
Impairment of long-lived assets, indefinite-lived intangible assets and goodwill	—	—	1,851.9	—
Operating costs and expenses	490.5	1,400.6	3,418.1	2,634.7
Operating income (loss)	(471.6)	105.5	(2,457.7)	71.8
Other expense (income):				
Other expense (income):	(6.6)	(23.4)	20.3	6.4
Interest expense:				
Corporate borrowings	79.6	74.2	150.9	145.5
Finance lease obligations	1.5	2.1	3.1	4.2
Non-cash NCM exhibitor services agreement	10.1	10.1	20.0	20.3
Equity in (earnings) loss of non-consolidated entities	12.4	(10.2)	15.3	(16.7)
Investment expense (income)	(1.3)	(2.1)	8.1	(18.2)
Total other expense, net	95.7	50.7	217.7	141.5
Earnings (loss) before income taxes	(567.3)	54.8	(2,675.4)	(69.7)
Income tax provision (benefit)	(6.1)	5.4	62.1	11.1
Net earnings (loss)	\$ (561.2)	\$ 49.4	\$ (2,737.5)	\$ (80.8)
Earnings (loss) per share:				
Basic	\$ (5.38)	\$ 0.48	\$ (26.25)	\$ (0.78)
Diluted	\$ (5.38)	\$ 0.17	\$ (26.25)	\$ (0.78)
Average shares outstanding:				
Basic (in thousands)	104,319	103,845	104,282	103,814
Diluted (in thousands)	104,319	135,528	104,282	103,814

See Notes to Condensed Consolidated Financial Statements.

## AMC ENTERTAINMENT HOLDINGS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(unaudited)		(unaudited)	
Net earnings (loss)	\$ (561.2)	\$ 49.4	\$ (2,737.5)	\$ (80.8)
Other comprehensive income (loss):				
Unrealized foreign currency translation adjustments	55.4	(9.3)	(38.2)	(34.7)
Realized loss on foreign currency transactions reclassified into other expense	—	0.1	—	0.6
Pension adjustments:				
Realized net loss reclassified into other expense, net of tax	0.6	0.1	0.7	0.1
Equity method investee's cash flow hedge:				
Unrealized net holding loss arising during the period	—	(0.1)	—	(0.1)
Other comprehensive income (loss)	56.0	(9.2)	(37.5)	(34.1)
Total comprehensive income (loss)	<u>\$ (505.2)</u>	<u>\$ 40.2</u>	<u>\$ (2,775.0)</u>	<u>\$ (114.9)</u>

See Notes to Condensed Consolidated Financial Statements.



**AMC ENTERTAINMENT HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

<b>(In millions, except share data)</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 498.0	\$ 265.0
Restricted cash	10.4	10.5
Receivables, net	70.7	254.2
Other current assets	100.6	143.4
Total current assets	<u>679.7</u>	<u>673.1</u>
Property, net	2,417.5	2,649.2
Operating lease right-of-use assets, net	4,555.3	4,796.0
Intangible assets, net	174.3	195.3
Goodwill	2,988.4	4,789.1
Deferred tax asset, net	0.6	70.1
Other long-term assets	455.8	503.0
Total assets	<u>\$ 11,271.6</u>	<u>\$ 13,675.8</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 436.1	\$ 543.3
Accrued expenses and other liabilities	257.5	324.6
Deferred revenues and income	406.1	449.2
Current maturities of corporate borrowings	20.0	20.0
Current maturities of finance lease liabilities	10.0	10.3
Current maturities of operating lease liabilities	581.5	585.8
Total current liabilities	<u>1,711.2</u>	<u>1,933.2</u>
Corporate borrowings	5,498.0	4,733.4
Finance lease liabilities	83.9	89.6
Operating lease liabilities	4,744.4	4,913.8
Exhibitor services agreement	546.3	549.7
Deferred tax liability, net	43.2	46.0
Other long-term liabilities	220.0	195.9
Total liabilities	<u>12,847.0</u>	<u>12,461.6</u>
Commitments and contingencies		
Stockholders' equity:		
Class A common stock (\$.01 par value, 524,173,073 shares authorized; 56,282,218 shares issued and 52,549,593 outstanding as of June 30, 2020; 55,812,702 shares issued and 52,080,077 outstanding as of December 31, 2019)	0.5	0.5
Class B common stock (\$.01 par value, 51,769,784 shares authorized, issued and outstanding as of June 30, 2020 and December 31, 2019)	0.5	0.5
Additional paid-in capital	2,007.3	2,001.9
Treasury stock (3,732,625 shares as of June 30, 2020 and December 31, 2019, at cost)	(56.4)	(56.4)
Accumulated other comprehensive loss	(63.6)	(26.1)
Accumulated deficit	(3,463.7)	(706.2)
Total stockholders' equity (deficit)	<u>(1,575.4)</u>	<u>1,214.2</u>
Total liabilities and stockholders' equity	<u>\$ 11,271.6</u>	<u>\$ 13,675.8</u>

See Notes to Condensed Consolidated Financial Statements.

**AMC ENTERTAINMENT HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)	Six Months Ended	
	June 30, 2020	June 30, 2019
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,737.5)	\$ (80.8)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	242.2	225.0
Deferred income taxes	65.4	8.9
Impairment of long-lived assets, indefinite-lived intangible assets and goodwill	1,851.9	—
Amortization of net discount on corporate borrowings	6.6	5.0
Amortization of deferred charges to interest expense	8.4	7.8
Non-cash portion of stock-based compensation	6.4	9.4
Gain on dispositions	(2.4)	(16.0)
(Gain) loss on derivative asset and derivative liability	13.2	(12.6)
Loss on repayment of indebtedness	—	16.6
Equity in (earnings) loss from non-consolidated entities, net of distributions	29.6	(7.8)
Landlord contributions	24.9	64.8
Other non-cash rent	(1.5)	13.4
Deferred rent	(25.8)	(29.4)
Net periodic benefit cost	0.6	0.6
Change in assets and liabilities:		
Receivables	177.3	32.0
Other assets	49.6	18.6
Accounts payable	(55.0)	(35.7)
Accrued expenses and other liabilities	(99.3)	(64.0)
Other, net	29.5	(2.2)
Net cash provided by (used in) operating activities	(415.9)	153.6
<b>Cash flows from investing activities:</b>		
Capital expenditures	(126.7)	(229.9)
Acquisition of theatre assets	—	(11.8)
Proceeds from disposition of long-term assets	3.7	21.3
Investments in non-consolidated entities, net	(9.3)	(0.1)
Other, net	0.8	(0.8)
Net cash used in investing activities	(131.5)	(221.3)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of Term Loan due 2026	—	1,990.0
Payment of principal Senior Secured Notes due 2023	—	(230.0)
Payment of principal Senior Subordinated Notes due 2022	—	(375.0)
Call premiums paid for Senior Secured Notes due 2023 and Senior Subordinated Notes due 2022	—	(15.9)
Principal payment of Term Loans due 2022 and 2023	—	(1,338.5)
Proceeds from issuance of First Lien Notes due 2025	490.0	—
Borrowings (repayments) under revolving credit facilities	322.8	(12.0)
Scheduled principal payments under Term Loans	(10.0)	(11.9)
Principal payments under finance lease obligations	(2.3)	(6.1)
Cash used to pay for deferred financing costs	(9.3)	(11.2)
Cash used to pay dividends	(4.3)	(42.6)
Taxes paid for restricted unit withholdings	(1.0)	(1.3)
Net cash provided by (used in) financing activities	785.9	(54.5)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(5.6)	(0.6)
<b>Net increase (decrease) in cash and cash equivalents and restricted cash</b>	<b>232.9</b>	<b>(122.8)</b>

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<b>Cash and cash equivalents and restricted cash at beginning of period</b>	275.5	324.0
<b>Cash and cash equivalents and restricted cash at end of period</b>	<u>\$ 508.4</u>	<u>\$ 201.2</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

**Cash paid during the period for:**

Interest (including amounts capitalized of \$0.5 million and \$0.4 million)	\$ 105.7	\$ 146.2
Income taxes received, net	\$ (8.7)	\$ (2.0)

**Schedule of non-cash activities:**

Investment in NCM	\$ 4.1	\$ 1.3
Construction payables at period end	\$ 35.3	\$ 87.4

See Notes to Condensed Consolidated Financial Statements.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

(Unaudited)

NOTE 1—BASIS OF PRESENTATION

AMC Entertainment Holdings, Inc. (“Holdings”), through its direct and indirect subsidiaries, including American Multi-Cinema, Inc. and its subsidiaries, (collectively with Holdings, unless the context otherwise requires, the “Company” or “AMC”), is principally involved in the theatrical exhibition business and owns, operates or has interests in theatres located in the United States and Europe. Holdings is an indirect subsidiary of Dalian Wanda Group Co., Ltd. (“Wanda”), a Chinese private conglomerate.

As of June 30, 2020, Wanda owned approximately 49.63% of Holdings’ outstanding common stock and 74.72% of the combined voting power of Holdings’ outstanding common stock and has the power to control Holdings’ affairs and policies, including with respect to the election of directors (and, through the election of directors, the appointment of management), entering into mergers, sales of substantially all of the Company’s assets and other transactions.

**Temporarily Suspended Operations.** As of or before March 17, 2020, the Company temporarily suspended all theatre operations in its U.S. markets and International markets in compliance with local, state, and federal governmental restrictions and recommendations on social gatherings to prevent the spread of COVID-19 and as a precaution to help ensure the health and safety of the Company’s guests and theatre staff. As a result of these temporarily suspended operations, the Company’s revenues and expenses for the three and six months ended June 30, 2020 are significantly lower than the revenues and expenses for the three and six months ended June 30, 2019. The theatre operations in the U.S. markets remained suspended for the entire second quarter of 2020. The Company resumed limited operations in the International markets in early June. As of June 30, 2020, the Company had resumed operations at 37 theatres in nine countries in the International markets and recorded attendance of 100,000 guests during the three months ended June 30, 2020. On July 23, 2020, the Company announced it is currently planning to reopen its U.S. movie theatres in mid to late August 2020. In International markets, as of the end of July 2020, the Company has already resumed operations in more than 130 theatres in all of the countries the Company serves in Europe and the Middle East.

**Liquidity.** In response to the COVID-19 pandemic, the Company has taken and is continuing to take significant steps to preserve cash by eliminating non-essential costs, including reductions to executive compensation and elements of its fixed cost structure:

- Suspended non-essential operating expenditures, including marketing & promotional and travel and entertainment expenses; and where possible, for example: utilities, reduced essential operating expenditures to minimum levels necessary while theatres are closed.
- Terminated or deferred all non-essential capital expenditures to minimum levels necessary while theatres are closed.
- Implemented measures to reduce corporate-level employment costs, including full or partial furloughs of all corporate-level Company employees, including senior executives, with individual work load and salary reductions ranging from 20% to 100%; cancellation of pending annual merit pay increases; and elimination or reduction of non-healthcare benefits.
- All domestic theatre-level crew members have been fully furloughed and theatre-level management has been reduced to the minimum level necessary to begin resumption of operations when permitted. Similar efforts to reduce theatre-level and corporate employment costs are being undertaken internationally consistent with applicable laws across the jurisdictions in which the Company operates.
- Working with the Company’s landlords, vendors, and other business partners to manage, defer, and/or abate the related rent expenses and operating expenses during the disruptions caused by the COVID-19 pandemic.
- Introduced an active cash management process, which, among other things, requires senior management approval of all outgoing payments.
- Since April 24, 2020, the Company has been prohibited from making dividend payments in accordance with the covenant suspension conditions in its Senior Secured Credit Agreement. The Company had also previously

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elected to decrease the dividend paid in the first quarter of 2020 by \$0.17 per share when compared to the first quarter of 2019.

The cash savings as a result of the prior decrease and current prohibition on making dividend payments was \$38.3 million during the six months ended June 30, 2020 in comparison to the six months ended June 30, 2019.

- The Company is prohibited from making purchases under its recently authorized stock repurchase program in accordance with the covenant suspension conditions in its Senior Secured Credit Agreement.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into law. The CARES Act provides opportunities for additional liquidity, loan guarantees, and other government programs to support companies affected by the COVID-19 pandemic and their employees. Based on the Company’s preliminary analysis of the CARES Act, the Company expects to recognize the following benefits:

- Approximately \$17.4 million of cash tax refunds from overpayments and refundable alternative minimum tax credits with the filing of the Company’s 2019 federal tax return, amending 2018 state tax returns and filing 2019 state tax returns in which the Company expects a refund.
- Deferral of social security payroll tax matches that would otherwise be required in 2020.
- Receipt of a payroll tax credit in 2020 for expenses related to paying wages and health benefits to employees who are not working as a result of temporarily suspended operations and reduced receipts associated with COVID-19.

The Company intends to seek any available potential benefits under the CARES Act, including loans, investments or guarantees, and any other such current or future government programs for which the Company qualifies domestically and internationally, including those described above. The Company cannot predict the manner in which such benefits will be allocated or administered, and the Company cannot assure the reader that it will be able to access such benefits in a timely manner or at all.

The Company believes its cash balance as of June 30, 2020, cash generated from operating activities, the proceeds from the issuance on July 31, 2020 of \$300.0 million, prior to deducting discounts and cash premiums based on contract assumptions and estimates of \$36 million, of new 10.5% Senior Secured Notes due 2026 (the “First Lien Notes due 2026”) and the closing of the exchange offer on July 31, 2020 (the “Exchange Offers”) (which allowed the Company to extend maturities on approximately \$1.7 billion of debt to 2026, most of which was maturing in 2024 and 2025 previously, with interest due for the coming 12 to 18 months on the exchanged senior subordinated notes expected to be paid all or in part on an in-kind basis pursuant to the terms of the 10%/12% Cash/PIK Toggle Second Lien Subordinated Secured Notes due 2026 (the “Second Lien Notes due 2026”), thereby generating a further near-term cash savings for the Company of between approximately \$120 million to \$180 million) may provide sufficient liquidity to fund operations and essential capital expenditures for the next 12 months. Further, as discussed in Note 6—Corporate Borrowings, the Company’s lenders have granted relief from the maintenance covenants in the revolving credit agreements and the Company believes it will maintain compliance with all financial debt covenants for the next 12 months. Therefore, the Company believes it has the cash resources to reopen its theatres and resume operations this summer or later. The Company’s liquidity needs thereafter will depend, among other things, on the timing of a full resumption of operations, the timing of movie releases and its ability to generate revenues. See Note 14—Subsequent Events, for information regarding the exchange offer and the incremental 10.5% First Lien Notes due 2026 in new funding.

While the Company has used its best estimates based on currently available information, the Company cannot assure the reader that its assumptions used to estimate its liquidity requirements will be correct—including but not limited to attendance, food and beverage revenues, rent relief, cost savings, and capital expenditures—because the Company has never previously experienced a complete cessation of its operations, and as a consequence, its ability to be predictive is uncertain. If the Company does not recommence operations within its estimated timeline, the Company will require additional capital and may also require additional financing if, for example, its operations do not generate the expected revenues or a recurrence of COVID-19 were to cause another suspension of operations. Such additional financing may not be available on favorable terms or at all. Due to these factors, substantial doubt exists about the Company’s ability to continue as a going concern for a reasonable period of time.

**Use of Estimates.** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**Principles of Consolidation.** The accompanying unaudited condensed consolidated financial statements include the accounts of AMC, as discussed above, and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The accompanying condensed consolidated balance sheet as of December 31, 2019, which was derived from audited financial statements, and the unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by the accounting principles generally accepted in the United States of America for complete consolidated financial statements. In the opinion of management, these interim financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the Company's financial position and results of operations. All significant intercompany balances and transactions have been eliminated in consolidation. There are no noncontrolling interests in the Company's consolidated subsidiaries; consequently, all of its stockholders' equity, net earnings (loss) and total comprehensive income (loss) for the periods presented are attributable to controlling interests. Due to the seasonal nature of the Company's business and the suspension of operations at all the Company's theatres due to the COVID-19 pandemic, results for the six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020. The Company manages its business under two reportable segments for its theatrical exhibition operations, U.S. markets and International markets.

**Accumulated other comprehensive loss.** The following table presents the change in accumulated other comprehensive loss by component:

(In millions)	Foreign Currency	Pension and Other Benefits	Total
Balance December 31, 2019	\$ (8.8)	\$ (17.3)	\$ (26.1)
Other comprehensive loss before reclassifications	(38.2)	—	(38.2)
Amounts reclassified from accumulated other comprehensive loss	—	0.7	0.7
Balance June 30, 2020	<u>\$ (47.0)</u>	<u>\$ (16.6)</u>	<u>\$ (63.6)</u>

**Accumulated depreciation and amortization.** Accumulated depreciation was \$2,028.7 million and \$1,820.1 million at June 30, 2020 and December 31, 2019, respectively, related to property. Accumulated amortization of intangible assets was \$33.4 million and \$22.8 million at June 30, 2020 and December 31, 2019, respectively.

**Other expense (income).** The following table sets forth the components of other expense (income):

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Derivative liability fair value adjustment for embedded conversion feature in the Convertible Notes due 2024	\$ —	\$ (33.9)	\$ (0.5)	\$ (20.6)
Derivative asset fair value adjustment for contingent call option related to the Class B common stock purchase and cancellation agreement	(6.4)	(7.1)	13.7	8.0
Credit losses related to contingent lease guarantees	3.9	—	9.2	—
International governmental assistance due to COVID-19	(4.4)	—	(4.4)	—
Loss on Pound sterling forward contract	—	0.7	—	1.0
Foreign currency transactions losses	(2.1)	0.1	(0.1)	0.6
Non-operating components of net periodic benefit cost	0.1	0.4	0.1	0.5
Loss on repayment of indebtedness	—	16.6	—	16.6
Financing fees related to modification of debt agreements	2.8	—	2.8	—
Other	(0.5)	(0.2)	(0.5)	0.3
Total other expense (income)	<u>\$ (6.6)</u>	<u>\$ (23.4)</u>	<u>\$ 20.3</u>	<u>\$ 6.4</u>

**Impairments.** The following table summarizes the Company’s assets that were impaired:

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Impairment of long-lived assets	\$ —	\$ —	\$ 91.3	\$ —
Impairment of indefinite-lived intangible assets	—	—	8.3	—
Impairment of definite-lived intangible assets	—	—	8.0	—
Impairment of goodwill (1)	—	—	1,744.3	—
Investment expense	—	—	7.2	—
Total impairment loss	\$ —	\$ —	\$ 1,859.1	\$ —

(1) See Note 4—Goodwill for information regarding goodwill impairment.

The Company evaluates definite-lived and indefinite-lived intangible assets for impairment annually or more frequently as specific events or circumstances dictate or changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable.

During the three and six months ended June 30, 2020, the Company recorded non-cash impairment of long-lived assets of \$0 and \$81.4 million on 57 theatres in the U.S. markets with 658 screens (in Alabama, Arkansas, California, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Washington, Wisconsin and Wyoming), respectively, and \$0 and \$9.9 million on 23 theatres in the International markets with 213 screens (in Germany, Italy, Spain, UK and Sweden), respectively. During the three and six months ended June 30, 2020, the Company recorded impairment losses related to definite-lived intangible assets of \$0 and \$8.0 million, respectively. In addition, in the three and six months ended June 30, 2020, the Company recorded an impairment loss of \$0 and \$7.2 million, respectively within investment expense (income), related to equity interest investments without a readily determinable fair value accounted for under the cost method.

At March 31, 2020, the Company performed a quantitative impairment evaluation of its indefinite-lived intangible assets related to the AMC, Odeon and Nordic tradenames. The Company recorded impairment charges of \$0 and \$5.9 million related to Odeon tradenames and \$0 and \$2.4 million related to Nordic tradenames for the three and six months ended June 30, 2020, respectively. To estimate fair value of the Company’s indefinite-lived trade names, the Company employed a derivation of the Income Approach known as the Royalty Savings.

#### Accounting Pronouncements Recently Adopted

**Financial Instruments.** In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”), which provides new guidance regarding the measurement and recognition of credit impairment for certain financial assets. Such guidance impacts how the Company determines its allowance for estimated uncollectible receivables and also contingent lease guarantees, where the Company remains contingently liable for lease payments under certain leases of theatres that it previously divested, in the event that such assignees are unable to fulfill their future lease payment obligations. ASU 2016-13 was effective for the Company in the first quarter of 2020. The Company recognized the cumulative effect upon adoption of the new standard related to credit losses for contingent lease guarantees of \$16.9 million. See Note 11—Commitments and Contingencies for further information regarding contingent lease guarantees. The adoption impact on the Company’s allowance for estimated uncollectible receivables was immaterial as of January 1, 2020 and June 30, 2020. The cumulative effect of adoption was recorded to accumulated deficit under the modified retrospective adoption method.

**Fair Value Measurement.** In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (“ASU 2018-13”), which eliminates, adds, and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. Entities are no longer required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but are required to disclose the range and weighted average used to develop significant observable inputs for Level 3 fair value measurements. The fair value measurement disclosure requirements of ASU 2018-13 was effective for the Company in the first quarter of 2020. See Note 9—Fair Value Measurements for the required disclosures for Level 3 fair value measurements.

**Cloud Computing Arrangement.** In August 2018, the FASB issued ASU 2018-15, Intangibles—Goodwill and

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Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract ("ASU 2018-15"). ASU 2018-15 requires a customer in a cloud computing arrangement (i.e., hosting arrangement) that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation, setup, and other upfront costs to capitalize as assets or expense as incurred. ASU 2018-15 was effective for the Company in the first quarter of 2020. Entities have the option to apply the guidance prospectively to all implementation costs incurred after the date of adoption or retrospectively in accordance with ASC 250-10-45. The Company adopted ASU 2018-15 prospectively and the adoption of ASU 2018-15 did not have a material impact on the Company's consolidated financial statements and related disclosures.

**Accounting Pronouncements Issued Not Yet Adopted**

**Income Taxes.** In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes ("ASU 2019-12"), which is intended to improve consistency and simplify several areas of existing guidance. ASU 2019-12 removes certain exceptions to the general principles related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also clarifies the accounting for transactions that result in a step-up in the tax basis for goodwill. ASU 2019-12 is effective for the Company in the first quarter of 2021. Early adoption is permitted. The Company is currently evaluating the effect that ASU 2019-12 will have on its consolidated financial statements.

**NOTE 2—LEASES**

The Company leases theatres and equipment under operating and finance leases. The Company typically does not believe that exercise of the renewal options is reasonably certain at the lease commencement and, therefore, considers the initial base term as the lease term. Lease terms vary but generally the leases provide for fixed and escalating rentals, contingent escalating rentals based on the Consumer Price Index and other indexes not to exceed certain specified amounts and variable rentals based on a percentage of revenues. The Company often receives contributions from landlords for renovations at existing locations. The Company records the amounts received from landlords as an adjustment to the right-of-use asset and amortizes the balance as a reduction to rent expense over the base term of the lease agreement. Equipment leases primarily consist of digital projectors and food and beverage equipment.

The Company received, or is in process of negotiating, rent concessions provided by the lessors that aided, or will aid, in mitigating the economic effects of COVID-19. These concessions primarily consist of rent abatements and the deferral of rent payments. In instances where there were no substantive changes to the lease terms, i.e., modifications that resulted in total payments of the modified lease being substantially the same or less than the total payments of the existing lease, the Company elected the relief as provided by the FASB staff related to the accounting for certain lease concessions. The Company elected not to account for these concessions as a lease modification, and therefore the Company has remeasured the related lease liability and right of use asset but did not reassess the lease classification or change the discount rate to the current rate in effect upon the remeasurement. The deferred payment amounts have been recorded in the Company's lease liabilities to reflect the change in the timing of payments. As of June 30, 2020, approximately \$6.4 million of lease liabilities were deferred and included in current maturities of operating lease liabilities and approximately \$9.7 million of lease liabilities were deferred and included in long-term operating lease liabilities, which are reflected in the condensed consolidated statements of cash flows as part of the change in accrued expenses and other liabilities. Those leases that did not meet the criteria for treatment under the FASB relief were evaluated as lease modifications. The Company recorded \$194.8 million in accounts payable for contractual rent amounts due and not paid, which is reflected in the statement of cash flows as part of the change in accounts payable. The Company is in the process of negotiating or finalizing rent concessions or deferral of payments with the lessors with respect to these rent payables.



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The following table reflects the lease costs for the three and six months ended June 30, 2020 and June 30, 2019:

(In millions)	Consolidated Statement of Operations	Three Months Ended		Six Months Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating lease cost					
Theatre properties	Rent	\$ 203.9	\$ 220.7	\$ 420.8	\$ 439.6
Theatre properties	Operating expense	0.1	1.2	2.3	2.9
Equipment	Operating expense	3.8	3.5	7.7	7.0
Office and other	General and administrative: other	1.3	1.4	2.6	2.7
Finance lease cost					
Amortization of finance lease assets	Depreciation and amortization	1.7	2.5	3.6	5.2
Interest expense on lease liabilities	Finance lease obligations	1.5	2.1	3.1	4.2
Variable lease cost					
Theatre properties	Rent	20.2	25.2	41.1	48.3
Equipment	Operating expense	(0.5)	19.1	6.5	29.8
<b>Total lease cost</b>		<b>\$ 232.0</b>	<b>\$ 275.7</b>	<b>\$ 487.7</b>	<b>\$ 539.7</b>

Cash flow and supplemental information is presented below:

(In millions)	Six Months Ended	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in finance leases	\$ (3.1)	\$ (4.2)
Operating cash flows used in operating leases	(249.8)	(468.2)
Financing cash flows used in finance leases	(2.3)	(6.1)
Landlord contributions:		
Operating cashflows provided by operating leases	24.9	64.8
Supplemental disclosure of noncash leasing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities (1)	133.7	115.5

(1) Includes lease extensions and option exercises.

The following table represents the weighted-average remaining lease term and discount rate as of June 30, 2020:

Lease Term and Discount Rate	As of June 30, 2020	
	Weighted Average Remaining Lease Term (years)	Weighted Average Discount Rate
Operating leases	9.9	7.5%
Finance leases	12.8	6.5%

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Minimum annual payments required under existing operating and finance lease liabilities (net present value thereof), as of June 30, 2020, are as follows:

(In millions)	Operating Lease Payments		Financing Lease Payments	
Six months ending December 31, 2020	\$	470.0	\$	7.7
2021		931.8		16.1
2022		866.2		15.6
2023		771.6		11.7
2024		694.9		9.9
2025		645.4		9.3
Thereafter		3,185.3		68.6
Total lease payments		7,565.2		138.9
Less imputed interest		(2,239.3)		(45.0)
Total	\$	<u>5,325.9</u>	\$	<u>93.9</u>

As of June 30, 2020, the Company had signed additional operating lease agreements for 9 theatres that have not yet commenced of approximately \$198.3 million, which are expected to commence between 2020 and 2024, and carry lease terms of approximately 5 to 25 years. The timing of lease commencement is dependent on the landlord providing the Company with control and access to the related facility.

**NOTE 3—REVENUE RECOGNITION**

**Disaggregation of Revenue.** Revenue is disaggregated in the following tables by major revenue types and by timing of revenue recognition:

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Major revenue types</b>				
Admissions	\$ 0.9	\$ 895.5	\$ 568.9	\$ 1,627.0
Food and beverage	0.4	492.5	288.5	861.3
Other theatre:				
Advertising	14.3	35.7	44.0	70.2
Other theatre	3.3	82.4	59.0	148.0
Other theatre	17.6	118.1	103.0	218.2
Total revenues	<u>\$ 18.9</u>	<u>\$ 1,506.1</u>	<u>\$ 960.4</u>	<u>\$ 2,706.5</u>

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Timing of revenue recognition</b>				
Products and services transferred at a point in time	\$ 3.6	\$ 1,410.2	\$ 855.4	\$ 2,520.2
Products and services transferred over time(1)	15.3	95.9	105.0	186.3
Total revenues	<u>\$ 18.9</u>	<u>\$ 1,506.1</u>	<u>\$ 960.4</u>	<u>\$ 2,706.5</u>

(1) Amounts primarily include subscription and advertising revenues.

The following tables provide the balances of receivables and deferred revenue income:

(In millions)	June 30, 2020		December 31, 2019	
Current assets:				
Receivables related to contracts with customers	\$	12.6	\$	160.3
Miscellaneous receivables		58.1		93.9
Receivables, net	<u>\$</u>	<u>70.7</u>	<u>\$</u>	<u>254.2</u>

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(In millions)	June 30, 2020	December 31, 2019
Current liabilities:		
Deferred revenue related to contracts with customers	\$ 401.0	\$ 447.1
Miscellaneous deferred income	5.1	2.1
Deferred revenue and income	<u>\$ 406.1</u>	<u>\$ 449.2</u>

The significant changes in contract liabilities with customers included in deferred revenues and income are as follows:

(In millions)	Deferred Revenues Related to Contracts with Customers	
Balance December 31, 2019	\$	447.1
Cash received in advance (1)		74.4
Customer loyalty rewards accumulated, net of expirations:		
Admission revenues (2)		4.8
Food and beverage (2)		12.5
Other theatre (2)		(0.2)
Reclassification to revenue as the result of performance obligations satisfied:		
Admission revenues (3)		(88.3)
Food and beverage (3)		(25.1)
Other theatre (4)		(22.2)
Foreign currency translation adjustment		(2.0)
Balance June 30, 2020	<u>\$</u>	<u>401.0</u>

- (1) Includes movie tickets, food and beverage, gift cards, exchange tickets, and AMC Stubs® loyalty membership fees.
- (2) Amount of rewards accumulated, net of expirations, that are attributed to AMC Stubs® and other loyalty programs.
- (3) Amount of rewards redeemed that are attributed to gift cards, exchange tickets, movie tickets, AMC Stubs® loyalty programs and other loyalty programs.
- (4) Amounts relate to income from non-redeemed or partially redeemed gift cards, non-redeemed exchange tickets, AMC Stubs® loyalty membership fees and other loyalty programs.

The Company suspended the recognition of deferred revenues related to certain loyalty programs, gift cards, and exchange tickets during the period in which its operations are temporarily suspended.

The significant changes to contract liabilities included in the exhibitor services agreement, classified as long-term liabilities in the condensed consolidated balance sheets, are as follows:

(In millions)	Exhibitor Services Agreement	
Balance December 31, 2019	\$	549.7
Common Unit Adjustment—additions of common units (1)		4.8
Reclassification of the beginning balance to other theatre revenue, as the result of performance obligations satisfied		(8.2)
Balance June 30, 2020	<u>\$</u>	<u>546.3</u>

- (1) Represents the fair value amount of the National CineMedia, LLC (“NCM”) common units that were received under the annual Common Unit Adjustment (“CUA”). Such amount will increase the deferred revenues that are being amortized to other theatre revenues over the remainder of the 30-year term of the Exhibitor Service Agreement (“ESA”) ending in February 2037.

**Gift cards and exchange tickets.** The total amount of non-redeemed gifts cards and exchange tickets included in deferred revenues and income as of June 30, 2020 was \$317.4 million. This will be recognized as revenues as the gift cards and exchange tickets are redeemed or as the non-redeemed gift card and exchange ticket revenues are recognized in proportion to the pattern of actual redemptions, which is estimated to occur over the next 24 months.

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**Loyalty programs.** As of June 30, 2020, the amount of deferred revenue allocated to the loyalty programs included in deferred revenues and income was \$69.3 million. The earned points will be recognized as revenue as the points are redeemed, which is estimated to occur over the next 24 months. The AMC Stubs® annual membership fee is recognized ratably over the one-year membership period.

The Company applies the practical expedient in ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

#### NOTE 4—GOODWILL

The following table summarizes the changes in goodwill by reporting unit for the six months ended June 30, 2020:

(In millions)	Domestic Theatres	International Theatres	Total
Balance December 31, 2019	\$ 3,072.6	\$ 1,716.5	\$ 4,789.1
Impairment adjustment	(1,124.9)	(619.4)	(1,744.3)
Currency translation adjustment	—	(56.4)	(56.4)
Balance June 30, 2020	\$ 1,947.7	\$ 1,040.7	\$ 2,988.4

The Company evaluates goodwill recorded at the Company's two reporting units (Domestic Theatres and International Theatres) for impairment annually as of the beginning of the fourth fiscal quarter and any time an event occurs or circumstances change that would more likely than not reduce the fair value for a reporting unit below its carrying amount. The impairment test for goodwill involves estimating the fair value of the reporting unit and comparing that value to its carrying value. If the estimated fair value of the reporting unit is less than its carrying value, the difference is recorded as goodwill impairment charge, not to exceed the total amount of goodwill allocated to that reporting unit.

A decline in the common stock price and prices of the Company's corporate borrowings and the resulting impact on market capitalization are two of several factors considered when making this evaluation. Based on sustained declines during the first quarter of 2020 in the Company's enterprise market capitalization and the temporary suspension of operations at all the Company's theatres on or before March 17, 2020 due to the COVID-19 pandemic, the Company performed a Step 1 quantitative goodwill impairment test of the Domestic and International reporting units as of March 31, 2020.

In performing the Step 1 quantitative goodwill impairment test as of March 31, 2020, the Company used an enterprise value approach to measure fair value of the reporting units. See Note 9—Fair Value Measurements for a discussion of the valuation methodology. The enterprise fair values of the Domestic Theatres and International Theatres reporting units were less than their carrying values and goodwill impairment charges of \$1,124.9 million and \$619.4 million was recorded as of March 31, 2020 for the Company's Domestic Theatres and International Theatres reporting units, respectively.

In accordance with ASC 350-20-35-30, the Company performed an assessment to determine whether there were any events or changes in circumstances that would warrant an interim ASC 350 impairment analysis as of June 30, 2020. Given the temporary suspension of operations during the second quarter of 2020, the Company performed a qualitative impairment test to evaluate whether it is more likely than not that the fair value of the Company's two reporting units is less than their respective carrying amounts as of June 30, 2020. The Company concluded that it is not more likely than not that the fair value of its two reporting units has been reduced below their respective carrying amounts. As a result, the Company concluded that an interim quantitative impairment test as of June 30, 2020 was not required.

#### NOTE 5—INVESTMENTS

Investments in non-consolidated affiliates and certain other investments accounted for under the equity method generally include all entities in which the Company or its subsidiaries have significant influence, but not more than 50% voting control, and are recorded in the condensed consolidated balance sheets in other long-term assets. Investments in non-consolidated affiliates as of June 30, 2020 include interests in Digital Cinema Implementation Partners, LLC ("DCIP") of 29.0%, Digital Cinema Distribution Coalition, LLC ("DCDC") of 14.6%, AC JV, LLC ("AC JV") owner of

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Fathom Events, of 32.0%, SV Holdco LLC (“SV Holdco”), owner of Screenvision, 18.3%, Digital Cinema Media Ltd. (“DCM”) of 50.0%, and Saudi Cinema Company LLC (“SCC”) of 10.0%. The Company also has partnership interests in four U.S. motion picture theatres (“Theatre Partnerships”) and approximately 50.0% interest in 55 theatres in Europe. Indebtedness held by equity method investees is non-recourse to the Company.

**Equity in Earnings (Loss) of Non-Consolidated Entities**

Aggregated condensed financial information of the Company’s significant non-consolidated equity method investment (DCIP) is shown below:

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues	\$ (6.4)	\$ 48.0	\$ 19.7	\$ 85.7
Operating costs and expenses	31.6	19.5	68.8	38.7
Net earnings (loss)	\$ (38.0)	\$ 28.5	\$ (49.1)	\$ 47.0

The components of the Company’s recorded equity in earnings (loss) of non-consolidated entities are as follows:

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
DCIP	\$ (9.7)	\$ 9.0	\$ (11.6)	\$ 14.6
Other	(2.7)	1.2	(3.7)	2.1
The Company’s recorded equity in earnings (loss)	\$ (12.4)	\$ 10.2	\$ (15.3)	\$ 16.7

**Related Party Transactions**

The Company recorded the following related party transactions with equity method investees:

(In millions)	As of	
	June 30, 2020	December 31, 2019
Due from DCM for on-screen advertising revenue	\$ —	\$ 4.2
Loan receivable from DCM	0.7	0.7
Due from DCIP for warranty expenditures	—	3.5
Due to AC JV for Fathom Events programming	(1.0)	(0.8)
Due from Screenvision for on-screen advertising revenue	—	3.4
Due from Nordic JVs	2.3	2.5
Due to Nordic JVs for management services	(2.0)	(1.6)
Due from SCC related to the joint venture	0.4	8.3
Due to U.S. theatre partnerships	(0.6)	(1.0)

(In millions)	Condensed Consolidated Statement of Operations	Three Months Ended		Six Months Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
DCM screen advertising revenues	Other revenues	\$ —	\$ 5.3	\$ 3.6	\$ 9.2
DCIP equipment rental expense	Operating expense	(0.4)	0.8	0.9	1.9
Gross exhibition cost on AC JV Fathom Events programming	Film exhibition costs	—	2.8	3.2	10.1
Screenvision screen advertising revenues	Other revenues	—	4.2	2.1	7.7

**NOTE 6—CORPORATE BORROWINGS**

A summary of the carrying value of corporate borrowings and finance lease obligations is as follows:

(In millions)	June 30, 2020	December 31, 2019
Senior Secured Credit Facility-Term Loan due 2026 (4.08% as of June 30, 2020)	\$ 1,975.0	\$ 1,985.0
Revolving Credit Facility Due 2024 (range of 2.36% to 2.87% as of June 30, 2020)	213.2	—
10.5% First Lien Notes due 2025	500.0	—
Odeon Revolving Credit Facility Due 2022 (3.17% as of June 30, 2020)	84.4	—
Odeon Revolving Credit Facility Due 2022 (2.6% as of June 30, 2020)	24.4	—
2.95% Senior Unsecured Convertible Notes due 2024	600.0	600.0
6.375% Senior Subordinated Notes due 2024 (£500 million par value)	614.4	655.8
5.75% Senior Subordinated Notes due 2025	600.0	600.0
5.875% Senior Subordinated Notes due 2026	595.0	595.0
6.125% Senior Subordinated Notes due 2027	475.0	475.0
	<u>\$ 5,681.4</u>	<u>\$ 4,910.8</u>
Finance lease obligations	93.9	99.9
Debt issuance costs	(90.0)	(88.8)
Net discounts	(73.4)	(69.1)
Derivative liability	—	0.5
	<u>\$ 5,611.9</u>	<u>\$ 4,853.3</u>
Less:		
Current maturities corporate borrowings	(20.0)	(20.0)
Current maturities finance lease obligations	(10.0)	(10.3)
	<u>\$ 5,581.9</u>	<u>\$ 4,823.0</u>

The following table provides the principal payments required and maturities of corporate borrowings as of June 30, 2020:

(In millions)	Principal Amount of Corporate Borrowings
Six months ended December 31, 2020	\$ 10.0
2021	20.0
2022	128.8
2023	20.0
2024	1,447.6
2025	1,120.0
Thereafter	2,935.0
Total	<u>\$ 5,681.4</u>

The Company recorded other expense related to financing fees of \$2.8 million and \$0 million during the three months ended June 30, 2020 and June 30, 2019, respectively, and other expense of \$2.8 million and \$0 million during the six months ended June 30, 2020 and June 2019, respectively.

**Senior Secured Credit Facility**

On April 23, 2020, the Company entered into the Seventh Amendment to the Senior Secured Credit Facility with the lenders from time to time party thereto and Citicorp North America, Inc., as administrative agent (the “Senior Secured Credit Facility Amendment”) amending the Credit Agreement dated April 30, 2013, as amended, pursuant to which the requisite lenders thereunder granted a waiver of the maintenance covenant thereunder for the period from and after the effective date of the Senior Secured Credit Facility Amendment to and including the earlier of (a) March 31, 2021 and (b) the day immediately preceding the last day of the Test Period (as defined in the Senior Secured Credit Facility Agreement) during which the Company has delivered a Financial Covenant Election (as defined in the Senior Secured Credit Facility Agreement) to the administrative agent under the Senior Secured Credit Facility Agreement (such period, the “Covenant Suspension Period”). During the Covenant Suspension Period, the Company will not, and

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will not permit any of its restricted subsidiaries to, make certain restricted payments and shall maintain Liquidity (as defined in the Senior Secured Credit Facility Amendment) of no less than \$50.0 million on the last day of each Test Period. In addition, the Senior Secured Credit Facility Amendment provides for certain changes to the covenants limiting indebtedness, liens and restricted payments that are intended to match corresponding restrictions under the 10.5% first lien notes due 2025 (the “First Lien Notes due 2025”) and to ensure that the terms and conditions of the First Lien Notes due 2025 (subject to certain exceptions) are not materially more favorable (when taken as a whole) to the noteholders than the terms and conditions of the Senior Secured Credit Facility Agreement (when taken as a whole) are to the lenders. Pursuant to the terms of the Senior Secured Credit Facility Agreement, these more restrictive terms will be operative until the repayment, satisfaction, defeasance or other discharge of the obligations under the First Lien Notes due 2025 or an effective amendment of, other consent or waiver with respect to, or covenant defeasance pursuant to the Indenture as result of which the covenants limiting indebtedness, liens and restricted payments thereunder are of no further force or effect.

**Odeon Revolving Credit Facility**

On April 24, 2020, Odeon Cinemas Group Limited entered into an amendment to the Odeon Revolving Credit Facility with Lloyds Bank PLC as agent (the “Odeon Amendment”), pursuant to the requisite lenders thereunder granted a waiver of the maintenance covenant thereunder for the period from and after the effective date of the Odeon Amendment to and including the earlier of (a) March 31, 2021 and (b) the day immediately preceding the last day of the Relevant Period (as defined in the Odeon Amendment) during which Odeon Cinemas Group Limited has delivered a Financial Covenant Election (as defined in the Odeon Amendment) to the agent (the “Odeon Covenant Suspension Period”). During the Odeon Covenant Suspension Period, Odeon Cinemas Group Limited will not, and will not permit any of its subsidiaries to, make certain restricted payments including payment on shareholder loans, provided that cash payments of interest with respect to shareholder loans will be permitted. Additionally, lenders granted a waiver such that certain events or circumstances resulting from COVID-19 virus occurring prior to the Odeon Amendment and continuing will be deemed not to constitute an event of default under the Odeon Revolving Credit Facility.

**First Lien Notes due 2025**

On April 24, 2020, the Company issued \$500.0 million aggregate principal amount of its 10.5% First Lien Notes due 2025, in a private offering, pursuant to an indenture, dated as of April 24, 2020 (the “First Lien Notes Indenture”), among the Company, the guarantors named therein and U.S. Bank National Association, as trustee and collateral agent. The Company used the net proceeds from the First Lien Notes due 2025 private offering for general corporate purposes, including further increasing the Company’s liquidity. The First Lien Notes due 2025 were issued with a discount of \$10.0 million and bear interest at a rate of 10.5% per annum, payable semi-annually on April 15 and October 15 each year, commencing October 15, 2020. The First Lien Notes due 2025 will mature on April 15, 2025. The Company recorded debt issuance costs of approximately \$8.9 million related to the issuance of the First Lien Notes due 2025 and will amortize those costs to interest expense under the effective interest method over the term of the First Lien Notes due 2025.

The First Lien Notes due 2025 are general senior secured obligations of the Company and are fully and unconditionally guaranteed on a joint and several senior secured basis by all of the Company’s existing and future subsidiaries that guarantee the Company’s other indebtedness, including the Company’s Senior Secured Credit Facility. The First Lien Notes due 2025 are secured, on a pari passu basis with the Senior Secured Credit Facility, on a first-priority basis by substantially all of the tangible and intangible assets owned by the Company and guarantors that secure obligations under the Senior Secured Credit Facility including pledges of capital stock of certain of the Company’s and the guarantor’s wholly-owned material subsidiaries (but limited to 65% of the voting stock of any foreign subsidiary), subject to certain thresholds, exceptions and permitted liens.

The Company may redeem some or all of the First Lien Notes due 2025 at any time on or after April 15, 2022, at the redemption prices set forth in the First Lien Notes Indenture. In addition, the Company may redeem up to 35% of the aggregate principal amount of the First Lien Notes due 2025 using net proceeds from certain equity offerings on or prior to April 15, 2022 at a redemption price equal to 110.5% of their aggregate principal amount and accrued and unpaid interest to, but not including, the date of redemption. The Company may redeem some or all of the First Lien Notes due 2025 at any time prior to April 15, 2022 at a redemption price equal to 100% of their aggregate principal amount and accrued and unpaid interest to, but not including, the date of redemption, plus an applicable make-whole premium. In addition, the Company may, at any time prior to 120 days after the issue date, redeem up to 35% of the aggregate principal amount of the First Lien Notes due 2025 using net proceeds of any loan received pursuant to a Regulatory Debt Facility (as defined in the First Lien Notes Indenture) at a redemption price equal to 105.25% of their

aggregate principal amount and accrued and unpaid interest to, but not including, the date of redemption.

The First Lien Notes Indenture contains covenants that limit the Company's ability to, among other things: (i) incur additional indebtedness, including additional senior indebtedness; (ii) pay dividends on or make other distributions in respect of its capital stock; (iii) purchase or redeem capital stock or prepay subordinated debt or other junior securities; (iv) create liens ranking pari passu in right of payment with or subordinated in right of payment to First Lien Notes due 2025; (v) enter into certain transactions with its affiliates; and (vi) merge or consolidate with other companies or transfer all or substantially all of its assets. These covenants are subject to a number of important limitations and exceptions. The First Lien Notes Indenture also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding First Lien Notes due 2025 to be due and payable immediately.

#### Senior Unsecured Convertible Notes due 2024

The table below sets forth the carrying value of the Senior Unsecured Convertible Notes due 2024:

(In millions)	Carrying Value as of December 31, 2019	Increase to Expense (Income)	Carrying Value as of June 30, 2020
Principal balance	\$ 600.0	\$ —	\$ 600.0
Discount	(73.7)	6.8	(66.9)
Debt issuance costs	(11.2)	0.9	(10.3)
Derivative liability	0.5	(0.5)	—
Carrying value	<u>\$ 515.6</u>	<u>\$ 7.2</u>	<u>\$ 522.8</u>

On September 14, 2018, the Company issued \$600.0 million aggregate principal amount of its 2.95% Senior Unsecured Convertible Notes due 2024 (the "Convertible Notes due 2024"). The Convertible Notes due 2024 mature on September 15, 2024, subject to earlier conversion by the holders thereof, repurchase by the Company at the option of the holders or redemption by the Company upon the occurrence of certain contingencies, as discussed below. Upon maturity, the \$600.0 million principal amount of the Convertible Notes due 2024 will be payable in cash.

On April 24, 2020, the Company entered into a supplemental indenture (the "Supplemental Indenture") to the Convertible Notes due 2024 indenture, dated as of September 14, 2018. The Supplemental Indenture amended the debt covenant under the Convertible Notes Indenture to permit the Company to issue the First Lien Notes due 2025, among other changes.

The Company bifurcated the conversion feature from the principal balance of the Convertible Notes due 2024 as a derivative liability because (1) a conversion feature is not clearly and closely related to the debt instrument and the reset of the conversion price discussed in the following paragraph causes the conversion feature to not be considered indexed to the Company's equity, (2) the conversion feature standing alone meets the definition of a derivative, and (3) the Convertible Notes due 2024 are not remeasured at fair value each reporting period with changes in fair value recorded in the condensed consolidated statement of operations. The initial derivative liability of \$90.4 million is offset by a discount to the principal balance and is amortized to interest expense resulting in an effective rate of 5.98% over the term of the Convertible Notes due 2024. The Company also recorded debt issuance costs of approximately \$13.6 million related to the issuance of the Convertible Notes due 2024 and will amortize those costs to interest expense under the effective interest method over the term of the Convertible Notes due 2024. The Company recorded interest expense for the three months ended June 30, 2020 and June 30, 2019 of \$8.3 million and \$8.0 million, respectively, and interest expense for the six months ended June 30, 2020 and June 30, 2019 of \$16.6 million and \$16.0 million, respectively.

The derivative liability is remeasured at fair value each reporting period with changes in fair value recorded in the condensed consolidated statements of operations as other expense or income. See Note 9—Fair Value Measurements for a discussion of the valuation methodology. For the three months ended June 30, 2020 and June 30, 2019, this resulted in other income of \$0 million and \$33.9 million, respectively, and for the six months ended June 30, 2020 and June 30, 2019, this resulted in other income of \$0.5 million and \$20.6 million, respectively. The if-converted value of the Convertible Notes due 2024 is less than the principal balance by approximately \$464.2 million as of June 30, 2020 based on the closing price per share of the Company's common stock of \$4.29 per share.

Upon conversion by a holder of the Convertible Notes due 2024, the Company shall deliver, at its election, either cash, shares of the Company's Class A common stock or a combination of cash and shares of the Company's Class A common stock at a conversion rate of 52.7704 per \$1,000 principal amount of the Convertible Notes due 2024



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(which represents an initial conversion price of \$18.95), in each case subject to customary anti-dilution adjustments. As of June 30, 2020, the \$600.0 million principal balance of the Convertible Notes due 2024 would be convertible into 31,662,269 shares of Class A common stock. In addition to typical anti-dilution adjustments, in the event that the then-applicable conversion price is greater than 120% of the average of the volume-weighted average price of the Company's Class A common stock for the ten days prior to the second anniversary of issuance (the "Reset Conversion Price"), the conversion price for the Convertible Notes due 2024 is subject to a reset provision that would adjust the conversion price downward to such Reset Conversion Price. However, this conversion price reset provision is subject to a conversion price floor such that the shares of the Company's Class A common stock issuable upon conversion would not exceed 30% of the Company's then outstanding fully-diluted share capital after giving effect to the conversion. In addition, a trigger of the reset provision would result in up to 5,666,000 shares of the Company's Class B common stock held by Wanda becoming subject to forfeiture and retirement by the Company at no additional cost pursuant to the stock repurchase agreement between the Company and Wanda discussed in Note 7—Stockholders' Equity. This cancellation agreement is a contingent call option for the forfeiture shares, which is a freestanding derivative measured at fair value on a recurring basis. The feature is contingent on the same reset of the conversion price which is part of the conversion feature. The initial derivative asset of \$10.7 million is offset by a credit to stockholders' equity related to the Class B common stock purchase and cancellation. The forfeiture shares feature is not clearly and closely related to the Convertible Notes due 2024 and it is bifurcated and accounted for as a derivative asset measured at fair value through earnings each reporting period with changes in fair value recorded in the condensed consolidated statement of operations as other expense or income. See Note 9—Fair Value Measurements for a discussion of the valuation methodology. For the three months ended June 30, 2020 and June 30, 2019, this resulted in other income of \$6.4 million and \$7.1 million, respectively, and other expense of \$13.7 million and \$8.0 million for the six months ended June 30, 2020 and June 30, 2019, respectively. Additionally, the conversion rate will be adjusted if any cash dividend or distribution is made to all or substantially all holders of the Company's common stock (other than the special dividend referenced above and a regular, quarterly cash dividend that does not exceed \$0.20 per share until the second anniversary of issuance and \$0.10 per share thereafter). Any Convertible Notes due 2024 that are converted in connection with a Make-Whole Fundamental Change (as defined in the Indenture (the "Indenture") governing the Convertible Notes due 2024) are, under certain circumstances, entitled to an increase in the conversion rate.

The Company has the option to redeem the Convertible Notes due 2024 for cash on or after the fifth anniversary of issuance at par if the price for the Company's Class A common stock is equal to or greater than 150% of the then applicable conversion price for 20 or more trading days out of a consecutive 30 day trading period (including the final three trading days), at which time the holders have the option to convert. The Company also has the option to redeem the Convertible Notes due 2024, between the second and third anniversary of issuance, if the reset provision described above is triggered at a redemption price in cash that would result in the noteholders realizing a 15% internal rate of return from the date of issuance regardless of when any particular noteholder acquired its Convertible Notes due 2024.

With certain exceptions, upon a change of control of the Company or if the Company's Class A common stock is not listed for trading on The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market, the holders of the Convertible Notes due 2024 may require that the Company repurchase in cash all or part of the principal amount of the Convertible Notes due 2024 at a purchase price equal to the principal amount plus accrued and unpaid interest up to, but excluding, the date of repurchase. The Indenture includes restrictive covenants that, subject to specified exceptions and parameters, limit the ability of the Company to incur additional debt and limit the ability of the Company to incur liens with respect to the Company's senior subordinated notes or any debt incurred to refinance the Company's senior subordinated notes. The Indenture also includes customary events of default, which may result in the acceleration of the maturity of the Convertible Notes due 2024 under the Indenture.

**NOTE 7—STOCKHOLDERS' EQUITY****Dividends**

The following is a summary of dividends and dividend equivalents declared to stockholders during the three and six months ended June 30, 2020:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Date Paid</u>	<u>Amount per Share of Common Stock</u>	<u>Total Amount Declared (In millions)</u>
February 26, 2020	March 9, 2020	March 23, 2020	\$ 0.03	\$ 3.2

**Related Party Transactions**

As of June 30, 2020 and December 31, 2019, the Company recorded a receivable due from Wanda of \$0.5 million and \$0.8 million, respectively, for reimbursement of general administrative and other expense incurred on behalf of Wanda. For the three months ended June 30, 2020 and June 30, 2019, the Company recorded approximately \$0.1 million in both periods of cost reductions for general and administrative services provided on behalf of Wanda. For the six months ended June 30, 2020 and June 30, 2019, the Company recorded approximately \$0.2 million in both periods, of cost reductions for general and administrative services provided on behalf of Wanda. Wanda owns Legendary Entertainment, a motion picture production company. The Company will occasionally play Legendary's films in its theatres as a result of transactions with independent film distributors.

On September 14, 2018, the Company entered into the Investment Agreement with Silver Lake Alpine, L.P., an affiliate of Silver Lake Group, L.L.C. ("Silver Lake"), relating to the issuance to Silver Lake (or its designated affiliates) of \$600.0 million principal amount of the Convertible Notes due 2024. See Note 6—Corporate Borrowings - Senior Unsecured Convertible Notes due 2024 for more information.

On September 14, 2018, the Company, Silver Lake and Wanda entered into a Right of First Refusal Agreement (the "ROFR Agreement"), which provides Silver Lake certain rights to purchase shares of the Company's common stock that Wanda proposes to sell during a period of two years from the date of execution of the ROFR Agreement or, if earlier, until such time that Wanda and its affiliates cease to beneficially own at least 50.1% of the total voting power of the Company's voting stock. The right of first refusal applies to both registered and unregistered transfers of shares. Under the ROFR Agreement, in the event that Wanda and its affiliates cease to beneficially own at least 50.1% of the total voting power of the Company's voting stock, then the Company will have the same right of first refusal over sales of the Company's common stock by Wanda as described above until the expiration of the two-year period beginning on the date of execution of the ROFR Agreement. In such event, the Company may exercise such right to purchase shares from Wanda from time to time pursuant to the ROFR Agreement in its sole discretion, subject to approval by the disinterested directors of the Board. If the Company determines to exercise its right to purchase shares from Wanda pursuant to the ROFR Agreement, it will have the obligation under the Investment Agreement to offer to sell to Silver Lake a like number of shares of the Company's Class A Common Stock, at the same per share price at which it purchased the Wanda shares.

On September 14, 2018, the Company used the proceeds from the Convertible Notes due 2024, and pursuant to a stock repurchase agreement between the Company and Wanda, repurchased 24,057,143 shares of Class B common stock at a price of \$17.50 per share or \$421.0 million and associated legal fees of \$2.6 million. As of June 30, 2020, Wanda owns 49.63% of AMC through its 51,769,784 shares of Class B common stock. With the three-to-one voting ratio between the Company's Class B and Class A common stock, Wanda retains voting control of AMC with 74.72% of the voting power of the Company's common stock. As discussed in Note 6—Corporate Borrowings up to 5,666,000 shares of Class B common stock are subject to forfeiture for no consideration in connection with the reset provision contained in the Indenture.

**Condensed Consolidated Statements of Stockholders' Equity  
For the Six Months Ended June 30, 2020**

(In millions, except share and per share data)	Class A Voting Common Stock		Class B Voting Common Stock		Additional Paid-in	Treasury Stock		Accumulated Other Comprehensive	Accumulated Earnings	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Shares	Amount	Income (Loss)	(Deficit)	Equity (Deficit)
Balances December 31, 2019	<u>52,080,077</u>	<u>\$ 0.5</u>	<u>51,769,784</u>	<u>\$ 0.5</u>	<u>\$ 2,001.9</u>	<u>3,732,625</u>	<u>\$ (56.4)</u>	<u>\$ (26.1)</u>	<u>\$ (706.2)</u>	<u>\$ 1,214.2</u>
Cumulative effect adjustment for the adoption of new accounting principle (ASU 2016-13)	—	—	—	—	—	—	—	—	(16.9)	(16.9)
Net loss	—	—	—	—	—	—	—	—	(2,176.3)	(2,176.3)
Other comprehensive loss	—	—	—	—	—	—	—	(93.5)	—	(93.5)
Dividends declared:										
Class A common stock, \$0.20/share, net of forfeitures	—	—	—	—	—	—	—	—	(1.6)	(1.6)
Class B common stock, \$0.20/share	—	—	—	—	—	—	—	—	(1.6)	(1.6)
Taxes paid for restricted unit withholdings	—	—	—	—	(1.0)	—	—	—	—	(1.0)
Stock-based compensation	469,516	—	—	—	2.7	—	—	—	—	2.7
Balances March 31, 2020	<u>52,549,593</u>	<u>\$ 0.5</u>	<u>51,769,784</u>	<u>\$ 0.5</u>	<u>\$ 2,003.6</u>	<u>3,732,625</u>	<u>\$ (56.4)</u>	<u>\$ (119.6)</u>	<u>\$ (2,902.6)</u>	<u>\$ (1,074.0)</u>
Net loss	—	—	—	—	—	—	—	—	(561.2)	(561.2)
Other comprehensive income	—	—	—	—	—	—	—	56.0	—	56.0
Dividends declared:										
Class A common stock, \$0.20/share, net of forfeitures	—	—	—	—	—	—	—	—	0.1	0.1
Stock-based compensation	—	—	—	—	3.7	—	—	—	—	3.7
Balances June 30, 2020	<u>52,549,593</u>	<u>\$ 0.5</u>	<u>51,769,784</u>	<u>\$ 0.5</u>	<u>\$ 2,007.3</u>	<u>3,732,625</u>	<u>\$ (56.4)</u>	<u>\$ (63.6)</u>	<u>\$ (3,463.7)</u>	<u>\$ (1,575.4)</u>

**Condensed Consolidated Statements of Stockholders' Equity  
For the Six Months Ended June 30, 2019**

(In millions, except share and per share data)	Class A Voting Common Stock		Class B Voting Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		Shares	Amount			
Balances December 31, 2018	<u>55,401,325</u>	<u>\$ 0.5</u>	<u>51,769,784</u>	<u>\$ 0.5</u>	<u>\$ 1,998.4</u>	<u>3,732,625</u>	<u>\$ (56.4)</u>	<u>\$ 5.5</u>	<u>\$ (550.9)</u>	<u>\$ 1,397.6</u>
Cumulative effect adjustments for the adoption of new accounting principle (ASU 842)	—	—	—	—	—	—	—	—	78.8	78.8
Net loss	—	—	—	—	—	—	—	—	(130.2)	(130.2)
Other comprehensive loss	—	—	—	—	—	—	—	(24.9)	—	(24.9)
Dividends declared:										
Class A common stock, \$0.20/share	—	—	—	—	—	—	—	—	(10.7)	(10.7)
Class B common stock, \$0.20/share	—	—	—	—	—	—	—	—	(10.4)	(10.4)
Taxes paid for restricted unit withholdings	—	—	—	—	(1.1)	—	—	—	—	(1.1)
Reclassification from temporary equity	75,712	—	—	—	0.4	—	—	—	—	0.4
Stock-based compensation	328,904	—	—	—	4.0	—	—	—	—	4.0
Balances March 31, 2019	<u>55,805,941</u>	<u>\$ 0.5</u>	<u>51,769,784</u>	<u>\$ 0.5</u>	<u>\$ 2,001.7</u>	<u>3,732,625</u>	<u>\$ (56.4)</u>	<u>\$ (19.4)</u>	<u>\$ (623.4)</u>	<u>\$ 1,303.5</u>
Cumulative effect adjustments for the adoption of new accounting principle (ASU 842)	—	—	—	—	—	—	—	—	(2.6)	(2.6)
Net earnings	—	—	—	—	—	—	—	—	49.4	49.4
Other comprehensive loss	—	—	—	—	—	—	—	(9.2)	—	(9.2)
Dividends declared:										
Class A common stock, \$0.20/share, net of forfeitures	—	—	—	—	—	—	—	—	(10.7)	(10.7)
Class B common stock, \$0.20/share	—	—	—	—	—	—	—	—	(10.4)	(10.4)
Taxes paid for restricted unit withholdings	—	—	—	—	(0.3)	—	—	—	—	(0.3)
Stock-based compensation	3,096	—	—	—	5.4	—	—	—	—	5.4
Balances June 30, 2019	<u>55,809,037</u>	<u>\$ 0.5</u>	<u>51,769,784</u>	<u>\$ 0.5</u>	<u>\$ 2,006.8</u>	<u>3,732,625</u>	<u>\$ (56.4)</u>	<u>\$ (28.6)</u>	<u>\$ (597.7)</u>	<u>\$ 1,325.1</u>

## NOTE 8—INCOME TAXES

The Company's worldwide effective income tax rate is based on actual income (loss), statutory rates, valuation allowances against deferred tax assets and tax planning opportunities available in the various jurisdictions in which it operates. The Company is using a discrete income tax calculation for the three and six months ended June 30, 2020 due to the inability to determine reliable annual estimates of taxable income (loss) due to COVID-19. Historically, for interim financial reporting, the Company estimates the worldwide annual income tax rate based on projected taxable income (loss) for the full year and records a quarterly income tax provision or benefit in accordance with the anticipated annual rate, adjusted for discrete items, if any. The Company will return to the historic approach of computing quarterly tax expense based on an annual effective rate in the future interim period when more reliable estimates of annual income become available. The Company recognizes income tax-related interest expense and penalties as income tax expense and general and administrative expense, respectively.

The Company evaluates its deferred tax assets each period to determine if a valuation allowance is required based on whether it is "more likely than not" that some portion of the deferred tax assets would not be realized. The ultimate realization of these deferred tax assets is dependent upon the generation of sufficient taxable income during future periods on a federal, state and foreign jurisdiction basis. The Company conducts its evaluation by considering all available positive and negative evidence, including historical operating results, forecasts of future profitability, the duration of statutory carryforward periods, and the outlooks for the U.S. motion picture and broader economy, among others.

During the first quarter of 2020, the severe impact of COVID-19 on operations in Germany and Spain caused the Company to conclude the realizability of deferred tax assets held in those jurisdictions does not meet the more likely than not standard. As such, a charge of \$33.1 million and \$40.1 million was recorded for Germany and Spain, respectively. During the fourth quarter of 2017, the Company determined that it was appropriate to record a valuation allowance against U.S. deferred tax assets. In addition, several other international jurisdictions carried valuation allowances against their deferred tax assets at the beginning of 2020.

As a result, the effective tax rate for the six months ended June 30, 2020 reflects the impact of these valuation allowances against U.S. and international deferred tax assets generated during the six month period. The actual effective rate for the six months ended June 30, 2020 was (2.3)%. The Company's consolidated tax rate for the six months ended June 30, 2020 differs from the U.S. statutory tax rate primarily due to the valuation allowances in U.S. and foreign jurisdictions, foreign tax rate differences, federal and state tax credits, partially offset by state income taxes, permanent differences related to goodwill impairments, interest, compensation, and other discrete items. No tax impact was recorded on the \$1,744.3 million goodwill impairment charge incurred during the six months ended June 30, 2020, as the portion impaired was permanently non-deductible. At June 30, 2020 and December 31, 2019, the Company has recorded net deferred tax liabilities of \$42.6 million and net deferred tax assets of \$24.1 million, respectively.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferral of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property, as well as loans to certain qualifying businesses. The Company continues to examine the impacts that the CARES Act may have on its business. While the Company may take advantage of certain CARES Act's cash deferral provisions, many of the provisions are not applicable to the Company. Additionally, as of the date of this filing, the Company has not participated in CARES Act loans.

## NOTE 9—FAIR VALUE MEASUREMENTS

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts business. The inputs used to develop these fair value measurements are established in a hierarchy, which ranks the quality and reliability of the information used to determine the fair values. The fair value classification is based on levels of inputs. Assets and liabilities that are carried at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

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- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.  
 Level 3: Unobservable inputs that are not corroborated by market data.

**Recurring Fair Value Measurements.** The following table summarizes the fair value hierarchy of the Company's financial assets and liabilities carried at fair value on a recurring basis as of June 30, 2020:

(In millions)	Fair Value Measurements at June 30, 2020 Using			
	Total Carrying Value at June 30, 2020	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Other long-term assets:</b>				
Money market mutual funds	\$ 1.4	\$ 1.4	\$ —	\$ —
Derivative asset	24.3	—	—	24.3
Investments measured at net asset value (1)	10.7	—	—	—
<b>Marketable equity securities:</b>				
Investment in NCM	4.1	4.1	—	—
<b>Total assets at fair value</b>	<b>\$ 40.5</b>	<b>\$ 5.5</b>	<b>\$ —</b>	<b>\$ 24.3</b>

- (1) The investments relate to non-qualified deferred compensation arrangements on behalf of certain members of management. The Company has an equivalent liability for this related-party transaction recorded in other long-term liabilities for the deferred compensation obligation.

*Valuation Techniques.* The Company's money market mutual funds are invested in funds that seek to preserve principal, are highly liquid, and therefore are recorded on the balance sheet at the principal amounts deposited, which equals fair value.

On September 14, 2018, the Company issued Convertible Notes due 2024 with a conversion feature that gave rise to an embedded derivative instrument and a stock purchase and cancellation agreement that gave rise to a derivative asset, see Note 6—Corporate Borrowings for further information. The derivative features have been valued using a Monte Carlo simulation approach. The Monte Carlo simulation approach consists of simulated common stock prices from the valuation date to the maturity of the Convertible Notes and to September 14, 2020 for the contingent call option for forfeiture shares. At June 30, 2020, the Company used a share price of \$4.29, volatility rate of 13%, risk-free interest rate of 0.15%, discount yield of 36.0%, and dividend yield of 0% to the value of the derivative instrument. The Company re-values the derivative instruments at the end of each reporting period and any changes are recorded in other expense (income) in the condensed consolidated statements of operations.

**Nonrecurring Fair Value Measurements.** The following table summarizes the fair value hierarchy of the Company's assets that were measured at fair value on a nonrecurring basis:

(In millions)	Fair Value Measurements at March 31, 2020					Total Losses
	Total Carrying Value at March 31, 2020	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
<b>Property, net:</b>						
Property net	\$ 40.5	\$ —	\$ —	\$ 40.5	\$ —	\$ 30.9
<b>Operating lease right-of-use assets</b>						
Operating lease right-of-use assets	124.0	—	—	124.0	—	60.4
<b>Intangible assets, net</b>						
Definite-lived intangible assets	6.6	—	—	6.6	—	8.0
Indefinite-lived intangible assets	50.3	—	—	50.3	—	8.3
<b>Goodwill</b>						
Goodwill	2,938.0	—	—	2,938.0	—	1,744.3
<b>Other long-term assets</b>						
Cost method investments	—	—	—	—	—	7.2
<b>Total</b>	<b>\$ 3,159.4</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,159.4</b>	<b>\$ —</b>	<b>1,859.1</b>

Long-lived assets held and used, operating lease right-of-use assets, intangible assets, and cost method investments were considered impaired and were written down to their fair value at March 31, 2020 of \$3,159.4 million.

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There is considerable management judgment with respect to cash flow estimates and discount rates used in determining fair value, and therefore are classified as Level 3 measurements within the fair value measurement hierarchy.

*Valuation Techniques.* There are a number of estimates and significant judgments that were made by management in performing these impairment evaluations. Such judgments and estimates include estimates of future attendance, revenues, cash flows, rent relief, cost savings, capital expenditures, and the cost of capital, among others. Attendance is expected to be significantly below historical levels for the first several months following reopening but is expected to increase as customers become more comfortable with the experience. The Company believes it used reasonable and appropriate business judgments. The Company used weighted average cost of capital (discount rate) input for the Domestic Theatres and International Theatres reporting units of 11.5% and 13.0%, respectively, and a long-term growth rate input of 2.0% for both of the reporting units. There is considerable management judgment with respect to cash flow estimates and appropriate discount rates to be used in determining fair value, and, accordingly, actual results could vary significantly from such estimates, which fall under Level 3 within the fair value measurement hierarchy. These estimates determine whether impairments have been incurred, and quantify the amount of any related impairment charge.

**Other Fair Value Measurement Disclosures.** The Company is required to disclose the fair value of financial instruments that are not recognized at fair value in the statement of financial position for which it is practicable to estimate that value:

(In millions)	Total Carrying Value at June 30, 2020	Fair Value Measurements at June 30, 2020		
		Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current maturities of corporate borrowings	\$ 20.0	\$ —	\$ 14.6	\$ —
Corporate borrowings	5,498.0	—	2,854.0	180.8

*Valuation Technique.* Quoted market prices and observable market based inputs were used to estimate fair value for Level 2 inputs. The Level 3 fair value measurement represents the transaction price of the corporate borrowings under market conditions. On September 14, 2018, the Company issued \$600.0 million of Convertible Notes due 2024. These notes were issued by private placement, as such there is no observable market for these Convertible Notes. The Company valued these notes at principal value less a discount reflecting a market yield to maturity. See Note 6—Corporate Borrowings for further information.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments.

#### NOTE 10—OPERATING SEGMENTS

The Company reports information about operating segments in accordance with ASC 280-10, Segment Reporting, which requires financial information to be reported based on the way management organizes segments within a company for making operating decisions and evaluating performance. The Company has identified two reportable segments and reporting units for its theatrical exhibition operations, U.S. markets and International markets. The International markets reportable segment has operations in or partial interest in theatres in the United Kingdom, Germany, Spain, Italy, Ireland, Portugal, Sweden, Finland, Estonia, Latvia, Lithuania, Norway, and Denmark. Each segment's revenue is derived from admissions, food and beverage sales and other ancillary revenues, primarily screen advertising, AMC Stubs® membership fees and other loyalty programs, ticket sales, gift card income and exchange ticket income. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, as defined in the reconciliation table below. The Company does not report asset information by segment because that information is not used to evaluate the performance of or allocate resources between segments.

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Below is a breakdown of select financial information by reportable operating segment:

Revenues (In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
U.S. markets	\$ 15.7	\$ 1,161.2	\$ 677.0	\$ 2,028.4
International markets	3.2	344.9	283.4	678.1
<b>Total revenues</b>	<b>\$ 18.9</b>	<b>\$ 1,506.1</b>	<b>\$ 960.4</b>	<b>\$ 2,706.5</b>

Adjusted EBITDA (1) (In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
U.S. markets	\$ (241.6)	\$ 202.1	\$ (245.4)	\$ 279.5
International markets	(98.7)	35.5	(91.8)	66.3
<b>Total Adjusted EBITDA</b>	<b>\$ (340.3)</b>	<b>\$ 237.6</b>	<b>\$ (337.2)</b>	<b>\$ 345.8</b>

- (1) The Company presents Adjusted EBITDA as a supplemental measure of its performance. The Company defines Adjusted EBITDA as net earnings (loss) plus (i) income tax provision (benefit), (ii) interest expense and (iii) depreciation and amortization, as further adjusted to eliminate the impact of certain items that the Company does not consider indicative of the Company's ongoing operating performance and to include attributable EBITDA from equity investments in theatre operations in International markets and any cash distributions of earnings from its other equity method investees. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, which is consistent with how Adjusted EBITDA is defined in the Company's debt indentures.

Capital Expenditures (In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
U.S. markets	\$ 24.9	\$ 84.1	\$ 81.8	\$ 159.6
International markets	10.1	31.0	44.9	70.3
<b>Total capital expenditures</b>	<b>\$ 35.0</b>	<b>\$ 115.1</b>	<b>\$ 126.7</b>	<b>\$ 229.9</b>

Long-term assets, net (In millions)	As of	
	June 30, 2020	December 31, 2019
U.S. markets	\$ 7,532.1	\$ 9,039.6
International markets	3,059.8	3,963.1
<b>Total long-term assets (1)</b>	<b>\$ 10,591.9</b>	<b>\$ 13,002.7</b>

- (1) Long-term assets are comprised of property, operating lease right-of-use assets, intangible assets, goodwill, deferred tax assets, and other long-term assets.



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The following table sets forth a reconciliation of net earnings (loss) to Adjusted EBITDA:

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net earnings (loss)	\$ (561.2)	\$ 49.4	\$ (2,737.5)	\$ (80.8)
Plus:				
Income tax provision (benefit) (1)	(6.1)	5.4	62.1	11.1
Interest expense	91.2	86.4	174.0	170.0
Depreciation and amortization	119.7	112.0	242.2	225.0
Impairment of long-lived assets, indefinite-lived intangible assets and goodwill (2)	—	—	1,851.9	—
Certain operating expenses (3)	(1.5)	2.3	0.6	4.8
Equity in (earnings) loss of non-consolidated entities (4)	12.4	(10.2)	15.3	(16.7)
Cash distributions from non-consolidated entities (5)	6.1	1.8	13.7	12.3
Attributable EBITDA (6)	0.6	2.0	0.5	2.9
Investment expense (income)	(1.3)	(2.1)	8.1	(18.2)
Other expense (income) (7)	(1.9)	(23.8)	25.0	6.1
Other non-cash rent (8)	(3.8)	5.8	(1.5)	13.4
General and administrative — unallocated:				
Merger, acquisition and other costs (9)	1.8	3.2	2.0	6.5
Stock-based compensation expense (10)	3.7	5.4	6.4	9.4
Adjusted EBITDA	\$ (340.3)	\$ 237.6	\$ (337.2)	\$ 345.8

- (1) For information regarding the income tax provision, see Note 8—Income Taxes.
- (2) During the six months ended June 30, 2020, the Company recorded non-cash impairment charges of \$1,124.9 million and \$619.4 million related to the enterprise fair values of its Domestic Theatres and International Theatres reporting units, respectively. The Company recorded non-cash impairment charges related to its long-lived assets of \$81.4 million on 57 theatres in the U.S. markets with 658 screens which were related to property, net, operating lease right-of-use assets, net and other long-term assets and \$9.9 million on 23 theatres in the International markets with 213 screens which were related to property, net and operating lease right-of-use assets, net, during the six months ended June 30, 2020. The Company recorded non-cash impairment charges related to its indefinite-lived intangible assets of \$5.9 million and \$2.4 million related to the Odeon and Nordic tradenames, respectively, during the six months ended June 30, 2020. The Company also recorded non-cash impairment charges of \$8.0 million related to its definite-lived intangible assets.
- (3) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses included in operating expenses. The Company has excluded these items as they are non-cash in nature or are non-operating in nature.
- (4) Equity in (earnings) loss of non-consolidated entities was primarily due to equity in loss from DCIP of \$9.7 million for the three months ended June 30, 2020 compared to equity in earnings from DCIP of \$9.0 million for the three months ended June 30, 2019. Equity in (earnings) loss of non-consolidated entities was primarily due to equity in loss from DCIP of \$11.6 million for the six months ended June 30, 2020 compared to equity in earnings from DCIP of \$14.6 million for the six months ended June 30, 2019.
- (5) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. The Company believes including cash distributions is an appropriate reflection of the contribution of these investments to the Company's operations.
- (6) Attributable EBITDA includes the EBITDA from equity investments in theatre operators in certain International markets. See below for a reconciliation of the Company's equity in (earnings) loss of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where the Company holds a significant market share, the Company believes attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. The Company also provides services to these theatre operators including information technology systems, certain on-screen advertising services and the Company's gift card

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and package ticket program.

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Equity in (earnings) loss of non-consolidated entities	\$ 12.4	\$ (10.2)	\$ 15.3	\$ (16.7)
Less:				
Equity in (earnings) loss of non-consolidated entities excluding International theatre joint ventures	12.2	(9.8)	14.3	(15.8)
Equity in earnings (loss) of International theatre joint ventures	(0.2)	0.4	(1.0)	0.9
Income tax provision (benefit)	—	0.1	(0.1)	0.1
Investment income	—	(0.3)	(0.2)	(0.5)
Interest expense	—	0.1	—	0.1
Depreciation and amortization	0.7	1.7	1.5	2.3
Other expense	0.1	—	0.3	—
Attributable EBITDA	\$ 0.6	\$ 2.0	\$ 0.5	\$ 2.9

- (7) Other income for the three months ended June 30, 2020 compared to three months ended June 30, 2019 decreased \$21.9 million. For the three months ended June 30, 2019, the Company recorded a gain of \$33.9 million related to the change in fair value of the Company's derivative liability for the embedded conversion feature in the Company's Convertible Notes due 2024, partially offset by the loss on repayment of indebtedness of \$16.6 million. Other expense for the six months ended June 30, 2020 compared to six months ended June 30, 2019 increased \$18.9 million, primarily due to the decrease in the gain recorded for the change in fair value of the Company's derivative liability for the embedded conversion feature in the Company's Convertible Notes due 2024 of \$20.1 million, credit losses related to contingent lease guarantees of \$9.2 million, and loss due to the change in the fair value of the Company's derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$5.7 million. For the six months ended June 30, 2019, the Company recorded a loss on repayment of indebtedness of \$16.6 million. See Note 1—Basis of Presentation for further information related to other expense (income).
- (8) Reflects amortization expense for certain intangible assets reclassified from depreciation and amortization to rent expense due to the adoption of ASC 842 and deferred rent benefit related to the impairment of right-of-use operating lease assets.
- (9) Merger, acquisition and other costs are excluded as they are non-operating in nature.
- (10) Non-cash expense included in general and administrative: other

**NOTE 11—COMMITMENTS AND CONTINGENCIES**

The Company, in the normal course of business, is a party to various ordinary course claims from vendors (including food and beverage suppliers and film distributors), landlords, competitors, and other legal proceedings. If management believes that a loss arising from these actions is probable and can reasonably be estimated, the Company records the amount of the loss, or the minimum estimated liability when the loss is estimated using a range and no point is more probable than another. As additional information becomes available, any potential liability related to these actions is assessed and the estimates are revised, if necessary. Management believes that the ultimate outcome of such matters discussed below, individually and in the aggregate, will not have a material adverse effect on the Company's financial position or overall trends in results of operations. However, litigation and claims are subject to inherent uncertainties and unfavorable outcomes can occur. An unfavorable outcome might include monetary damages. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on the results of operations in the period in which the outcome occurs or in future periods.

On January 12, 2018 and January 19, 2018, two putative federal securities class actions, captioned *Hawaii Structural Ironworkers Pension Trust Fund v. AMC Entertainment Holdings, Inc., et al.*, Case No. 1:18-cv-00299-AJN

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(the “Hawaii Action”), and *Nichols v. AMC Entertainment Holdings, Inc., et al.*, Case No. 1:18-cv-00510-AJN (the “Nichols Action,” and together with the Hawaii Action, the “Actions”), respectively, were filed against the Company in the U.S. District Court for the Southern District of New York. The Actions, which name certain of the Company’s officers and directors and, in the case of the Hawaii Action, the underwriters of the Company’s February 8, 2017 secondary public offering, as defendants, assert claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) with respect to alleged material misstatements and omissions in the registration statement for the secondary public offering and in certain other public disclosures. On May 30, 2018, the court consolidated the Actions. On January 22, 2019, defendants moved to dismiss the Second Amended Class Action Complaint. On September 23, 2019, the court granted the motion to dismiss in part and denied it in part. On March 2, 2020, plaintiffs moved to certify the purported class and on July 22, 2020, defendants filed a brief opposing plaintiffs’ motion for class certification.

On May 21, 2018, a stockholder derivative complaint, captioned *Gantulga v. Aron, et al.*, Case No. 2:18-cv-02262-JAR-TJJ (the “Gantulga Action”), was filed against certain of the Company’s officers and directors in the U.S. District Court for the District of Kansas. The Gantulga Action, which was filed on behalf of the Company, asserts claims under Section 14(a) of the Exchange Act and for breaches of fiduciary duty and unjust enrichment based on allegations substantially similar to the Actions. On October 12, 2018, the parties filed a joint motion to transfer the action to the U.S. District Court for the Southern District of New York, which the court granted on October 15, 2018. When the action was transferred to the Southern District of New York, it was re-captioned *Gantulga v. Aron, et al.*, Case No. 1:18-cv-10007-AJN. The parties filed a joint stipulation to stay the action, which the court granted on December 17, 2018.

On October 2, 2019, a stockholder derivative complaint, captioned *Kenna v. Aron, et al.*, Case No. 1:19-cv-09148-AJN (the “Kenna Action”), was filed in the U.S. District Court for the Southern District of New York. The parties filed a joint stipulation to stay the action, which the court granted on October 17, 2019. On April 20, 2020, the plaintiff filed an amended complaint. The Kenna Action asserts claims under Sections 10(b), 14(a), and 21D of the Exchange Act and for breaches of fiduciary duty and unjust enrichment based on allegations substantially similar to the Actions and the Gantulga Action. The action remains stayed.

On March 20, 2020, a stockholder derivative complaint, captioned *Manuel v. Aron, et al.*, Case No. 1:20-cv-02456-AJN (the “Manuel Action”), was filed in the U.S. District Court for the Southern District of New York. The Manuel Action asserts claims under Sections 10(b), 21D, and 29(b) of the Exchange Act and for breaches of fiduciary duty based on allegations substantially similar to the Actions, the Gantulga Action, and the Kenna Action. The parties filed a joint stipulation to stay the action, which the court granted on May 18, 2020.

On April 7, 2020, a stockholder derivative complaint, captioned *Dinkevich v. Aron, et al.*, Case No. 1:20-cv-02870-AJN (the “Dinkevich Action”), was filed in the U.S. District Court for the Southern District of New York. The Dinkevich Action asserts the same claims as the Manuel Action based on allegations substantially similar to the Actions, the Gantulga Action, the Kenna Action, and the Manuel Action. The parties filed a joint stipulation to stay the action, which was granted on June 25, 2020.

On February 3, 2020, the Company received a books and records demand pursuant to 8 *Del. C.* § 220, seeking to investigate the conduct challenged in the Actions. AMC rejected the demand on February 10, 2020.

On December 31, 2019, the Company received a stockholder litigation demand, requesting that the Board investigate the allegations in the Actions and pursue claims on the Company’s behalf based on those allegations. On May 5, 2020, the Board determined not to pursue the claims sought in the demand at this time.

On July 15, 2020, the Company received a second stockholder litigation demand requesting substantially the same action as the stockholder demand it received on December 31, 2019.

On April 22, 2019, a putative stockholder class and derivative complaint, captioned *Lao v. Dalian Wanda Group Co., Ltd., et al.*, C.A. No. 2019-0303-JRS (the “Lao Action”), was filed against certain of the Company’s directors, Wanda, two of Wanda’s affiliates, Silver Lake, and one of Silver Lake’s affiliates in the Delaware Court of Chancery. The Lao Action asserts claims directly, on behalf of a putative class of Company stockholders, and derivatively, on behalf of the Company, for breaches of fiduciary duty and aiding and abetting breaches of fiduciary duty with respect to transactions that the Company entered into with affiliates of Wanda and Silver Lake on September 14, 2018, and the special cash dividend of \$1.55 per share of common stock that was payable on September 28, 2018 to the Company’s stockholders of record as of September 25, 2018. On July 18, 2019, the

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Company's Board of Directors formed a Special Litigation Committee to investigate and evaluate the claims and allegations asserted in the Lao Action and make a determination as to how the Company should proceed with respect to the Lao Action. On October 25, 2019, the court granted a motion to stay the action for six months to allow the Special Litigation Committee to complete its investigation. On March 17, 2020, the court extended the stay until December 11, 2020.

The Company remains contingently liable for lease payments under certain leases of theatres that it previously divested, in the event that such assignees are unable to fulfill their future lease payment obligations. During the three and six months ended June 30, 2020, the Company recorded \$3.9 million and \$9.2 million, respectively, in estimated credit losses related to contingent lease guarantees in other expense. The Company applied a probability weighted approach for the estimation of credit loss reserve for contingent lease guarantees expected to be funded over the lease term using the discounted cash flow method. See Note 1—Basis of Presentation for further information regarding the adoption of ASU 2016-13.

**NOTE 12—EARNINGS (LOSS) PER SHARE**

Basic net earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding. Diluted earnings (loss) per share includes the effects of unvested restricted stock units ("RSUs") with a service condition only, unvested contingently issuable RSUs that have service and performance conditions ("PSUs"), and unvested contingently issuable special performance stock units that have service and market conditions ("SPSUs"), if dilutive, as well as potential dilutive shares from the conversion feature of the Convertible Notes due 2024, if dilutive.

The following table sets forth the computation of basic and diluted earnings (loss) per common share:

(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Numerator:</b>				
Net earnings (loss) for basic earnings (loss) per share	\$ (561.2)	\$ 49.4	\$ (2,737.5)	\$ (80.8)
Calculation of net earnings (loss) for diluted earnings (loss) per share:				
Marked-to-market gain on derivative liability	—	(33.9)	—	—
Interest expense for Convertible Notes due 2024	—	8.1	—	—
Net earnings (loss) for diluted earnings (loss) per share	\$ (561.2)	\$ 23.6	\$ (2,737.5)	\$ (80.8)
<b>Denominator (shares in thousands):</b>				
Weighted average shares for basic loss per common share	104,319	103,845	104,282	103,814
Common equivalent shares for RSUs and PSUs	—	21	—	—
Common equivalent shares if converted: convertible notes 2024	—	31,662	—	—
Weighted average shares for diluted earnings (loss) per common share	104,319	135,528	104,282	103,814
Basic earnings (loss) per common share	\$ (5.38)	\$ 0.48	\$ (26.25)	\$ (0.78)
Diluted earnings (loss) per common share	\$ (5.38)	\$ 0.17	\$ (26.25)	\$ (0.78)

Vested RSUs and PSU's have dividend rights identical to the Company's Class A and Class B common stock and are treated as outstanding shares for purposes of computing basic and diluted earnings per share. For the three and six months ended June 30, 2020, unvested RSUs of 2,249,263 were not included in the computation of diluted loss per share because they would be anti-dilutive. For the six months ended June 30, 2019, unvested RSUs of 1,253,870 were not included in the computation of diluted loss per share because they would be anti-dilutive.

Unvested PSUs and SPSUs are subject to performance and market conditions, respectively, and are included in diluted earnings per share, if dilutive, based on the number of shares, if any, that would be issuable under the terms of the Company's 2013 Equity Incentive Plan if the end of the reporting period were the end of the contingency period. Unvested PSUs of 782,992 and 502,858 at 100% performance target for the three months ended June 30, 2020 and June

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30, 2019, respectively, unvested PSUs of 793,932 and 502,858 at 100% of performance target for the six months ended June 30, 2020 and June 30, 2019, respectively, and unvested SPSUs of 595,003 at the minimum market condition for both the three and six months ended June 30, 2020, were not included in the computation of diluted loss per share because they would not be issuable if the end of the reporting period were the end of the contingency period.

The Company uses the if-converted method for calculating any potential dilutive effect of the Convertible Notes due 2024 that were issued on September 14, 2018. For the three months ended June 30, 2020, the Company has not adjusted net loss to eliminate the interest expense of \$8.3 million in the computation of diluted loss per share because the effects would be anti-dilutive. The (gain)/loss for the derivative liability related to the Convertible Notes due 2024 was \$0 million for the three months ended June 30, 2020. For the six months ended June 30, 2020 and June 30, 2019, the Company has not adjusted net loss to eliminate the interest expense of \$16.6 million and \$16.0 million, respectively, and also the (gain)/loss for the derivative liability related to the Convertible Notes due 2024 of \$(0.5) million and \$(20.6) million, respectively, in the computation of diluted loss per share because the effects would be anti-dilutive. For the three months ended June 30, 2020, the six months June 30, 2020 and the six months ended June 30, 2019, the Company has not included in diluted weighted average shares approximately 31.7 million shares issuable upon conversion in both periods as the effects would be anti-dilutive. Based on the current conversion price of \$18.95 per share the Convertible Notes due 2024 are convertible into 31,662,269 Class A common shares.

**NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION**

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, Financial statements of guarantors and issuers of guaranteed securities registered or being registered. Each of the subsidiary guarantors are 100% owned by Holdings. The subsidiary guarantors of the Company's the Convertible Notes due 2024, Sterling Notes due 2024, the Notes due 2025, the Notes due 2026, and the Notes due 2027 are full and unconditional and joint and several and subject to customary release provisions. The Company and its subsidiary guarantors' investments in its consolidated subsidiaries are presented under the equity method of accounting.

**Condensed Consolidating Statement of Operations  
Three Months Ended June 30, 2020:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
<b>Revenues</b>					
Admissions	\$ —	\$ —	\$ 0.9	\$ —	\$ 0.9
Food and beverage	—	—	0.4	—	0.4
Other theatre	—	15.7	1.9	—	17.6
Total revenues	—	15.7	3.2	—	18.9
<b>Operating costs and expenses</b>					
Film exhibition costs	—	(0.2)	0.4	—	0.2
Food and beverage costs	—	3.3	1.2	—	4.5
Operating expense, excluding depreciation and amortization	—	79.4	35.4	—	114.8
Rent	—	164.8	59.3	—	224.1
<b>General and administrative:</b>					
Merger, acquisition and other costs	—	1.7	0.1	—	1.8
Other, excluding depreciation and amortization	—	13.8	11.6	—	25.4
Depreciation and amortization	—	91.0	28.7	—	119.7
Operating costs and expenses	—	353.8	136.7	—	490.5
Operating loss	—	(338.1)	(133.5)	—	(471.6)
<b>Other expense (income):</b>					
Equity in net loss of subsidiaries	569.8	125.0	—	(694.8)	—
Other expense (income):	(6.6)	6.7	(6.7)	—	(6.6)
<b>Interest expense:</b>					
Corporate borrowings	78.3	79.1	1.4	(79.2)	79.6
Finance lease obligations	—	0.3	1.2	—	1.5
Non-cash NCM exhibitor service agreement	—	10.1	—	—	10.1
Intercompany interest expense	—	—	6.1	(6.1)	—
Equity in loss of non-consolidated entities	—	11.4	1.0	—	12.4
Investment income	(80.3)	(5.3)	(1.0)	85.3	(1.3)
Total other expense, net	561.2	227.3	2.0	(694.8)	95.7
Loss before income taxes	(561.2)	(565.4)	(135.5)	694.8	(567.3)
Income tax provision (benefit)	—	4.4	(10.5)	—	(6.1)
Net loss	\$ (561.2)	\$ (569.8)	\$ (125.0)	\$ 694.8	\$ (561.2)

**Condensed Consolidating Statement of Operations**  
**Three Months Ended June 30, 2019:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
<b>Revenues</b>					
Admissions	\$ —	\$ 680.7	\$ 214.8	\$ —	\$ 895.5
Food and beverage	—	401.1	91.4	—	492.5
Other theatre	—	79.4	38.7	—	118.1
Total revenues	—	1,161.2	344.9	—	1,506.1
<b>Operating costs and expenses</b>					
Film exhibition costs	—	390.2	92.3	—	482.5
Food and beverage costs	—	56.1	20.3	—	76.4
Operating expense, excluding depreciation and amortization	—	320.9	116.5	—	437.4
Rent	—	179.6	66.3	—	245.9
<b>General and administrative:</b>					
Merger, acquisition and other costs	—	2.4	0.8	—	3.2
Other, excluding depreciation and amortization	—	24.9	18.3	—	43.2
Depreciation and amortization	—	84.2	27.8	—	112.0
Operating costs and expenses	—	1,058.3	342.3	—	1,400.6
Operating income	—	102.9	2.6	—	105.5
<b>Other expense (income):</b>					
Equity in net loss of subsidiaries	9.1	18.2	—	(27.3)	—
Other expense (income)	(40.9)	17.7	(0.2)	—	(23.4)
<b>Interest expense:</b>					
Corporate borrowings	73.6	74.4	0.7	(74.5)	74.2
Finance lease obligations	—	0.6	1.5	—	2.1
Non-cash NCM exhibitor service agreement	—	10.1	—	—	10.1
Intercompany interest expense	—	—	21.4	(21.4)	—
Equity in earnings of non-consolidated entities	—	(9.9)	(0.3)	—	(10.2)
Investment income	(91.2)	(4.9)	(1.9)	95.9	(2.1)
Total other expense (income), net	(49.4)	106.2	21.2	(27.3)	50.7
Earnings (loss) before income taxes	49.4	(3.3)	(18.6)	27.3	54.8
Income tax provision (benefit)	—	5.8	(0.4)	—	5.4
Net earnings (loss)	\$ 49.4	\$ (9.1)	\$ (18.2)	\$ 27.3	\$ 49.4

**Condensed Consolidating Statement of Operations  
Six Months Ended June 30, 2020:**

<u>(In millions)</u>	<u>Holdings</u>	<u>Subsidiary Guarantors</u>	<u>Subsidiary Non-Guarantors</u>	<u>Consolidating Adjustments</u>	<u>Consolidated Holdings</u>
<b>Revenues</b>					
Admissions	\$ —	\$ 389.1	\$ 179.8	\$ —	\$ 568.9
Food and beverage	—	216.6	71.9	—	288.5
Other theatre	—	71.3	31.7	—	103.0
Total revenues	<u>—</u>	<u>677.0</u>	<u>283.4</u>	<u>—</u>	<u>960.4</u>
<b>Operating costs and expenses</b>					
Film exhibition costs	—	198.7	73.2	—	271.9
Food and beverage costs	—	38.2	19.7	—	57.9
Operating expense, excluding depreciation and amortization	—	331.3	140.4	—	471.7
Rent	—	339.2	122.7	—	461.9
<b>General and administrative:</b>					
Merger, acquisition and other costs	—	2.0	—	—	2.0
Other, excluding depreciation and amortization	—	31.1	27.5	—	58.6
Depreciation and amortization	—	183.4	58.8	—	242.2
Impairment of long-lived assets, indefinite-lived intangible assets and goodwill	—	1,214.3	637.6	—	1,851.9
Operating costs and expenses	<u>—</u>	<u>2,338.2</u>	<u>1,079.9</u>	<u>—</u>	<u>3,418.1</u>
Operating loss	—	(1,661.2)	(796.5)	—	(2,457.7)
<b>Other expense (income):</b>					
Equity in net loss of subsidiaries	2,728.0	869.2	—	(3,597.2)	—
Other expense (income)	13.6	12.0	(5.3)	—	20.3
<b>Interest expense:</b>					
Corporate borrowings	149.0	150.1	2.2	(150.4)	150.9
Finance lease obligations	—	0.7	2.4	—	3.1
Non-cash NCM exhibitor service agreement	—	20.0	—	—	20.0
Intercompany interest expense	—	—	12.1	(12.1)	—
Equity in loss of non-consolidated entities	—	13.3	2.0	—	15.3
Investment income	(153.1)	—	(1.3)	162.5	8.1
Total other expense, net	<u>2,737.5</u>	<u>1,065.3</u>	<u>12.1</u>	<u>(3,597.2)</u>	<u>217.7</u>
Loss before income taxes	<u>(2,737.5)</u>	<u>(2,726.5)</u>	<u>(808.6)</u>	<u>3,597.2</u>	<u>(2,675.4)</u>
Income tax provision	—	1.5	60.6	—	62.1
Net loss	<u>\$ (2,737.5)</u>	<u>\$ (2,728.0)</u>	<u>\$ (869.2)</u>	<u>\$ 3,597.2</u>	<u>\$ (2,737.5)</u>



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**Condensed Consolidating Statement of Operations  
Six Months Ended June 30, 2019:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
<b>Revenues</b>					
Admissions	\$ —	\$ 1,196.0	\$ 431.0	\$ —	\$ 1,627.0
Food and beverage	—	688.7	172.6	—	861.3
Other theatre	—	143.6	74.6	—	218.2
Total revenues	—	2,028.3	678.2	—	2,706.5
<b>Operating costs and expenses</b>					
Film exhibition costs	—	667.5	180.3	—	847.8
Food and beverage costs	—	99.0	38.9	—	137.9
Operating expense, excluding depreciation and amortization	—	606.5	233.7	—	840.2
Rent	—	356.2	131.7	—	487.9
<b>General and administrative:</b>					
Merger, acquisition and other costs	—	3.5	3.0	—	6.5
Other, excluding depreciation and amortization	—	52.4	37.0	—	89.4
Depreciation and amortization	—	167.9	57.1	—	225.0
Operating costs and expenses	—	1,953.0	681.7	—	2,634.7
Operating income (loss)	—	75.3	(3.5)	—	71.8
<b>Other expense (income):</b>					
Equity in net loss of subsidiaries	303.7	215.0	—	(518.7)	—
Other expense (income)	(12.0)	18.2	0.2	—	6.4
<b>Interest expense:</b>					
Corporate borrowings	144.5	145.3	1.4	(145.7)	145.5
Finance lease obligations	—	1.4	2.8	—	4.2
Non-cash NCM exhibitor service agreement	—	20.3	—	—	20.3
Intercompany interest expense	—	—	218.9	(218.9)	—
Equity in earnings of non-consolidated entities	—	(16.0)	(0.7)	—	(16.7)
Investment income	(355.4)	(14.5)	(12.9)	364.6	(18.2)
Total other expense (income), net	80.8	369.7	209.7	(518.7)	141.5
Loss before income taxes	(80.8)	(294.4)	(213.2)	518.7	(69.7)
Income tax provision	—	9.3	1.8	—	11.1
Net loss	\$ (80.8)	\$ (303.7)	\$ (215.0)	\$ 518.7	\$ (80.8)

**Condensed Consolidating Statement of Comprehensive Loss  
Three Months Ended June 30, 2020:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net loss	\$ (561.2)	\$ (569.8)	\$ (125.0)	\$ 694.8	\$ (561.2)
Other comprehensive income (loss):					
Equity in other comprehensive loss of subsidiaries	56.0	55.0	—	(111.0)	—
Unrealized foreign currency translation adjustments	—	0.9	54.5	—	55.4
Pension adjustments:					
Realized net loss reclassified into other expense, net of tax	—	0.1	0.5	—	0.6
Other comprehensive income (loss)	56.0	56.0	55.0	(111.0)	56.0
Total comprehensive loss	<u>\$ (505.2)</u>	<u>\$ (513.8)</u>	<u>\$ (70.0)</u>	<u>\$ 583.8</u>	<u>\$ (505.2)</u>

**Condensed Consolidating Statement of Comprehensive Income (Loss)  
Three Months Ended June 30, 2019:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net earnings (loss)	\$ 49.4	\$ (9.1)	\$ (18.2)	\$ 27.3	\$ 49.4
Other comprehensive income (loss):					
Equity in other comprehensive loss of subsidiaries	(9.2)	(4.1)	—	13.3	—
Unrealized foreign currency translation adjustments	—	(5.1)	(4.2)	—	(9.3)
Realized loss on foreign currency transactions reclassified into other expense, net of tax	—	0.1	—	—	0.1
Pension adjustments:					
Net gain arising during the period, net of tax	—	—	0.1	—	0.1
Equity method investee's cash flow hedge:					
Unrealized net holding loss arising during the period, net of tax	—	(0.1)	—	—	(0.1)
Other comprehensive loss	(9.2)	(9.2)	(4.1)	13.3	(9.2)
Total comprehensive income (loss)	<u>\$ 40.2</u>	<u>\$ (18.3)</u>	<u>\$ (22.3)</u>	<u>\$ 40.6</u>	<u>\$ 40.2</u>

**Condensed Consolidating Statement of Comprehensive Loss  
Six Months Ended June 30, 2020:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net loss	\$ (2,737.5)	\$ (2,728.0)	\$ (869.2)	\$ 3,597.2	\$ (2,737.5)
Other comprehensive loss:					
Equity in other comprehensive loss of subsidiaries	(37.5)	(53.6)	—	91.1	—
Unrealized foreign currency translation adjustment, net of tax	—	16.0	(54.2)	—	(38.2)
Pension adjustments:					
Realized net loss reclassified into other expense, net of tax	—	0.1	0.6	—	0.7
Other comprehensive loss	(37.5)	(37.5)	(53.6)	91.1	(37.5)
Total comprehensive loss	<u>\$ (2,775.0)</u>	<u>\$ (2,765.5)</u>	<u>\$ (922.8)</u>	<u>\$ 3,688.3</u>	<u>\$ (2,775.0)</u>

**Condensed Consolidating Statement of Comprehensive Loss  
Six Months Ended June 30, 2019:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net loss	\$ (80.8)	\$ (303.7)	\$ (215.0)	\$ 518.7	\$ (80.8)
Other comprehensive income (loss):					
Equity in other comprehensive loss of subsidiaries	(34.1)	(19.3)	—	53.4	—
Unrealized foreign currency translation adjustment, net of tax	—	(15.4)	(19.3)	—	(34.7)
Realized loss on foreign currency transactions reclassified into other expense, net of tax	—	0.6	—	—	0.6
Pension and other benefit adjustments:					
Net gain arising during the period, net of tax	—	0.1	—	—	0.1
Equity method investee's cash flow hedge:					
Unrealized net holding loss arising during the period, net of tax	—	(0.1)	—	—	(0.1)
Other comprehensive loss	(34.1)	(34.1)	(19.3)	53.4	(34.1)
Total comprehensive loss	<u>\$ (114.9)</u>	<u>\$ (337.8)</u>	<u>\$ (234.3)</u>	<u>\$ 572.1</u>	<u>\$ (114.9)</u>

**Condensed Consolidating Balance Sheet  
As of June 30, 2020:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ —	\$ 413.1	\$ 84.9	\$ —	\$ 498.0
Restricted cash	—	—	10.4	—	10.4
Receivables, net	—	34.8	46.9	(11.0)	70.7
Other current assets	—	74.1	26.5	—	100.6
Total current assets	—	522.0	168.7	(11.0)	679.7
Investment in equity of subsidiaries	947.1	930.2	—	(1,877.3)	—
Property, net	—	1,805.7	611.8	—	2,417.5
Operating lease right-of-use assets, net	—	3,327.1	1,228.2	—	4,555.3
Intangible assets, net	—	120.9	53.4	—	174.3
Intercompany advances	2,911.9	(2,543.8)	(368.1)	—	—
Goodwill	(2.1)	1,949.8	1,040.7	—	2,988.4
Deferred tax asset, net	—	—	0.6	—	0.6
Other long-term assets	32.6	298.1	125.1	—	455.8
Total assets	<u>\$ 3,889.5</u>	<u>\$ 6,410.0</u>	<u>\$ 2,860.4</u>	<u>\$ (1,888.3)</u>	<u>\$ 11,271.6</u>
<b>Liabilities and Stockholders' Equity</b>					
Current liabilities:					
Accounts payable	\$ —	\$ 256.6	\$ 190.6	\$ (11.1)	\$ 436.1
Accrued expenses and other liabilities	55.7	110.3	91.4	0.1	257.5
Deferred revenues and income	—	321.9	84.2	—	406.1
Current maturities of corporate borrowings	20.0	—	—	—	20.0
Current maturities of finance lease liabilities	—	5.7	4.3	—	10.0
Current maturities of operating lease liabilities	—	453.0	128.5	—	581.5
Total current liabilities	75.7	1,147.5	499.0	(11.0)	1,711.2
Corporate borrowings	5,389.2	—	108.8	—	5,498.0
Finance lease liabilities	—	13.5	70.4	—	83.9
Operating lease liabilities	—	3,550.6	1,193.8	—	4,744.4
Exhibitor services agreement	—	546.3	—	—	546.3
Deferred tax liability, net	—	32.1	11.1	—	43.2
Other long-term liabilities	—	172.9	47.1	—	220.0
Total liabilities	5,464.9	5,462.9	1,930.2	(11.0)	12,847.0
Stockholders' equity (deficit)	(1,575.4)	947.1	930.2	(1,877.3)	(1,575.4)
Total liabilities and stockholders' equity	<u>\$ 3,889.5</u>	<u>\$ 6,410.0</u>	<u>\$ 2,860.4</u>	<u>\$ (1,888.3)</u>	<u>\$ 11,271.6</u>

**Condensed Consolidating Balance Sheet  
As of December 31, 2019:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 0.3	\$ 94.9	\$ 169.8	\$ —	\$ 265.0
Restricted cash	—	—	10.5	—	10.5
Receivables, net	—	160.1	104.0	(9.9)	254.2
Other current assets	—	108.5	34.9	—	143.4
Total current assets	0.3	363.5	319.2	(9.9)	673.1
Investment in equity of subsidiaries	452.6	1,962.8	—	(2,415.4)	—
Property, net	—	1,969.3	679.9	—	2,649.2
Operating lease right-of-use assets, net	—	3,491.8	1,304.2	—	4,796.0
Intangible assets, net	—	130.6	64.7	—	195.3
Intercompany advances	5,488.0	(5,097.7)	(390.3)	—	—
Goodwill	(2.1)	3,074.7	1,716.5	—	4,789.1
Deferred tax asset, net	—	—	70.1	—	70.1
Other long-term assets	47.4	328.0	127.6	—	503.0
Total assets	<u>\$ 5,986.2</u>	<u>\$ 6,223.0</u>	<u>\$ 3,891.9</u>	<u>\$ (2,425.3)</u>	<u>\$ 13,675.8</u>
<b>Liabilities and Stockholders' Equity</b>					
Current liabilities:					
Accounts payable	\$ —	\$ 382.8	\$ 170.5	\$ (10.0)	\$ 543.3
Accrued expenses and other liabilities	18.6	184.0	121.9	0.1	324.6
Deferred revenues and income	—	348.9	100.3	—	449.2
Current maturities of corporate borrowings	20.0	—	—	—	20.0
Current maturities of finance lease liabilities	—	5.3	5.0	—	10.3
Current maturities of operating lease liabilities	—	449.5	136.3	—	585.8
Total current liabilities	38.6	1,370.5	534.0	(9.9)	1,933.2
Corporate borrowings	4,733.4	—	—	—	4,733.4
Finance lease obligations	—	13.9	75.7	—	89.6
Operating lease liabilities	—	3,666.8	1,247.0	—	4,913.8
Exhibitor services agreement	—	549.7	—	—	549.7
Deferred tax liability, net	—	26.8	19.2	—	46.0
Other long-term liabilities	—	142.7	53.2	—	195.9
Total liabilities	4,772.0	5,770.4	1,929.1	(9.9)	12,461.6
Stockholders' equity	1,214.2	452.6	1,962.8	(2,415.4)	1,214.2
Total liabilities and stockholders' equity	<u>\$ 5,986.2</u>	<u>\$ 6,223.0</u>	<u>\$ 3,891.9</u>	<u>\$ (2,425.3)</u>	<u>\$ 13,675.8</u>

**Condensed Consolidating Statement of Cash Flows  
Six Months Ended June 30, 2020:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	\$ 46.7	\$ (448.6)	\$ (14.0)	\$ —	\$ (415.9)
Cash flows from investing activities:					
Capital expenditures	—	(81.8)	(44.9)	—	(126.7)
Proceeds from disposition of long-term assets	—	3.4	0.3	—	3.7
Investments in non-consolidated entities, net	—	—	(9.3)	—	(9.3)
Other, net	—	0.8	—	—	0.8
Net cash used in investing activities	—	(77.6)	(53.9)	—	(131.5)
Cash flows from financing activities:					
Proceeds from issuance of First Lien Notes due 2025	490.0	—	—	—	490.0
Borrowings under revolving credit facilities	213.2	—	109.6	—	322.8
Scheduled principal payments under Term Loans	(10.0)	—	—	—	(10.0)
Principal payments under finance lease obligations	—	(1.3)	(1.0)	—	(2.3)
Cash used to pay deferred financing costs	(9.3)	—	—	—	(9.3)
Cash used to pay dividends	(4.3)	—	—	—	(4.3)
Taxes paid for restricted unit withholdings	(1.0)	—	—	—	(1.0)
Change in intercompany advances	(684.6)	804.2	(119.6)	—	—
Net cash provided by financing activities	(6.0)	802.9	(11.0)	—	785.9
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(41.0)	41.5	(6.1)	—	(5.6)
Net increase (decrease) in cash and cash equivalents and restricted cash	(0.3)	318.2	(85.0)	—	232.9
Cash and cash equivalents and restricted cash at beginning of period	0.3	94.9	180.3	—	275.5
Cash and cash equivalents and restricted cash at end of period	\$ —	\$ 413.1	\$ 95.3	\$ —	\$ 508.4

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**Condensed Consolidating Statement of Cash Flows  
Six Months Ended June 30, 2019:**

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	\$ 238.9	\$ (135.9)	\$ 50.6	\$ —	\$ 153.6
Cash flows from investing activities:					
Capital expenditures	—	(159.6)	(70.3)	—	(229.9)
Acquisition of theatre assets	—	(11.8)	—	—	(11.8)
Proceeds from disposition of long-term assets	—	6.0	15.3	—	21.3
Investments in non-consolidated entities, net	—	(0.1)	—	—	(0.1)
Other, net	—	(0.8)	—	—	(0.8)
Net cash used in investing activities	—	(166.3)	(55.0)	—	(221.3)
Cash flows from financing activities:					
Proceeds from issuance of Term Loan due 2026	1,990.0	—	—	—	1,990.0
Payment of principal Senior Secured Notes due 2023	(230.0)	—	—	—	(230.0)
Payment of principal Senior Subordinated Notes due 2022	(375.0)	—	—	—	(375.0)
Call premiums paid for Senior Secured Notes due 2023 and Senior Subordinated Notes due 2022	(15.9)	—	—	—	(15.9)
Principal payments under Term Loans due 2022 and 2023	(1,338.5)	—	—	—	(1,338.5)
Repayments under revolving credit facilities	—	—	(12.0)	—	(12.0)
Scheduled principal payments under Term Loans	(11.9)	—	—	—	(11.9)
Principal payments under finance lease obligations	—	(3.6)	(2.5)	—	(6.1)
Cash used to pay debt financing fees	(11.2)	—	—	—	(11.2)
Cash used to pay dividends	(42.6)	—	—	—	(42.6)
Taxes paid for restricted unit withholdings	(1.3)	—	—	—	(1.3)
Change in intercompany advances	(203.3)	227.7	(24.4)	—	—
Net cash provided by (used in) financing activities	(239.7)	224.1	(38.9)	—	(54.5)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	0.8	(0.4)	(1.0)	—	(0.6)
Net increase (decrease) in cash and cash equivalents and restricted cash	(0.0)	(78.5)	(44.3)	—	(122.8)
Cash and cash equivalents and restricted cash at beginning of period	0.3	177.7	146.0	—	324.0
Cash and cash equivalents and restricted cash at end of period	\$ 0.3	\$ 99.2	\$ 101.7	\$ —	\$ 201.2

## **NOTE 14—SUBSEQUENT EVENTS**

### **Senior Subordinated Debt Exchange Offer**

On July 31, 2020, the Company closed its previously announced private offers to exchange (the “Exchange Offers”) any and all of its outstanding 6.375% Senior Subordinated Notes due 2024, 5.75% Senior Subordinated Notes due 2025, 5.875% Senior Subordinated Notes due 2026 and 6.125% Senior Subordinated Notes due 2027 (together the “Existing Subordinated Notes”) for newly issued Second Lien Notes due 2026.

The Exchange Offers reduced the principal amounts of the Company’s debt by approximately \$555 million, which represented approximately 24.1% of the principal amount of the Existing Subordinated Notes. The Company raised \$300 million in additional cash from the issuance of First Lien Notes due 2026, prior to deducting discounts and cash premiums based on contract assumptions and estimates of \$36 million. Additionally, certain backstop purchasers of the First Lien Notes due 2026 that participated in the exchange offer received 5 million Class A common shares. The closing of the Exchange Offers also allowed the Company to extend maturities on approximately \$1.7 billion of debt to 2026, most of which was maturing in 2024 and 2025 previously. Interest due for the coming 12 to 18 months on the Second Lien Notes due 2026 is expected to be paid all or in part on an in-kind basis, thereby generating a further near-term cash savings for the Company of between approximately \$120 million and \$180 million.

In connection with the Exchange Offers, the Company also received consents (the “Consent Solicitations”) from eligible holders of the Existing Subordinated Notes to amend the indentures governing the Existing Subordinated Notes to among other things, (i) release the existing subsidiary guarantees of the Existing Subordinated Notes, (ii) eliminate substantially all of the restrictive covenants, certain affirmative covenants and certain events of default contained in the indentures governing the Existing Subordinated Notes, and (iii) makes other conforming changes to internally conform to certain proposed amendments.

Under ASC 840-470-60, Troubled Debt Restructurings by Debtors, the Company believes the exchange of approximately \$2,017.5 million principal amount of its senior subordinated notes for approximately \$1,462.3 million principal amount of second lien secured debt will represent a troubled debt restructuring (“TDR”) as the Company was experiencing financial difficulties and the lenders granted a concession. The Company does not expect the TDR will result in a gain recognition, a new effective interest rate will be established based on the carrying value of the senior subordinated notes and the Company expects new fees paid to third parties of approximately \$29.7 million will be expensed. The Company is currently evaluating the impact on its consolidated financial statements.

### **Second Lien Notes due 2026**

In connection with the Exchange Offers, the Company issued the new Second Lien Notes due 2026 in exchange for the Existing Subordinated Notes. Interest due for the coming 12 to 18 months on the Second Lien Notes due 2026 is expected to be paid all or in part on an in-kind basis pursuant to the terms of the Second Lien Notes due 2026.

The Second Lien Notes due 2026 are fully and unconditionally guaranteed on a joint and several basis by each of the Company’s subsidiaries that currently guarantee its obligations under the Company’s Senior Secured Credit Facilities. The Second Lien Notes due 2026 are secured by a second-priority lien on substantially all of the tangible and intangible assets owned by the Company and the guarantor subsidiaries that secure obligations under the Senior Secured Credit Facilities (“Collateral”). The Second Lien Notes due 2026 are subordinated in right of payment to all indebtedness of the Company that is secured by a first-priority lien on the Collateral.

### **Incremental First Lien Notes due 2026**

In connection with the Exchange Offers, holders of the Existing Subordinated Notes purchased new and incremental 10.5% first lien secured notes due 2026 (the “Incremental First Lien Notes due 2026”), in an aggregate principal of \$200 million. Those providing a backstop commitment received their pro-rata share of 5 million shares of the Class A common stock, or 4.6% of AMC’s outstanding shares, worth \$20.2 million at the market closing price on July 31, 2020.

Separately, upon the closing of its private debt exchange, Silver Lake purchased from the Company \$100 million principal amount of Incremental First Lien Notes due 2026 of a separate series. The \$300 million in new funding is prior to deducting discounts and cash premiums based on contract assumptions and estimates of \$36 million.



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The Incremental First Lien Notes due 2026 are fully and unconditionally guaranteed on a joint and several basis by each of the Company's subsidiaries that currently guarantee its obligations under the Company's Senior Secured Credit Facilities. The Incremental First Lien Notes are secured by a first-priority lien on the Collateral.

**2.95% Senior Unsecured Convertible Notes due 2024**

Concurrently with the Exchange Offers, to obtain the consent of the holders of the Convertible Notes due 2024, the Company restructured \$600 million of Convertible Notes due 2024 issued in 2018 to Silver Lake and others pursuant to which the maturity of the Convertible Notes due 2024 were extended to May 1, 2026 and a first-priority lien on the collateral was granted to secure indebtedness thereunder.

**Senior Secured Credit Facility**

On July 31, 2020, the Company entered into an amendment with the administrative agent to the Senior Secured Credit Facility to add restrictive provisions arising under the terms of the Incremental First Lien Notes due 2026.

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

### Forward-Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "may," "will," "forecast," "estimate," "project," "intend," "plan," "expect," "should," "believe" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Examples of forward-looking statements include statements we make regarding the impact of COVID-19 and our liquidity. These forward-looking statements are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions and speak only as of the date on which it is made. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, including those discussed in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

- the impact of the COVID-19 virus on us, the motion picture exhibition industry, and the economy in general, including our response to the COVID-19 virus related to suspension of operations at our theatres, personnel reductions and other cost-cutting measures and measures to maintain necessary liquidity and increases in expenses relating to precautionary measures at our facilities to protect the health and well-being of our customers and employees;
- the manner, timing and amount of benefit we receive under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") or other applicable governmental benefits and support for which we are eligible domestically and internationally;
- risks relating to impairment losses, including with respect to goodwill and other intangibles, and theatre and other closure charges;
- risks relating to motion picture production and performance;
- our lack of control over distributors of films;
- intense competition in the geographic areas in which we operate;
- increased use of alternative film delivery methods including premium video on demand or other forms of entertainment;
- shrinking exclusive theatrical release windows;
- AMC Stubs® A-List may not meet anticipated revenue projections which could result in a negative impact upon operating results;
- general and international economic, political, regulatory, social and financial market conditions and other risks including the effects of the exit of the United Kingdom from the European Union;
- risks and uncertainties relating to our significant indebtedness, including our borrowing capacity under our revolving credit agreements;
- our ability to execute cost cutting and revenue enhancement initiatives as previously disclosed and in connection with response to COVID-19;
- limitations on the availability of capital may prevent us from deploying strategic initiatives;

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- certain covenants in the agreements that govern our indebtedness may limit our ability to take advantage of certain business opportunities;
- our ability to achieve expected synergies, benefits and performance from our strategic theatre acquisitions and strategic initiatives;
- our ability to refinance our indebtedness on terms favorable to us or at all;
- optimizing our theatre circuit through new construction and the transformation of our existing theatres may be subject to delay and unanticipated costs;
- failures, unavailability or security breaches of our information systems;
- our ability to utilize interest expense deductions may be limited annually due to Section 163(j) of the Tax Cuts and Jobs Act of 2017;
- our ability to recognize interest deduction carryforwards and net operating loss carryforwards to reduce our future tax liability;
- our ability to recognize certain international deferred tax assets which currently do not have a valuation allowance recorded;
- impact of the elimination of the calculation of USD LIBOR rates on our contracts indexed to USD LIBOR;
- review by antitrust authorities in connection with acquisition opportunities;
- risks relating to the incurrence of legal liability, including costs associated with recently filed securities class action lawsuits;
- dependence on key personnel for current and future performance and our ability to attract and retain senior executives and other key personnel, including in connection with any future acquisitions;
- risks of poor financial results may prevent us from deploying strategic initiatives;
- operating a business in international markets AMC is unfamiliar with, including acceptance by movie-goers of AMC initiatives that are new to those markets;
- increased costs in order to comply or resulting from failure to comply with governmental regulation, including the General Data Protection Regulation (“GDPR”), the California Consumer Privacy Act and pending future domestic privacy laws and regulations;
- geopolitical events, including the threat of terrorism or cyber-attacks, or widespread health emergencies, such as the novel coronavirus or other pandemics or epidemics, causing people to avoid our theatres or other public places where large crowds are in attendance;
- the ability to obtain suitable equity and/or debt financing and the continued availability of financing, in the amounts and on the terms necessary to support our future refinancing requirements and business; and
- other risks referenced from time to time in filings with the SEC.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative but not exhaustive. In addition, new risks and uncertainties may arise from time to time. Accordingly, all forward-looking statements should be evaluated with an understanding of their inherent uncertainty and we caution accordingly against relying on forward-looking statements.

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Readers are urged to consider these factors carefully in evaluating the forward-looking statements. For further information about these and other risks and uncertainties as well as strategic initiatives, see Item 1A. “Risk Factors” of Part II of this Form 10-Q and Item 1A. “Risk Factors,” and Item 1. “Business” in our Annual Report on Form 10-K for the year ended December 31, 2019, and our other public filings.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included herein are made only as of the date of this Quarterly Report on Form 10-Q, and we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### **Temporarily Suspended Operations**

As of or before March 17, 2020, we temporarily suspended all theatre operations in our U.S. markets and International markets in compliance with local, state, and federal governmental restrictions and recommendations on social gatherings to prevent the spread of COVID-19 and as a precaution to help ensure the health and safety of our guests and theatre staff. As a result of these temporarily suspended operations, our revenues and expenses for the three and six months ended June 30, 2020 are significantly lower than our revenues and expenses for the three and six months ended June 30, 2019. The theatre operations in the U.S. markets remained suspended for the entire second quarter of 2020. We resumed limited operations in the International markets in early June. As of June 30, 2020, we had resumed operations at 37 theatres in nine countries in our International markets and recorded attendance of 100,000 guests during the three months ended June 30, 2020. On July 23, 2020, we announced we are currently planning to reopen our U.S. movie theatres in mid to late August 2020. In International markets, as of the end of July 2020, we already have resumed operations in more than 130 theatres in all of the countries we serve in Europe and the Middle East.

### **Overview**

AMC is the world’s largest theatrical exhibition company and an industry leader in innovation and operational excellence. We operate theatres in 15 countries and are the market leader in nine of those.

Our theatrical exhibition revenues are generated primarily from box office admissions and theatre food and beverage sales. The balance of our revenues are generated from ancillary sources, including on-screen advertising, fees earned from our AMC Stubs® customer frequency membership program, rental of theatre auditoriums, income from gift card and exchange ticket sales, online ticketing fees and arcade games located in theatre lobbies. As of June 30, 2020, we owned, operated or had interests in 978 theatres and 10,833 screens.

### **Film Content**

Box office admissions are our largest source of revenue. We predominantly license “first-run” films from distributors owned by major film production companies and from independent distributors on a film-by-film and theatre-by-theatre basis. Film exhibition costs are accrued based on the applicable admissions revenues and estimates of the final settlement pursuant to our film licenses. Licenses that we enter into typically state that rental fees are based on aggregate terms established prior to the opening of the picture. In certain circumstances and less frequently, our rental fees are based on a mutually agreed settlement upon the conclusion of the picture. In certain circumstances and less frequently, our rental fees are established on a weekly basis for the coming week’s percentage forecast. Some European licenses use a per capita agreement instead, paying a flat amount per ticket, where the sum is agreed in advance of the film showing. Under an aggregate terms formula, we pay the distributor a specified percentage of box office gross or pay based on a scale of percentages tied to different amounts of box office gross, or in Europe, we pay based on the number of weeks since release. The settlement process allows for negotiation based upon how a film actually performs.

Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor’s films in any given year. Our results of operations may vary significantly from quarter to quarter and from year to year based on the timing and popularity of film releases.

## Movie Screens

During the six months ended June 30, 2020, we opened one new theatre with eight screens, added five additional screens to existing theatres, permanently closed 214 screens, temporarily closed 18 screens to install consumer experience upgrades and reopened 11 screens to install consumer experience upgrades.

The following table provides details of our theatre circuit by segment for the periods indicated:

Format	U.S. Markets		International Markets	
	Number of Screens As of June 30, 2020	Number of Screens As of June 30, 2019	Number of Screens As of June 30, 2020	Number of Screens As of June 30, 2019
IMAX®	188	188	35	30
Dolby Cinema™	150	138	5	3
Other Premium Large Format ("PLF")	55	51	71	66
Dine-in theatres	725	668	8	2
Premium seating	3,282	3,029	470	447

## Guest Amenities

We seek to upgrade the quality of our theatre circuit through substantial renovations featuring our seating concepts, acquisitions, new builds (including expansions), expansion of food and beverage offerings (including dine-in theatres), and by disposing of older screens through closures and sales.

**Recliner seating** is the key feature of theatre renovations, which drive a 34% increase in attendance, on average, at these locations in their first year post renovation. These renovations, in conjunction with capital contributions from our landlords, involve stripping theatres to their basic structure in order to replace finishes throughout, upgrade the sight and sound experience, install modernized points of sale and, most importantly, replace traditional theatre seats with plush, electric recliners that allow customers to deploy a leg rest and fully recline at the push of a button.

As of June 30, 2020, in our U.S. markets we now feature recliner seating in approximately 343 U.S. theatres, including Dine-in Theatres, totaling approximately 3,282 screens and representing 41.2% of total U.S. screens. In our International markets, we have recliner seating in approximately 74 International theatres, totaling approximately 470 screens and representing 16.4% of total International screens.

**Open-source internet ticketing** makes our AMC seats (over 1.1 million) in all our U.S. theatres and auditoriums, for all our showtimes as available as possible, on as many websites as possible. Our tickets are sold over the internet, directly or through mobile apps, at our own website and app, and other third-party ticketing vendors.

**Food and beverage** sales are our second largest source of revenue after box office admissions. Food and beverage items traditionally include popcorn, soft drinks, candy and hot dogs. Different varieties of food and beverage items are offered at our theatres based on preferences in the particular geographic region. Our traditional food and beverage strategy emphasizes prominent and appealing food and beverage offerings designed for rapid service and efficiency, including a customer friendly self-serve experience.

To address recent consumer trends, we have expanded our menu of enhanced food and beverage products to include made-to-order drinks and meals, customized coffee, healthy snacks, premium beers, wine and mixed drinks, flatbread pizzas, more varieties of hot dogs, four flavors of popcorn and other menu items. We operate 51 Dine-In Theatres in the U.S. and two Dine-In Theatres in Europe that deliver chef-inspired menus with seat-side or delivery service to luxury recliners with tables.

## Loyalty Programs and Other Marketing

In our U.S. markets, we begin the process of engagement with AMC Stubs® our customer loyalty program which allows members to earn rewards, receive discounts and participate in exclusive members-only offerings and services. It features a traditional paid tier called AMC Stubs Premiere™ for a \$15 annual membership fee and a non-

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paid tier called AMC Stubs Insider™. Both programs reward loyal guests for their patronage of AMC theatres. Rewards earned are redeemable on future purchases at AMC locations.

The portion of the admissions and food and beverage revenues attributed to the rewards is deferred as a reduction of admissions and food and beverage revenues and is allocated between admissions and food and beverage revenues based on expected member redemptions. Upon redemption, deferred rewards are recognized as revenues along with associated cost of goods. We estimate point breakage in assigning value to the points at the time of sale based on historical trends. The program's annual membership fee is allocated to the material rights for discounted or free products and services and is initially deferred, net of estimated refunds, and recognized as the rights are redeemed based on estimated utilization, over the one-year membership period in admissions, food and beverage, and other revenues. A portion of the revenues related to a material right are deferred as a virtual rewards performance obligation using the relative standalone selling price method and are recognized as the rights are redeemed or expire.

AMC Stubs® A-List is our monthly subscription-based tier of the AMC Stubs® loyalty program. This program offers guests admission to movies at AMC up to three times per week including multiple movies per day and repeat visits to already seen movies for \$19.95 to \$23.95 per month depending upon geographic market. AMC Stubs® A-List also includes premium offerings including IMAX®, Dolby Cinema™ at AMC, RealD, Prime and BigD. AMC Stubs® A-List members can book tickets on-line in advance and select specific seats at AMC Theatres with reserved seating.

As of June 30, 2020, we had more than 23,100,000 member households enrolled in AMC Stubs® A-List, AMC Stubs Premiere™ and AMC Stubs Insider™ programs, combined.

In our International markets, we currently have loyalty programs in the major territories in which we operate. The movie-goers can earn points for spending money at the theatre, and those points can be redeemed for tickets and concession items at a later date. Odeon currently has more than 8,700,000 members in these various loyalty programs. We are currently evaluating the Odeon loyalty programs to determine how best to reward our European movie-goers and heighten guest loyalty to drive additional attendance to Odeon theatres. The programs have been paused during the suspension of operations at all of our theatres.

Our marketing efforts are not limited to our loyalty programs as we continue to improve our customer connections through our website and mobile apps and expand our online and movie offerings. In select markets during 2019, we upgraded our mobile applications with the ability to order food and beverage offerings via our mobile applications while ordering tickets ahead of scheduled showtimes. Also, in 2019, we launched AMC Theatres On Demand, a new service where members of the AMC Stubs® loyalty program can rent or buy movies. We believe our competitive advantage of a robust and easy-to-use online and mobile presence combined with an effective loyalty program that provides better market intelligence to anticipate customers' future behavior should allow us to capture incremental share of both entertainment dollars and time.

#### **Critical Accounting Policies and Estimates**

**Long-lived Assets Impairments.** We evaluate indefinite-lived intangible assets for impairment annually or more frequently as specific events or circumstances dictate. We operate in a very competitive business environment and our revenues are highly dependent on movie content supplied by film producers. In addition, it is common for us to closely monitor certain locations where operating performance may not meet our expectations.

We review long-lived assets, including definite-lived intangible assets and theatre assets (including operating lease right-of-use assets) whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable. We identify impairments related to internal use software when management determines that the remaining carrying value of the software will not be realized through future use. We evaluate events or circumstances, including competition in the markets where we operate that would indicate the carrying value of theatre assets may not be fully recoverable. We evaluate theatres using historical and projected data of theatre level cash flow as our primary indicator of potential impairment and consider the seasonality of our business when making these evaluations. If an event or circumstance is identified indicating carrying value may not be recoverable, the sum of future undiscounted cash flows is compared to the carrying value. If carrying value exceeds the future undiscounted cash flows, the carrying value of the asset is reduced to fair value. Assets are evaluated for impairment on an individual theatre basis, which management believes is the lowest level for which there are identifiable cash flows. The fair value of assets is determined as either the expected selling price less selling costs (where appropriate) or the present value of the estimated future cash flows, adjusted as necessary for market participant factors.

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We recorded impairment charges primarily related to long-lived assets and definite lived intangible assets of \$0 and \$106.5 million during the six months ended June 30, 2020, respectively. There are a number of estimates and significant judgments that are made by management in performing these impairment evaluations. Such judgments and estimates include estimates of future attendance, revenues, rent relief, cost savings, cash flows, capital expenditures, and the cost of capital, among others. Attendance is expected to be significantly below historical levels for the first several months following reopening but is expected to increase as customers become more comfortable with the experience. We believe we have used reasonable and appropriate business judgments. There is considerable management judgment with respect to cash flow estimates and appropriate discount rates to be used in determining fair value, and, accordingly, actual results could vary significantly from such estimates, which fall under Level 3 within the fair value measurement hierarchy. These estimates determine whether impairments have been incurred, and quantify the amount of any related impairment charge. Given the nature of our business and our recent history, future impairments are possible and they may be material, based upon business conditions that are constantly changing and the competitive business environment in which we operate.

During the three and six months ended June 30, 2020, we recorded non-cash impairment of long-lived assets of \$0 and \$81.4 million on 57 theatres in the U.S. markets with 658 screens (in Alabama, Arkansas, California, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Washington, Wisconsin and Wyoming), respectively, and \$0 and \$9.9 million on 23 theatres in the International markets with 213 screens (in Germany, Italy, Spain, UK and Sweden), respectively. During the three and six months ended June 30, 2020, we recorded impairment losses related to definite-lived intangible assets of \$0 and \$8.0 million, respectively. In addition, we recorded an impairment loss of \$0 and \$7.2 million within investment expense (income), related to equity interest investments without a readily determinable fair value accounted for under the cost method during the three and six months ended June 30, 2020, respectively.

At March 31, 2020, we performed a quantitative impairment evaluation of our indefinite-lived intangible assets related to the AMC, Odeon and Nordic tradenames and recorded impairment charges of \$0 and \$5.9 million related to Odeon tradenames and \$0 and \$2.4 million related to Nordic for the three and six months ended June 30, 2020, respectively. To estimate fair value of our indefinite-lived trade names, we employed a derivation of the Income Approach known as the Royalty Savings Method. The Royalty Savings Method values an intangible asset by estimating the royalties saved through ownership of the asset. We applied royalty rates of 0.5% for AMC and Odeon tradenames and 1.0% for Nordic to the related theatre revenues on an after-tax basis using effective tax rates. Related cash flows were discounted at 12.5% for AMC and 14.0% for Odeon and Nordic.

**Goodwill.** We evaluate the goodwill recorded at our two reporting units (Domestic Theatres and International Theatres) for impairment annually as of the beginning of the fourth fiscal quarter or more frequently as specific events or circumstances dictate. Our market capitalization has been below carrying value since May 24, 2019.

In performing the Step 1 quantitative goodwill impairment test as of March 31, 2020, we used an enterprise value approach to measure fair value of the reporting units. The enterprise fair values of the Domestic Theatres and International Theatres reporting units were less than their carrying values and a goodwill impairment charge of \$1,124.9 million and \$619.4 million was recorded as of March 31, 2020 for our Domestic Theatres and International Theatres reporting units, respectively.

In accordance with ASC 350-20-35-30, we performed an assessment to determine whether there were any events or changes in circumstances that would warrant an interim ASC 350 impairment analysis as of June 30, 2020. Given the temporary suspension of operations during the second quarter of 2020, we performed a qualitative impairment test to evaluate whether it is more likely than not that the fair value of our two reporting units is less than their respective carrying amounts as of June 30, 2020. We compared key assumptions utilized in our quantitative analysis as of March 31, 2020 to those that existed as of the second quarter. Our considerations included changes during the quarter due to macroeconomic, industry, and entity specific factors. We also observed the increase in the Company's common stock price and the fair value of corporate borrowings as of June 30, 2020 in comparison to March 31, 2020 noting that our estimated fair value of our corporate borrowings and finance lease obligations represents approximately 74% of our market enterprise value. In considering the totality of the aforementioned factors, we have concluded that it is not more likely than not that the fair value of our two reporting units has been reduced below their respective carrying amounts. As a result, we concluded that an interim quantitative impairment test as of June 30, 2020 was not required.

The quantitative goodwill impairment test performed as of March 31, 2020 indicated our estimated enterprise

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fair value to our market enterprise value implied a premium of 22.7%.

We believe a significant reason for the difference in our market enterprise value as compared to our estimated enterprise fair value is due to a market participant acquisition premium. We believe a market participant acquisition premium is applicable and has been historically realized in our industry. In the event of an acquisition of control of our enterprise by another market participant, this premium for control would likely be realized in the form of increased revenue opportunities, lower costs, better working capital terms and lower cost of capital. We believe the uncertainty around the temporary suspension of our theatre operations during the COVID-19 pandemic and the behavior of the movie-going public after we resume operations is a significant reason for the difference in our market enterprise value as compared to our estimated enterprise fair value.

Key assumptions used in the quantitative impairment test performed at March 31, 2020 were as follows:

Description	March 31, 2020	
	Domestic Theatres	International Theatres
Income approach:		
Weighted average cost of capital/discount rate	11.5%	13.0%
Long-term growth rate	2.0%	2.0%

While the fair values of our reporting units approximate their respective carrying values at the present time, the performance of the reporting units may require improvement in future periods to maintain this level. Declines in the operating performance of our Domestic and International Theatres, further declines in the fair value of our debt, further declines in the trading price of our Class A common stock, small changes in certain key input assumptions, and/or other events or circumstances could occur and could have a significant impact on the estimated fair values. Examples of adverse events or circumstances that could change include (i) the ultimate duration of the COVID-19 pandemic and the prolonged temporary suspension of our theatre operations as well as the behavior of the movie-going public after we resume operations; (ii) an adverse change in macroeconomic conditions; (iii) increased cost factors that have a negative effect on our earnings and cash flows; (iv) negative or overall declining financial performance compared with our actual and projected results of relevant prior periods; (v) further declines in the fair value of our debt, and (vi) a further sustained decrease in our share price. A future impairment could result for a portion of the goodwill, long-lived assets or intangible assets. Any impairment charges that we may take in the future could be material to our results of operations and financial condition.

#### Significant Event

**Stock Buyback Program.** On February 27, 2020, we announced that our Board of Directors had authorized a \$200.0 million Company share buyback program to repurchase up to \$200.0 million of our Class A common stock over a three-year period.

Repurchases may be made at management's discretion from time to time through open-market transactions including block purchases, through privately negotiated transactions, or otherwise over the next three years in accordance with all applicable securities laws and regulations. The extent to which AMC repurchases its shares, and the timing of such repurchases, will depend upon a variety of factors, including liquidity, capital needs of the business, market conditions, regulatory requirements, and other corporate considerations, as determined by AMC's management team. Repurchases may or may not be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when our management might otherwise be precluded from doing so under insider trading laws. The repurchase program does not obligate us to repurchase any minimum dollar amount or number of shares and may be suspended for periods or discontinued at any time. Since April 24, 2020, we are prohibited from making purchases under our recently authorized stock repurchase program in accordance with the covenant suspension conditions in our Senior Secured Credit Agreement.

**Exchange Offers.** On July 31, 2020, we closed our previously announced exchange offer and reduced the principal amount of our senior subordinated notes by approximately \$555 million. We raised \$300 million in additional cash from incremental first lien financing, prior to deducting discounts and cash premiums based on contract assumptions and estimates of \$36 million. Additionally, certain backstop purchasers in the first lien notes offering that participated in the exchange offer received 5 million Class A common shares. The closing of the exchange offer also



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allowed us to change maturities on approximately \$1.7 billion of debt to 2026, most of which was maturing in 2024 and 2025 previously. Interest due for the coming 12 to 18 months on the Second Lien Notes due 2026 is expected to be paid all or in part on an in-kind basis, thereby generating a further near-term cash savings for us of between approximately \$120 million and \$180 million. See Note 14— Subsequent Events in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information.

Under ASC 840-470-60, Troubled Debt Restructurings by Debtors, we believe the exchange of approximately \$2,017.5 million principal amount of our senior subordinated notes for approximately \$1,462.3 million principal amount of second lien secured debt will represent a troubled debt restructuring (“TDR”) as we were experiencing financial difficulties and the lenders granted a concession. We do not expect the TDR will result in a gain recognition, a new effective interest rate will be established based on the carrying value of the senior subordinated notes and we expect new fees paid to third parties of approximately \$29.7 million will be expensed. We are currently evaluating the impact on our consolidated financial statements.

## Operating Results

The following table sets forth our consolidated revenues, operating costs and expenses.

(In millions)	Three Months Ended			Six Months Ended		
	June 30, 2020	June 30, 2019	% Change	June 30, 2020	June 30, 2019	% Change
<b>Revenues</b>						
Admissions	\$ 0.9	\$ 895.5	(99.9)%	\$ 568.9	\$ 1,627.0	(65.0)%
Food and beverage	0.4	492.5	(99.9)%	288.5	861.3	(66.5)%
Other theatre	17.6	118.1	(85.1)%	103.0	218.2	(52.8)%
Total revenues	<u>\$ 18.9</u>	<u>\$ 1,506.1</u>	<u>(98.7)%</u>	<u>\$ 960.4</u>	<u>\$ 2,706.5</u>	<u>(64.5)%</u>
<b>Operating Costs and Expenses</b>						
Film exhibition costs	\$ 0.2	\$ 482.5	(100.0)%	\$ 271.9	\$ 847.8	(67.9)%
Food and beverage costs	4.5	76.4	(94.1)%	57.9	137.9	(58.0)%
Operating expense, excluding depreciation and amortization below	114.8	437.4	(73.8)%	471.7	840.2	(43.9)%
Rent	224.1	245.9	(8.9)%	461.9	487.9	(5.3)%
General and administrative:						
Merger, acquisition and other costs	1.8	3.2	(43.8)%	2.0	6.5	(69.2)%
Other, excluding depreciation and amortization below	25.4	43.2	(41.2)%	58.6	89.4	(34.5)%
Depreciation and amortization	119.7	112.0	6.9 %	242.2	225.0	7.6 %
Impairment of long-lived assets, indefinite-lived intangible assets and goodwill	—	—	* %	1,851.9	—	* %
Operating costs and expenses	<u>490.5</u>	<u>1,400.6</u>	<u>(65.0)%</u>	<u>3,418.1</u>	<u>2,634.7</u>	<u>29.7 %</u>
Operating income (loss)	<u>(471.6)</u>	<u>105.5</u>	<u>* %</u>	<u>(2,457.7)</u>	<u>71.8</u>	<u>* %</u>
Other expense (income):						
Other expense (income):	(6.6)	(23.4)	(71.8)%	20.3	6.4	* %
Interest expense:						
Corporate borrowings	79.6	74.2	7.3 %	150.9	145.5	3.7 %
Finance lease obligations	1.5	2.1	(28.6)%	3.1	4.2	(26.2)%
Non-cash NCM exhibitor service agreement	10.1	10.1	— %	20.0	20.3	(1.5)%
Equity in (earnings) loss of non-consolidated entities	12.4	(10.2)	* %	15.3	(16.7)	* %
Investment expense (income)	(1.3)	(2.1)	(38.1)%	8.1	(18.2)	* %
Total other expense, net	<u>95.7</u>	<u>50.7</u>	<u>88.8 %</u>	<u>217.7</u>	<u>141.5</u>	<u>53.9 %</u>
Earnings (loss) before income taxes	<u>(567.3)</u>	<u>54.8</u>	<u>* %</u>	<u>(2,675.4)</u>	<u>(69.7)</u>	<u>* %</u>
Income tax provision (benefit)	(6.1)	5.4	* %	62.1	11.1	* %
Net earnings (loss)	<u>\$ (561.2)</u>	<u>\$ 49.4</u>	<u>* %</u>	<u>\$ (2,737.5)</u>	<u>\$ (80.8)</u>	<u>* %</u>

\* Percentage change in excess of 100%

Operating Data:	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Screen additions	—	16	13	37
Screen acquisitions	—	64	—	64
Screen dispositions	140	36	214	104
Construction openings (closures), net	—	(3)	(7)	(52)
Average screens (1)	60	10,675	4,467	10,679
Number of circuit screens	10,833	11,036	10,833	11,036
Number of circuit theatres	978	1,004	978	1,004
Screens per theatre	11.1	11.0	11.1	11.0
Attendance (in thousands) (1)	100	96,955	60,595	176,780

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(1) Includes consolidated theatres only and excludes screens offline due to construction and temporary suspension of operations as consequence of the COVID-19 pandemic.



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(In millions)	U.S. Markets		International Markets		Consolidated	
	Six Months Ended		Six Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Admissions	\$ 389.1	\$ 1,196.1	\$ 179.8	\$ 430.9	\$ 568.9	\$ 1,627.0
Food and beverage	216.6	688.7	71.9	172.6	288.5	861.3
Other theatre	71.3	143.6	31.7	74.6	103.0	218.2
Total revenues	677.0	2,028.4	283.4	678.1	960.4	2,706.5
<b>Operating Costs and Expenses</b>						
Film exhibition costs	198.7	667.5	73.2	180.3	271.9	847.8
Food and beverage costs	38.2	99.0	19.7	38.9	57.9	137.9
Operating expense	331.3	606.5	140.4	233.7	471.7	840.2
Rent	339.2	356.2	122.7	131.7	461.9	487.9
General and administrative expense:						
Merger, acquisition and other costs	2.0	3.5	—	3.0	2.0	6.5
Other	31.1	52.5	27.5	36.9	58.6	89.4
Depreciation and amortization	183.4	167.9	58.8	57.1	242.2	225.0
Impairment of long-lived assets, indefinite-lived intangible assets and goodwill	1,214.3	—	637.6	—	1,851.9	—
Operating costs and expenses	2,338.2	1,953.1	1,079.9	681.6	3,418.1	2,634.7
Operating income (loss)	(1,661.2)	75.3	(796.5)	(3.5)	(2,457.7)	71.8
Other expense (income):						
Other expense (income)	25.6	6.1	(5.3)	0.3	20.3	6.4
Interest expense:						
Corporate borrowings	148.7	144.1	2.2	1.4	150.9	145.5
Finance lease obligations	0.7	1.4	2.4	2.8	3.1	4.2
Non-cash NCM exhibitor service agreement	20.0	20.3	—	—	20.0	20.3
Equity in (earnings) loss of non-consolidated entities (1)	13.3	(16.0)	2.0	(0.7)	15.3	(16.7)
Investment expense (income)	8.2	(5.3)	(0.1)	(12.9)	8.1	(18.2)
Total other expense (income), net	216.5	150.6	1.2	(9.1)	217.7	141.5
Earnings (loss) before income taxes	(1,877.7)	(75.3)	(797.7)	5.6	(2,675.4)	(69.7)
Income tax provision	1.5	9.3	60.6	1.8	62.1	11.1
Net earnings (loss)	\$ (1,879.2)	\$ (84.6)	\$ (858.3)	\$ 3.8	\$ (2,737.5)	\$ (80.8)

Segment Operating Data:	U.S. Markets		International Markets		Consolidated	
	Six Months Ended		Six Months Ended		Six Months Ended	
	June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019
Screen additions	11	21	2	16	13	37
Screen acquisitions	—	64	—	—	—	64
Screen dispositions	138	51	76	53	214	104
Construction openings (closures), net	—	(41)	(7)	(11)	(7)	(52)
Average screens (1)	3,333	8,003	1,134	2,676	4,467	10,679
Number of screens operated	7,967	8,107	2,866	2,929	10,833	11,036
Number of theatres operated	620	639	358	365	978	1,004
Screens per theatre	12.9	12.7	8.0	8.0	11.1	11.0
Attendance (in thousands) (1)	39,669	126,879	20,926	49,901	60,595	176,780

(1) Includes consolidated theatres only and excludes screens offline due to construction and temporary suspension of operations as consequence of the COVID-19 pandemic.

## Adjusted EBITDA

We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as net earnings (loss) plus (i) income tax provision (benefit), (ii) interest expense and (iii) depreciation and amortization, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance and to include attributable EBITDA from equity investments in theatre operations in International markets and any cash distributions of earnings from other equity method investees. These further adjustments are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA decreased \$577.9 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. Adjusted EBITDA in U.S. markets decreased \$443.7 million, primarily due to the decrease in attendance largely attributable to the temporary suspension of operations as consequence of the COVID-19 pandemic, partially offset by a decrease in general and administrative expenses, decrease in operating expenses due to the decrease in attendance and an increase in cash distributions from equity method investees. Adjusted EBITDA in International markets decreased \$134.2 million primarily due to the decreases in attendance, partially offset by decreases in operating expenses due to the decrease in attendance and increases in governmental assistance for COVID-19.

Adjusted EBITDA decreased \$683.0 million during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Adjusted EBITDA in U.S. markets decreased \$524.9 million, primarily due to the decrease in attendance largely attributable to the temporary suspension of operations as a consequence of the COVID-19 pandemic, partially offset by a decrease in general and administrative expenses and a decrease in operating expenses due to the decrease in attendance. Adjusted EBITDA in International markets decreased \$158.1 million primarily due to the decreases in attendance, partially offset by a decrease in operating expenses due to the decrease in attendance and increases in governmental assistance for COVID-19.

The following tables set forth our Adjusted EBITDA by reportable operating segment and our reconciliation of Adjusted EBITDA:

Adjusted EBITDA (In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
U.S. markets	\$ (241.6)	\$ 202.1	\$ (245.4)	\$ 279.5
International markets	(98.7)	35.5	(91.8)	66.3
Total Adjusted EBITDA	<u>\$ (340.3)</u>	<u>\$ 237.6</u>	<u>\$ (337.2)</u>	<u>\$ 345.8</u>

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(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net earnings (loss)	\$ (561.2)	\$ 49.4	\$ (2,737.5)	\$ (80.8)
Plus:				
Income tax provision (benefit) (1)	(6.1)	5.4	62.1	11.1
Interest expense	91.2	86.4	174.0	170.0
Depreciation and amortization	119.7	112.0	242.2	225.0
Impairment of long-lived assets, indefinite-lived intangible assets and goodwill (2)	—	—	1,851.9	—
Certain operating expenses (3)	(1.5)	2.3	0.6	4.8
Equity in (earnings) loss of non-consolidated entities (4)	12.4	(10.2)	15.3	(16.7)
Cash distributions from non-consolidated entities (5)	6.1	1.8	13.7	12.3
Attributable EBITDA (6)	0.6	2.0	0.5	2.9
Investment expense (income)	(1.3)	(2.1)	8.1	(18.2)
Other expense (income) (7)	(1.9)	(23.8)	25.0	6.1
Other non-cash rent (8)	(3.8)	5.8	(1.5)	13.4
General and administrative — unallocated:				
Merger, acquisition and other costs (9)	1.8	3.2	2.0	6.5
Stock-based compensation expense (10)	3.7	5.4	6.4	9.4
Adjusted EBITDA	\$ (340.3)	\$ 237.6	\$ (337.2)	\$ 345.8

- (1) For information on income tax provision, see Note 8—Income Taxes in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q.
- (2) During the six months ended June 30, 2020, we recorded non-cash impairment charges of \$1,124.9 million and \$619.4 million related to the enterprise fair values of our Domestic Theatres and International Theatres reporting units, respectively. We recorded non-cash impairment charges related to our long-lived assets of \$81.4 million on 57 theatres in the U.S. markets with 658 screens which were related to property, net, operating lease right-of-use assets, net and other long-term assets and \$9.9 million on 23 theatres in the International markets with 213 screens which were related to property, net and operating lease right-of-use assets, net, during the six months ended June 30, 2020. We recorded non-cash impairment charges related to our indefinite-lived intangible assets of \$5.9 million and \$2.4 million related to the Odeon and Nordic tradenames, respectively, during the six months ended June 30, 2020. We also recorded non-cash impairment charges of \$8.0 million related to our definite-lived intangible assets.
- (3) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses included in operating expenses. We have excluded these items as they are non-cash in nature or are non-operating in nature.
- (4) Equity in (earnings) loss of non-consolidated entities was primarily due to equity in loss from DCIP of \$9.7 million for the three months ended June 30, 2020, compared to equity in earnings from DCIP of \$9.0 million for the three months ended June 30, 2019. Equity in (earnings) loss of non-consolidated entities was primarily due to equity in loss from DCIP of \$11.6 million for the six months ended June 30, 2020, compared to equity in earnings from DCIP of \$14.6 million for the six months ended June 30, 2019.
- (5) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. We believe including cash distributions is an appropriate reflection of the contribution of these investments to our operations.
- (6) Attributable EBITDA includes the EBITDA from equity investments in theatre operators in certain International markets. See below for a reconciliation of our equity (earnings) loss of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where we hold a significant market share, we believe attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. We also provide services to these theatre operators including information technology systems, certain on-screen advertising services and our gift card and package ticket program.

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(In millions)	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Equity in (earnings) loss of non-consolidated entities	\$ 12.4	\$ (10.2)	\$ 15.3	\$ (16.7)
Less:				
Equity in (earnings) loss of non-consolidated entities excluding International theatre joint ventures	12.2	(9.8)	14.3	(15.8)
Equity in earnings (loss) of International theatre joint ventures	(0.2)	0.4	(1.0)	0.9
Income tax provision (benefit)	—	0.1	(0.1)	0.1
Investment income	—	(0.3)	(0.2)	(0.5)
Interest expense	—	0.1	—	0.1
Depreciation and amortization	0.7	1.7	1.5	2.3
Other expense	0.1	—	0.3	—
Attributable EBITDA	<u>\$ 0.6</u>	<u>\$ 2.0</u>	<u>\$ 0.5</u>	<u>\$ 2.9</u>

- (7) Other income for the three months ended June 30, 2020 compared to three months ended June 30, 2019 decreased \$21.9 million. For the three months ended June 30, 2019, we recorded a gain of \$33.9 million related to the change in fair value of our derivative liability for the embedded conversion feature in the our Convertible Notes due 2024, partially offset by the loss on repayment of indebtedness of \$16.6 million. Other expense for the six months ended June 30, 2020 compared to six months ended June 30, 2019 increased \$18.9 million, primarily due to the decrease in the gain recorded for the change in fair value of our derivative liability for the embedded conversion feature in our Convertible Notes due 2024 of \$20.1 million, credit losses related to contingent lease guarantees of \$9.2 million, and loss due to the change in the fair value of our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$5.7 million. For the six months ended June 30, 2019, we recorded a loss on repayment of indebtedness of \$16.6 million. See Note 1—Basis of Presentation in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information about other expense (income).
- (8) Reflects amortization expense for certain intangible assets reclassified from depreciation and amortization to rent expense due to the adoption of ASC 842 and deferred rent benefit related to the impairment of right-of-use operating lease assets.
- (9) Merger, acquisition and other costs are excluded as they are non-operating in nature.
- (10) Non-cash expense included in general and administrative: other.

Adjusted EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net earnings (loss) as an indicator of operating performance (as determined in accordance with U.S. GAAP). Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We have included Adjusted EBITDA because we believe it provides management and investors with additional information to measure our performance and estimate our value.

Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under U.S. GAAP. For example, Adjusted EBITDA:

- does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;
- excludes income tax payments that represent a reduction in cash available to us; and
- does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future.



## Segment Information

Our historical results of operations for the three and six months ended June 30, 2020 and June 30, 2019, respectively, reflect the results of operations for our two Theatrical Exhibition reportable segments, U.S. markets and International markets.

### Results of Operations— For the Three Months Ended June 30, 2020 Compared to the Three Months Ended June 30, 2019

#### Condensed Consolidated Results of Operations

**Revenues.** Total revenues decreased 98.7%, or \$1,487.2 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. Admissions revenues decreased 99.9%, or \$894.6 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due a 99.9% decrease in attendance. The decrease in attendance was primarily due to the temporary suspension of operations at all our theatres in U.S. markets and International markets on or before March 17, 2020. During the latter part of the current quarter, we reopened and operated 37 theatres with 359 screens in 9 different countries in our International markets.

Food and beverage revenues decreased 99.9%, or \$492.1 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to the decrease in attendance.

Total other theatre revenues decreased 85.1%, or \$100.5 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to decreases in ticket fees, income from gift cards and package tickets and screen advertising due to the decrease in attendance.

**Operating costs and expenses.** Operating costs and expenses decreased \$910.1 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 primarily due to the decrease in attendance and a decrease in average screens operated. Film exhibition costs decreased 100.0%, or \$482.3 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to the decrease in admissions revenues. As a percentage of admissions revenues, film exhibition costs were not meaningful due to the low level of admissions revenues for the three months ended June 30, 2020 and were 53.9% for the three months ended June 30, 2019.

Food and beverage costs decreased 94.1%, or \$71.9 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. The decrease in food and beverage costs was primarily due to the decrease in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were not meaningful for the three months ended June 30, 2020 due to the low level of food and beverage revenues and were 15.5% for the three months ended June 30, 2019. Food and beverage costs included \$4.5 million of charges for obsolete inventory during the three months ended June 30, 2020 due to the suspension of theatre operations.

As a percentage of revenues, operating expense was not meaningful for the three months ended June 30, 2020 due to the low level of revenues and the fixed nature of certain operating expenses and was 29.0% for the three months ended June 30, 2019. Rent expense decreased 8.9%, or \$21.8 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 due primarily to declines in deferred rent expense due to the impairment of right of use assets in calendar 2019 and 2020, cash rent abatements from landlords, declines in percentage rentals due to the decline in revenues and declines in common area maintenance charges. See Note 2—Leases in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information on the impact of Covid-19 on leases.

**Merger, acquisition and other costs.** Merger, acquisition and other costs were \$1.8 million during the three months ended June 30, 2020 compared to \$3.2 million during the three months ended June 30, 2019, primarily due to a decline in merger related activities.

**Other.** Other general and administrative expense decreased 41.2% or \$17.8 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to decreases in bonus expense and decreases in salaries as a result of our furlough program that began in March of 2020 and continued throughout the three months ended June 30, 2020.

**Depreciation and amortization.** Depreciation and amortization increased 6.9% or \$7.7 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to recent capital expenditures, partially offset by lower depreciation expense on theatres impaired in calendar 2019 and 2020.

**Other expense (income).** Other income of \$6.6 million during the three months ended June 30, 2020 was primarily due to the increase in fair value of our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$6.4 million, international government assistance related to COVID-19 of \$4.4 million and \$2.0 million of international foreign currency transaction gains, offset by estimated credit losses related to contingent lease guarantees of \$3.9 million and \$2.8 million of third party financing costs related to an ongoing debt restructuring. During the three months ended June 30, 2019, other income of \$23.4 million was primarily due to \$33.9 million of income related to the decrease in the fair value of our derivative liability for the embedded conversion feature in our Convertible Notes due 2024 and \$7.1 million of income related to the increase in the fair value our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement, offset by \$16.6 million of expense related to the repayment of indebtedness. See Note 1—The Company and Significant Accounting Policies in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for additional information about the components of other expense.

**Interest expense.** Interest expense increased \$4.8 million to \$91.2 million for the three months ended June 30, 2020 compared to \$86.4 million during the three months ended June 30, 2019 primarily due to the issuance of \$500 million of 10.5% First Lien Notes due 2025 on April 24, 2020 and borrowings under revolving credit facilities of approximately \$325.0 million during the three months ended March 31, 2020 that remained outstanding as of June 30, 2020.

**Equity in (earnings) loss of non-consolidated entities.** Equity in loss of non-consolidated entities were \$12.4 million for the three months ended June 30, 2020 compared to \$(10.2) million for the three months ended June 30, 2019. The decrease in equity in earnings of \$22.6 million was primarily due to decreases in equity in earnings from DCIP of \$18.2 million as a result of accelerated depreciation charges for digital projectors during the three months ended June 30, 2020 and lower revenues due to the closure of theatres.

**Investment income.** Investment income was \$1.3 million for the three months ended June 30, 2020 compared to investment income of \$2.1 million for the three months ended June 30, 2019. Investment income includes a gain on the sale of our Austria theatres of \$1.8 million for the three months ended June 30, 2019.

**Income tax provision (benefit).** The income tax provision (benefit) was \$(6.1) million and \$5.4 million for the three months ended June 30, 2020 and June 30, 2019, respectively. The increase in income tax benefit is primarily due to net losses incurred in International markets during the three months ended June 30, 2020 that are projected to offset previously unabsorbed deferred tax liabilities in International markets. See Note 8—Income Taxes in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Net earnings (loss).** Net earnings (loss) was \$(561.2) million and \$49.4 million during the three months ended June 30, 2020 and June 30, 2019, respectively. Net loss during the three months ended June 30, 2020 compared to net earnings for the three months ended June 30, 2019 was negatively impacted by the decrease in attendance as a result of the temporary suspension of operations at all our theatres on or before March 17, 2020, increased depreciation expense, declines in investment income, declines in equity in earnings of non-consolidated entities and declines in other income, partially offset by reduced operating expenses, lower amounts of rent expense, declines in general and administrative expenses and increases in income tax benefits.

#### **Theatrical Exhibition—U.S. Markets**

**Revenues.** Total revenues decreased 98.6%, or \$1,145.5 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. Admissions revenues decreased 100%, or \$680.7 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to a 100% decrease in attendance. The decrease in attendance was due to the temporary suspension of operations at all our theatres in U.S. markets on or before March 17, 2020.

Food and beverage revenues decreased 100%, or \$401.1 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, due to the decrease in attendance.

Total other theatre revenues decreased 80.2%, or \$63.7 million, during the three months ended June 30, 2020

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compared to the three months ended June 30, 2019, primarily due to decreases in ticket fees, income from gift cards and package tickets and screen advertising due to the decrease in attendance.

**Operating costs and expenses.** Operating costs and expenses decreased \$704.5 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 primarily due to the decrease in attendance and a decrease in average screens operated. Film exhibition costs decreased \$390.4 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to the decrease in admissions revenues. As a percentage of admissions revenues, film exhibition costs were not meaningful for the three months ended June 30, 2020 due to the low level of admissions revenues and were 57.3% for the three months ended June 30, 2019.

Food and beverage costs decreased 94.1%, or \$52.8 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. The decrease in food and beverage costs was primarily due to the decrease in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were not meaningful for the three months ended June 30, 2020 due to the low level of food and beverage revenues and 14.0% for the three months ended June 30, 2019. Food and beverage costs included \$3.3 million of charges for obsolete inventory during the three months ended June 30, 2020 due to the suspension of theatre operations.

As a percentage of revenues, operating expense was not meaningful for the three months ended June 30, 2020 due to the low level of revenues and the fixed nature of certain operating expenses and was 27.6% for the three months ended June 30, 2019. Rent expense decreased 8.2%, or \$14.8 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 due primarily to declines in deferred rent expense due to the impairment of right of use assets in calendar 2019 and 2020, cash rent abatements from landlords, declines in percentage rentals due to the decline in revenues and declines in common area maintenance charges. See Note 2—Leases in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information on the impact of COVID-19 on leases.

**Merger, acquisition and other costs.** Merger, acquisition and other costs were \$1.7 million during the three months ended June 30, 2020 compared to \$2.4 million during the three months ended June 30, 2019, primarily due to a decline in merger related activities.

**Other.** Other general and administrative expense decreased 44.6% or \$11.1 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to decreases in bonus expense and decreases in salaries as a result of our furlough program that began in March of 2020 and continued throughout the three months ended June 30, 2020.

**Depreciation and amortization.** Depreciation and amortization increased 8.1% or \$6.8 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to recent capital expenditures, partially offset by lower depreciation expense on theatres impaired in calendar 2019 and 2020.

**Other expense (income).** Other expense of \$0.1 million during the three months ended June 30, 2020 was primarily due to estimated credit losses related to contingent lease guarantees of \$3.9 million and \$2.8 million of third party financing costs related to an ongoing debt restructuring, partially offset by the increase in fair value of our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$6.4 million. During the three months ended June 30, 2019, other income of \$23.2 million was primarily due to \$33.9 million of income related to the decrease in the fair value of our derivative liability for the embedded conversion feature in our Convertible Notes due 2024 and \$7.1 million of income related to the increase in the fair value our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement, partially offset by \$16.6 million of expense related to the repayment of indebtedness. See Note 1—The Company and Significant Accounting Policies in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for additional information about the components of other expense.

**Interest expense.** Interest expense increased \$4.4 million to \$88.6 million for the three months ended June 30, 2020 compared to \$84.2 million during the three months ended June 30, 2019 primarily due to the issuance of \$500 million of 10.5% First Lien Notes due 2025 on April 24, 2020 and borrowings under revolving credit facilities of approximately \$215.0 million during the three months ended March 31, 2020 that remained outstanding as of June 30, 2020.

**Equity in (earnings) loss of non-consolidated entities.** Equity in loss of non-consolidated entities were

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\$11.4 million for the three months ended June 30, 2020 compared to \$(9.9) million for the three months ended June 30, 2019. The decrease in equity in earnings of \$21.3 million was primarily due to decreases in equity in earnings from DCIP of \$18.2 million as a result of accelerated depreciation charges for digital projectors during the three months ended June 30, 2020 and lower revenues due to the closure of theatres.

**Investment income.** Investment income was \$1.2 million for the three months ended June 30, 2020 compared to investment income of \$0.2 million for the three months ended June 30, 2019.

**Income tax provision.** The income tax provision was \$4.4 million and \$5.8 million for the three months ended June 30, 2020 and June 30, 2019, respectively. See Note 8—Income Taxes in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Net earnings (loss).** Net earnings (loss) was \$(441.4) million and \$46.2 million during the three months ended June 30, 2020 and June 30, 2019, respectively. Net loss during the three months ended June 30, 2020 compared to net earnings for the three months ended June 30, 2019 was negatively impacted by the decrease in attendance as a result of the temporary suspension of operations at all our theatres on or before March 17, 2020, increased depreciation expense, declines in equity in earnings of non-consolidated entities and declines in other income, partially offset by reduced operating expenses, lower amounts of rent expense, declines in general and administrative expenses, increases in investment income and decreases in income tax provision.

#### **Theatrical Exhibition - International Markets**

**Revenues.** Total revenues decreased 99.1%, or \$341.7 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. Admissions revenues decreased 99.6%, or \$213.9 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due a 99.6% decrease in attendance. The decrease in attendance was primarily due to the temporary suspension of operations at all our theatres in International markets on or before March 17, 2020. During the latter part of the current quarter, we reopened and operated 37 theatres with 359 screens in 9 different countries in our International markets.

Food and beverage revenues decreased 99.6%, or \$91.0 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to the decrease in attendance.

Total other theatre revenues decreased 95.1%, or \$36.8 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to decreases in ticket fees, income from gift cards and package tickets and screen advertising due to the decrease in attendance.

**Operating costs and expenses.** Operating costs and expenses decreased \$205.6 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 primarily due to the decrease in attendance and a decrease in average screens operated. Film exhibition costs decreased 99.6%, or \$91.9 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to the decrease in admissions revenues. As a percentage of admissions revenues, film exhibition costs were not meaningful due to the low level of admissions revenues for the three months ended June 30, 2020 and were 43.0% for the three months ended June 30, 2019.

Food and beverage costs decreased 94.1%, or \$19.1 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019. The decrease in food and beverage costs was primarily due to the decrease in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were not meaningful for the three months ended June 30, 2020 due to the low level of food and beverage revenues and were 22.2% for the three months ended June 30, 2019. Food and beverage costs included \$1.2 million of charges for obsolete inventory during the three months ended June 30, 2020 due to the suspension of theatre operations.

As a percentage of revenues, operating expense was not meaningful for the three months ended June 30, 2020 due to the low level of revenues and the fixed nature of certain operating expenses and was 33.8% for the three months ended June 30, 2019. Rent expense decreased 10.6%, or \$7.0 million, during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 due primarily to declines in deferred rent expense due to the impairment of right of use assets in calendar 2019 and 2020, cash rent abatements from landlords, declines in percentage rentals due to the decline in revenues, declines in common area maintenance charges and declines in foreign currency exchange rates. See Note 2—Leases in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information on the impact of COVID-19 on leases.

**Merger, acquisition and other costs.** Merger, acquisition and other costs were \$0.1 million during the three months ended June 30, 2020 compared to \$0.8 million during the three months ended June 30, 2019, primarily due to a decline in merger related activities.

**Other.** Other general and administrative expense decreased 36.6% or \$6.7 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to decreases in bonus expense and decreases in salaries as a result of our furlough program that began in March of 2020 and continued throughout the three months ended June 30, 2020 and declines in foreign currency exchange rates.

**Depreciation and amortization.** Depreciation and amortization increased 3.2% or \$0.9 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to recent capital expenditures, partially offset by lower depreciation expense on theatres impaired in calendar 2019 and 2020.

**Other income.** Other income of \$6.7 million during the three months ended June 30, 2020 was primarily due to the international government assistance related to COVID-19 of \$4.4 million and \$2.0 million of international foreign currency transaction gains. See Note 1—The Company and Significant Accounting Policies in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for additional information about the components of other expense.

**Interest expense.** Interest expense increased \$0.4 million to \$2.6 million for the three months ended June 30, 2020 compared to \$2.2 million during the three months ended June 30, 2019 primarily due to borrowings under revolving credit facilities of approximately \$110 million during the three months ended March 31, 2020 that remained outstanding as of June 30, 2020.

**Equity in (earnings) loss of non-consolidated entities.** Equity in loss of non-consolidated entities were \$1.0 million for the three months ended June 30, 2020 compared to \$(0.3) million for the three months ended June 30, 2019.

**Investment income.** Investment income was \$0.1 million for the three months ended June 30, 2020 compared to investment income of \$1.9 million for the three months ended June 30, 2019. Investment income includes a gain on the sale of our Austria theatres of \$1.8 million for the three months ended June 30, 2019.

**Income tax benefit.** The income tax benefit was \$10.5 million and \$0.4 million for the three months ended June 30, 2020 and June 30, 2019, respectively. The increase in income tax benefit is primarily due to net losses incurred during the three months ended June 30, 2020 that are projected to offset previously unabsorbed deferred tax liabilities. See Note 8—Income Taxes in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Net earnings (loss).** Net earnings (loss) was \$(119.8) million and \$3.2 million during the three months ended June 30, 2020 and June 30, 2019, respectively. Net loss during the three months ended June 30, 2020 compared to net earnings for the three months ended June 30, 2019 was negatively impacted by the decrease in attendance as a result of the temporary suspension of operations at all our theatres on or before March 17, 2020, increased depreciation expense, declines in investment income and declines in equity in earnings of non-consolidated entities, partially offset by reduced operating expenses, lower amounts of rent expense, declines in general and administrative expenses, increases in other income and increases in income tax benefits.

## **Results of Operations— For the Six Months Ended June 30, 2020 Compared to the Six Months Ended June 30, 2019**

### **Condensed Consolidated Results of Operations**

**Revenues.** Total revenues decreased 64.5%, or \$1,746.1 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Admissions revenues decreased 65.0%, or \$1,058.1 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due a 65.7% decrease in attendance offset by a 2.0% increase in average ticket price. The decrease in attendance was primarily due to the temporary suspension of operations at all our theatres in U.S. markets and International markets on or before March 17, 2020. As some theatres across Europe began closing in late February 2020 and social distancing practices were initiated in the U.S. in response to the ensuing COVID-19 global pandemic, attendance and revenues began to deteriorate in early March. During the latter part of the current quarter, we reopened and operated 37 theatres with 359 screens in 9

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different countries in our International markets. The increase in average ticket price was primarily due to strategic pricing initiatives put in place over the prior year and lower frequency on our A-List subscription program, partially offset by decreases in attendance for 3D, IMAX and Alternative premium content and declines in foreign currency exchange rates.

Food and beverage revenues decreased 66.5%, or \$572.8 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to the decrease in attendance.

Total other theatre revenues decreased 52.8%, or \$115.2 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to decreases in ticket fees, income from gift cards and package tickets and screen advertising due to the decrease in attendance.

**Operating costs and expenses.** Operating costs and expenses increased \$783.4 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 primarily due to the impairment of long-lived assets, partially offset by a decrease in operating costs and expenses due to the decrease in attendance and a decrease in average screens operated. Film exhibition costs decreased 67.9%, or \$575.9 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to the decrease in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 47.8% for the six months ended June 30, 2020 and 52.1% for the six months ended June 30, 2019. The decrease in film exhibition cost percentage is primarily due to the concentration of box office revenues in lower grossing films in the current year which typically results in lower film exhibition costs.

Food and beverage costs decreased 58.0%, or \$80.0 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease in food and beverage costs was primarily due to the decrease in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 20.1% for the six months ended June 30, 2020 and 16.0% for the six months ended June 30, 2019. Food and beverage costs included \$7.2 million of charges for obsolete inventory during the six months ended June 30, 2020 due to the suspension of theatre operations.

As a percentage of revenues, operating expense was 49.1% for the six months ended June 30, 2020 and 31.0% for the six months ended June 30, 2019. Rent expense decreased 5.3%, or \$26.0 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due primarily to declines in deferred rent expense due to the impairment of right of use assets in calendar 2019 and 2020, cash rent abatements from landlords, declines in percentage rentals due to the decline in revenues and declines in common area maintenance charges. See Note 2—Leases in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information on the impact of Covid-19 on leases.

**Merger, acquisition and other costs.** Merger, acquisition and other costs were \$2.0 million during the six months ended June 30, 2020 compared to \$6.5 million during the six months ended June 30, 2019, primarily due to a decline in merger related activities.

**Other.** Other general and administrative expense decreased 34.5% or \$30.8 million during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to decreases in bonus expense and decreases in salaries as a result of our furlough program that began in March of 2020 and continued throughout the six months ended June 30, 2020.

**Depreciation and amortization.** Depreciation and amortization increased 7.6% or \$17.2 million during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to recent capital expenditures, partially offset by lower depreciation expense on theatres impaired in calendar 2019 and 2020.

**Impairment of long-lived assets.** During the three months ended March 31, 2020, we recognized non-cash impairment losses of \$81.4 million on 57 theatres in the U.S. markets with 658 screens (in Alabama, Arkansas, California, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Washington, Wisconsin and Wyoming) which were related to property, net, operating lease right-of-use assets, net and other long-term assets and \$9.9 million on 23 theatres in the International markets with 213 screens (in Germany, Italy, Spain, UK and Sweden) which were related to property, net and operating lease right-of-use assets, net.

During the three months ended March 31, 2020, we performed a quantitative impairment evaluation of our

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indefinite-lived intangible assets related to the AMC, Odeon and Nordic tradenames and recorded impairment charges of \$8.3 million related to these assets during the three months ended March 31, 2020. In addition, we performed a quantitative impairment evaluation of our definite-lived intangible assets and recorded impairment charges of \$8.0 million.

During the three months ended March 31, 2020, we performed a quantitative impairment evaluation of our goodwill and recorded impairment charges of \$1,124.9 million and \$619.4 million for our Domestic Theatres and International Theatres reporting units, respectively.

**Other expense.** Other expense of \$20.3 million during the six months ended June 30, 2020 was primarily due to the decrease in fair value of our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$13.7 million, estimated credit losses related to contingent lease guarantees of \$9.2 million and \$2.8 million of third party financing costs related to an ongoing debt restructuring, partially offset by international government assistance related to COVID-19 of \$4.4 million. Other expense of \$6.4 million during the six months ended June 30, 2019 is primarily due to a \$16.6 million expense related to the repayment of indebtedness, the decrease in fair value of our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$8.0 million, \$1.0 million loss on forward currency contracts, partially offset by a decrease in fair value of our derivative liability for the embedded conversion feature in our Convertible Notes due 2024 of \$20.6 million. See Note 1—The Company and Significant Accounting Policies in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for additional information about the components of other expense.

**Interest expense.** Interest expense increased \$4.0 million to \$174.0 million for the six months ended June 30, 2020 compared to \$170.0 million during the six months ended June 30, 2019 primarily due to the issuance of \$500 million of 10.5% First Lien Notes due 2025 on April 24, 2020 and borrowings under revolving credit facilities of approximately \$325.0 million during the six months ended June 30, 2020 that remained outstanding as of June 30, 2020.

**Equity in (earnings) loss of non-consolidated entities.** Equity in loss of non-consolidated entities were \$15.3 million for the six months ended June 30, 2020 compared to \$(16.7) million for the six months ended June 30, 2019. The decrease in equity in earnings of \$32.0 million was primarily due to decreases in equity in earnings from DCIP of \$26.2 million as a result of accelerated depreciation charges for digital projectors during the six months ended June 30, 2020 and lower revenues due to the closure of theatres.

**Investment (income) expense.** Investment expense was \$8.1 million for the six months ended June 30, 2020 compared to investment income of \$(18.2) million for the six months ended June 30, 2019. Investment expense includes an impairment charge of \$7.2 million related to an investment and declines in fair value of our non-qualified deferred compensation plan investments during the six months ended June 30, 2020. Investment income includes a gain on the sale of our Austria theatres of \$12.9 million for the six months ended June 30, 2019 and a payment of \$4.0 million under the NCM tax receivable agreement for the six months ended June 30, 2019.

**Income tax provision.** The income tax provision was \$62.1 million and \$11.1 million for the six months ended June 30, 2020 and June 30, 2019, respectively. The increase in income tax expense is primarily due to the recording of international valuation allowances against deferred tax assets held in Spain of \$40.1 million and Germany of \$33.1 million, partially offset by income tax benefit from net losses incurred in International markets during the six months ended June 30, 2020 that are projected to offset previously unabsorbed deferred tax liabilities in International markets. See Note 8—Income Taxes in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Net loss.** Net loss was \$2,737.5 million and \$80.8 million during the six months ended June 30, 2020 and June 30, 2019, respectively. Net loss during the six months ended June 30, 2020 compared to net loss for the six months ended June 30, 2019 was negatively impacted by the decrease in attendance as a result of the temporary suspension of operations at all our theatres on or before March 17, 2020, impairment charges related to long-lived assets, definite and indefinite-lived intangible assets and goodwill, increased depreciation expense, declines in investment income, declines in equity in earnings of non-consolidated entities, increases in income tax provision and increases in other expense, partially offset by reduced operating expenses, lower amounts of rent expense and declines in general and administrative expenses.



## Theatrical Exhibition—U.S. Markets

**Revenues.** Total revenues decreased 66.6%, or \$1,351.4 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Admissions revenues decreased 67.5%, or \$807.0 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to a 68.7% decrease in attendance offset by a 4.0% increase in average ticket price. The decrease in attendance was primarily due to the temporary suspension of operations at all our theatres in U.S. markets on or before March 17, 2020. As social distancing practices were initiated in the U.S. in response to the ensuing COVID-19 global pandemic, attendance and revenues began to deteriorate in early March. The increase in average ticket price was primarily due to strategic pricing initiatives put in place over the prior year and lower frequency on our A-List subscription program, partially offset by decreases in attendance for 3D, IMAX and Alternative premium content.

Food and beverage revenues decreased 68.5%, or \$472.1 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to the decrease in attendance.

Total other theatre revenues decreased 50.3%, or \$72.3 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to decreases in ticket fees, income from gift cards and package tickets and screen advertising due to the decrease in attendance.

**Operating costs and expenses.** Operating costs and expenses increased \$385.1 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 primarily due to the impairment of long-lived assets, partially offset by a decrease in operating costs and expenses due to the decrease in attendance and a decrease in average screens operated. Film exhibition costs decreased 70.2%, or \$468.8 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to the decrease in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 51.1% for the six months ended June 30, 2020 and 55.8% for the six months ended June 30, 2019. The decrease in film exhibition cost percentage is primarily due to the concentration of box office revenues in lower grossing films in the current year which typically results in lower film exhibition costs.

Food and beverage costs decreased 61.4%, or \$60.8 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease in food and beverage costs was primarily due to the decrease in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 17.6% for the six months ended June 30, 2020 and 14.4% for the six months ended June 30, 2019. Food and beverage costs included \$4.0 million of charges for obsolete inventory during the six months ended June 30, 2020 due to the suspension of theatre operations.

As a percentage of revenues, operating expense was 48.9% for the six months ended June 30, 2020 and 29.9% for the six months ended June 30, 2019. Rent expense decreased 4.8%, or \$17.0 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due primarily to declines in deferred rent expense due to the impairment of right of use assets in calendar 2019 and 2020, cash rent abatements from landlords, declines in percentage rentals due to the decline in revenues and declines in common area maintenance charges. See Note 2—Leases in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information on the impact of Covid-19 on leases.

**Merger, acquisition and other costs.** Merger, acquisition and other costs were \$2.0 million during the six months ended June 30, 2020 compared to \$3.5 million during the six months ended June 30, 2019, primarily due to a decline in merger related activities.

**Other.** Other general and administrative expense decreased 40.8% or \$21.4 million during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to decreases in bonus expense and decreases in salaries as a result of our furlough program that began in March of 2020 and continued throughout the six months ended June 30, 2020.

**Depreciation and amortization.** Depreciation and amortization increased 9.2% or \$15.5 million during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to recent capital expenditures, partially offset by lower depreciation expense on theatres impaired in calendar 2019 and 2020.

**Impairment of long-lived assets.** During the three months ended March 31, 2020, we recognized non-cash impairment losses of \$81.4 million on 57 theatres in the U.S. markets with 658 screens (in Alabama, Arkansas, California, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri,



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Montana, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Pennsylvania, South Dakota, Tennessee, Texas, Washington, Wisconsin and Wyoming) which were related to property, net, operating lease right-of-use assets, net and other long-term assets.

During the three months ended March 31, 2020, we performed a quantitative impairment evaluation of our definite-lived intangible assets and recorded impairment charges of \$8.0 million.

During the three months ended March 31, 2020, we performed a quantitative impairment evaluation of our goodwill and recorded an impairment charge of \$1,124.9 million for our Domestic Theatres reporting unit.

**Other expense.** Other expense of \$25.6 million during the six months ended June 30, 2020 was primarily due to the decrease in fair value of our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$13.7 million, estimated credit losses related to contingent lease guarantees of \$9.2 million and \$2.8 million of third party financing costs related to an ongoing debt restructuring. Other expense of \$6.1 million during the six months ended June 30, 2019 is primarily due to a \$16.6 million expense related to the repayment of indebtedness, the decrease in fair value of our derivative asset for the contingent call option related to the Class B common stock purchase and cancellation agreement of \$8.0 million, \$1.0 million loss on forward currency contracts, partially offset by a decrease in fair value of our derivative liability for the embedded conversion feature in our Convertible Notes due 2024 of \$20.6 million. See Note 1—The Company and Significant Accounting Policies in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for additional information about the components of other expense.

**Interest expense.** Interest expense increased \$3.6 million to \$169.4 million for the six months ended June 30, 2020 compared to \$165.8 million during the six months ended June 30, 2019 primarily due to the issuance of \$500 million of 10.5% First Lien Notes due 2025 on April 24, 2020 and borrowings under revolving credit facilities of approximately \$215.0 million during the six months ended March 31, 2020 that remained outstanding as of June 30, 2020.

**Equity in (earnings) loss of non-consolidated entities.** Equity in loss of non-consolidated entities were \$13.3 million for the six months ended June 30, 2020 compared to \$(16.0) million for the six months ended June 30, 2019. The decrease in equity in earnings of \$29.3 million was primarily due to decreases in equity in earnings from DCIP of \$26.2 million as a result of accelerated depreciation charges for digital projectors during the six months ended June 30, 2020 and lower revenues due to the closure of theatres.

**Investment expense (income).** Investment expense was \$8.2 million for the six months ended June 30, 2020 compared to investment income of \$(5.3) million for the six months ended June 30, 2019. Investment expense includes an impairment charge of \$7.2 million related to an investment and declines in fair value of our non-qualified deferred compensation plan investments during the six months ended June 30, 2020. Investment income includes a payment of \$4.0 million under the NCM tax receivable agreement for the six months ended June 30, 2019.

**Income tax provision.** The income tax provision was \$1.5 million and \$9.3 million for the six months ended June 30, 2020 and June 30, 2019, respectively. See Note 8—Income Taxes in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Net loss.** Net loss was \$1,879.2 million and \$84.6 million during the six months ended June 30, 2020 and June 30, 2019, respectively. Net loss during the six months ended June 30, 2020 compared to net loss for the six months ended June 30, 2019 was negatively impacted by the decrease in attendance as a result of the temporary suspension of operations at all our theatres on or before March 17, 2020, impairment charges related to long-lived assets, definite and indefinite-lived intangible assets and goodwill, increased depreciation expense, declines in investment income, declines in equity in earnings of non-consolidated entities and increases in other expense, partially offset by reduced operating expenses, lower amounts of rent expense, a decrease in income tax provision and declines in general and administrative expenses.

#### **Theatrical Exhibition - International Markets**

**Revenues.** Total revenues decreased 58.2%, or \$394.7 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. Admissions revenues decreased 58.3%, or \$251.1 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due a 58.1% decrease in attendance and a 0.6% decrease in average ticket price. The decrease in attendance was primarily due to the temporary

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suspension of operations at all our theatres in International markets on or before March 17, 2020. As some theatres across Europe began closing in late February 2020, attendance and revenues began to deteriorate in early March. During the latter part of the current quarter we reopened and operated 37 theatres with 359 screens in 9 different countries in our International markets. The decrease in average ticket price was primarily due to declines in foreign currency exchange rates.

Food and beverage revenues decreased 58.3%, or \$100.7 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to the decrease in attendance.

Total other theatre revenues decreased 57.5%, or \$42.9 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to decreases in ticket fees, income from gift cards and package tickets and screen advertising due to the decrease in attendance.

**Operating costs and expenses.** Operating costs and expenses increased \$398.3 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 primarily due to the impairment of long-lived assets, partially offset by a decrease in operating costs and expenses due to the decrease in attendance and a decrease in average screens operated. Film exhibition costs decreased 59.4%, or \$107.1 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to the decrease in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 40.7% for the six months ended June 30, 2020 and 41.8% for the six months ended June 30, 2019. The decrease in film exhibition cost percentage is primarily due to the concentration of box office revenues in lower grossing films in the current year which typically results in lower film exhibition costs.

Food and beverage costs decreased 49.4%, or \$19.2 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease in food and beverage costs was primarily due to the decrease in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 27.4% for the six months ended June 30, 2020 and 22.5% for the six months ended June 30, 2019. Food and beverage costs included \$3.2 million of charges for obsolete inventory during the six months ended June 30, 2020 due to the suspension of theatre operations.

As a percentage of revenues, operating expense was 49.5% for the six months ended June 30, 2020 and 34.5% for the six months ended June 30, 2019. Rent expense decreased 6.8%, or \$9.0 million, during the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due primarily to declines in deferred rent expense due to the impairment of right of use assets in calendar 2019 and 2020, cash rent abatements from landlords, declines in percentage rentals due to the decline in revenues, declines in common area maintenance charges and declines in foreign currency translation rates. See Note 2—Leases in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for further information on the impact of Covid-19 on leases.

**Merger, acquisition and other costs.** Merger, acquisition and other costs were \$0.0 million during the six months ended June 30, 2020 compared to \$3.0 million during the six months ended June 30, 2019, primarily due to a decline in merger related activities.

**Other.** Other general and administrative expense decreased 25.5% or \$9.4 million during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to decreases in bonus expense and decreases in salaries as a result of our furlough program that began in March of 2020 and continued throughout the six months ended June 30, 2020 and declines in foreign currency translation rates.

**Depreciation and amortization.** Depreciation and amortization increased 3.0% or \$1.7 million during the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to recent capital expenditures, partially offset by lower depreciation expense on theatres impaired in calendar 2019 and 2020.

**Impairment of long-lived assets.** During the three months ended March 31, 2020, we recognized non-cash impairment losses of \$9.9 million on 23 theatres in the International markets with 213 screens (in Germany, Italy, Spain, UK and Sweden) which were related to property, net, and operating lease right-of-use assets, net.

During the three months ended March 31, 2020, we performed a quantitative impairment evaluation of our indefinite-lived intangible assets related to the Odeon and Nordic tradenames and recorded impairment charges of \$8.3 million related to these assets during the three months ended March 31, 2020.

During the three months ended March 31, 2020, we performed a quantitative impairment evaluation of our

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goodwill and recorded impairment charges of \$619.4 million for our International Theatres reporting unit.

**Other expense (income).** Other income of \$(5.3) million during the six months ended June 30, 2020 was primarily due to the international government assistance related to COVID-19 of \$4.4 million. See Note 1—The Company and Significant Accounting Policies in the Notes to the Condensed Consolidated Financial Statements under Item 1 of Part I of this Form 10-Q for additional information about the components of other expense.

**Interest expense.** Interest expense increased \$0.4 million to \$4.6 million for the six months ended June 30, 2020 compared to \$4.2 million during the six months ended June 30, 2019 primarily due to borrowings under revolving credit facilities of approximately \$110 million during the six months ended June 30, 2020 that remained outstanding as of June 30, 2020.

**Equity in (earnings) loss of non-consolidated entities.** Equity in loss of non-consolidated entities were \$2.0 million for the six months ended June 30, 2020 compared to \$(0.7) million for the six months ended June 30, 2019.

**Investment income.** Investment income was \$0.1 million for the six months ended June 30, 2020 compared to investment income of \$12.9 million for the six months ended June 30, 2019. Investment income includes a gain on the sale of our Austria theatres of \$12.9 million for the six months ended June 30, 2019.

**Income tax provision.** The income tax provision was \$60.6 million and \$1.8 million for the six months ended June 30, 2020 and June 30, 2019, respectively. The increase in income tax provision is primarily due to the recording of international valuation allowances against deferred tax assets held in Spain of \$40.1 million and Germany of \$33.1 million, partially offset by income tax benefit from net losses incurred in International markets during the six months ended June 30, 2020 that are projected to offset previously unabsorbed deferred tax liabilities in International markets. See Note 8—Income Taxes in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Net earnings (loss).** Net earnings (loss) was \$(858.3) million and \$3.8 million during the six months ended June 30, 2020 and June 30, 2019, respectively. Net loss during the six months ended June 30, 2020 compared to net earnings for the six months ended June 30, 2019 was negatively impacted by the decrease in attendance as a result of the temporary suspension of operations at all our theatres on or before March 17, 2020, impairment charges related to long-lived assets, definite and indefinite-lived intangible assets and goodwill increased depreciation expense, increased income tax provision, declines in investment income and declines in equity in earnings of non-consolidated entities, partially offset by reduced operating expenses, lower amounts of rent expense, declines in general and administrative expenses and increases in other income.

## LIQUIDITY AND CAPITAL RESOURCES

Our consolidated revenues are primarily collected in cash, principally through box office admissions and food and beverage sales. We have an operating “float” which partially finances our operations, and which generally permits us to maintain a smaller amount of working capital capacity. This float exists because admissions revenues are received in cash, while exhibition costs (primarily film rentals) are ordinarily paid to distributors from 20 to 45 days following receipt of box office admissions revenues. Film distributors generally release the films which they anticipate will be the most successful during the summer and year-end holiday seasons. Consequently, we typically generate higher revenues during such periods.

We had working capital deficits (excluding restricted cash) as of June 30, 2020 and December 31, 2019 of \$1,041.9 million and \$1,270.6 million, respectively. As of June 30, 2020 and December 31, 2019, working capital included operating lease liabilities of \$581.5 million and \$585.8 million, respectively, and deferred revenues of \$406.1 million and \$449.2 million, respectively. We have borrowed all available amounts under our Revolving Credit Facility to meet obligations as they come due. As of June 30, 2020, we had borrowed \$213.2 million (the full availability net of letters of credit) under our \$225.0 million Senior Secured Revolving Credit Facility. We also maintain a revolving credit facility due February 14, 2022 at our Odeon subsidiary (the “Odeon Revolver”). As of June 30, 2020, we had borrowed \$108.8 million (the full availability net of letters of credit) under our £100.0 million Odeon Revolver (\$122.9 million based on the foreign currency translation rate of 1.2287 on June 30, 2020).

In response to the COVID-19 pandemic, the Company has taken and is continuing to take significant steps to preserve cash by eliminating non-essential costs, including reductions to executive compensation and elements of our

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fixed cost structure:

- Suspended non-essential operating expenditures, including marketing & promotional and travel and entertainment expenses; and where possible, for example: utilities, reduced essential operating expenditures to minimum levels necessary while theatres are closed.
- Terminated or deferred all non-essential capital expenditures to minimum levels necessary while theatres are closed.
- Implemented measures to reduce corporate-level employment costs, including full or partial furloughs of all corporate-level Company employees, including senior executives, with individual work load and salary reductions ranging from 20% to 100%; cancellation of pending annual merit pay increases; and elimination or reduction of non-healthcare benefits.
- All domestic theatre-level crew members have been fully furloughed and theatre-level management has been reduced to the minimum level necessary to begin resumption of operations when permitted. Similar efforts to reduce theatre-level and corporate employment costs are being undertaken internationally consistent with applicable laws across the jurisdictions in which the Company operates.
- Working with our landlords, vendors, and other business partners to manage, defer, and/or abate the related rent expenses and operating expenses during the disruptions caused by the COVID-19 pandemic and beyond.
- Introduced an active cash management process, which, among other things, requires senior management approval of all outgoing payments.
- Since April 24, 2020, we have been prohibited from making dividend payments in accordance with the covenant suspension conditions in our Senior Secured Credit Agreement. We have also previously elected to decrease the dividends paid in the first quarter of 2020 by \$0.17 per share when compared to the first quarter of 2019. The cash savings as a result of the prior decrease and current prohibition on making dividend payments was \$38.3 million during the six months ended June 30, 2020 in comparison to the six months ended June 30, 2019.
- We are prohibited from making purchases under our recently authorized stock repurchase program in accordance with the covenant suspension conditions in our Senior Secured Credit Agreement.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into law. The CARES Act provides opportunities for additional liquidity, loan guarantees, and other government programs to support companies affected by the COVID-19 pandemic and their employees. Based on our preliminary analysis of the CARES Act, we expect to recognize the following benefits:

- Approximately \$17.4 million of cash tax refunds from overpayments and refundable alternative minimum tax credits with the filing of our 2019 federal tax return, amending 2018 state tax returns and filing 2019 state tax returns in which the Company expects a refund.
- Deferral of social security payroll tax matches that would otherwise be required in 2020.
- Receipt of a payroll tax credit in 2020 for expenses related to paying wages and health benefits to employees who are not working as a result of temporarily suspended operations and reduced receipts associated with COVID-19.

We intend to seek any available potential benefits under the CARES Act, including loans, investments or guarantees, and any other such current or future government programs for which we qualify domestically and internationally, including those described above. We cannot predict the manner in which such benefits will be allocated or administered, and we cannot assure you that we will be able to access such benefits in a timely manner or at all.

We believe our cash balance as of June 30, 2020, cash generated from operating activities, the proceeds from the issuance on July 31, 2020 of \$300.0 million, prior to deducting discounts and cash premiums based on contract assumptions and estimates of \$36 million, of new 10.5% Senior Secured Notes due 2026 (the “First Lien Notes due 2026”) and the closing of the exchange offer on July 31, 2020 (the “Exchange Offers”) (which allowed us to extend maturities on approximately \$1.7 billion of debt to 2026, most of which was maturing in 2024 and 2025 previously, with interest due for the coming 12 to 18 months on the exchanged senior subordinated notes expected to be paid all or in part on an in-kind basis pursuant to the terms of the 10%/12% Cash/PIK Toggle Second Lien Subordinated Secured Notes due 2026 (the “Second Lien Notes due 2026”), thereby generating a further near-term cash savings for us of between approximately \$120 million to \$180 million) may provide sufficient liquidity to fund operations and essential capital expenditures for the next 12 months. Further, as discussed in Note 6—Corporate Borrowings, our lenders have granted relief from the maintenance covenants in the revolving credit agreements and we believe we will maintain compliance with all financial debt covenants for the next 12 months. See Note 14—Subsequent Events in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for information regarding the

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exchange offer and the incremental 10.5% First Lien Notes due 2026 in new funding.

Therefore, we believe we have the cash resources to reopen our theatres and resume operations this summer or later. Our liquidity needs thereafter will depend, among other things, on the timing of a full resumption of operations, the timing of movie releases and our ability to generate revenues.

While we have used our best estimates based on currently available information, we cannot assure the reader that our assumptions used to estimate our liquidity requirements will be correct—including but not limited to attendance, food and beverage revenues, rent relief, cost savings, and capital expenditures—because we have never previously experienced a complete cessation of our operations, and as a consequence, our ability to be predictive is uncertain. If we do not recommence operations within our estimated timeline, we will require additional capital and may also require additional financing if, for example, our operations do not generate the expected revenues or a recurrence of COVID-19 were to cause another suspension of operations. Such additional financing may not be available on favorable terms or at all. Due to these factors, substantial doubt exists about our ability to continue as a going concern for a reasonable period of time.

As of June 30, 2020, we were in compliance with all financial debt covenants.

#### **Cash Flows from Operating Activities**

Cash flows provided by (used in) operating activities, as reflected in the condensed consolidated statements of cash flows, were \$(415.9) million and \$153.6 million during the six months ended June 30, 2020 and June 30, 2019, respectively. The decrease in cash flows provided by operating activities was primarily due to decreased attendance levels and temporary suspension of operations at all of our theatres on or before March 17, 2020, which resulted in lower operating results during the six months ended June 30, 2020 and higher payments for accounts payable primarily due to timing.

#### **Cash Flows from Investing Activities**

Cash flows used in investing activities, as reflected in the condensed consolidated statements of cash flows, were \$131.5 million and \$221.3 million during the six months ended June 30, 2020 and June 30, 2019, respectively. Cash outflows from investing activities include capital expenditures of \$126.7 million and \$229.9 million during the six months ended June 30, 2020 and June 30, 2019, respectively. Our capital expenditures primarily consisted of strategic growth initiatives and remodels, capital improvements to existing locations in our theatre circuit, and technology upgrades. During the six months ended June 30, 2020, cash flows used in investing activities included an additional investment in SCC, a non-consolidated entity of \$9.3 million and proceeds from the disposition of assets of \$3.7 million primarily related to three properties. During the six months ended June 30, 2019, cash inflows from investing activities included the proceeds from the disposition of long-term assets of \$21.3 million primarily from the sale of theatres located in Austria of \$15.3 million and disposition of assets of \$6.0 million, partially offset by cash outflows of \$11.8 million for the acquisition of assets related to four theatres in the U.S. markets.

We fund the costs of constructing, maintaining and remodeling our theatres through existing cash balances, cash generated from operations, landlord contributions, or borrowed funds, as necessary. We generally lease our theatres pursuant to long-term non-cancelable operating leases which may require the developer, who owns the property, to reimburse us for the construction costs. We terminated or deferred all non-essential capital expenditures to minimum levels necessary while theatres are closed. We expect capital expenditures (net of landlord contributions) to be between \$130 million and \$160 million for calendar year 2020, which includes \$101.8 million net spend during the six months ended June 30, 2020.

#### **Cash Flows from Financing Activities**

Cash flows provided by (used in) financing activities, as reflected in the condensed consolidated statements of cash flows, were \$785.9 million and \$(54.5) million during the six months ended June 30, 2020 and June 30, 2019, respectively. The increase in cash flows from financing activities during the six months ended June 30, 2020 compared to June 30, 2019 was primarily due to the borrowings under our First Lien Notes due 2025, revolving credit facilities and the reduction in cash dividends paid.

Borrowings under our First Lien Notes due 2025 and revolving credit facilities were \$490.0 million and \$322.8 million, respectively, during the six months ended June 30, 2020.

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During the six months ended June 30, 2019, cash inflows from financing activities included the proceeds from the issuance of \$1,990.0 million of Term Loan due 2026, offset by cash outflows for the repayment of the Term Loan due 2022 of \$849.8 million, repayment of the Term Loan due 2023 of \$488.7 million, repayments of the 6.0% Senior Secured Notes due 2023 of \$230.0 million, and payment of the 5.875% Senior Subordinated Notes due 2023 of \$375.0 million. Call premiums paid related to the repayment of the 6.0% Senior Secured Notes due 2023 and the 5.875% Senior Subordinated Notes due 2022 were \$15.9 million and debt financing costs paid were \$11.2 million.

The following is a summary of dividends and dividend equivalents declared to stockholders:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Date Paid</u>	<u>Amount per Share of Common Stock</u>	<u>Total Amount Declared (In millions)</u>
February 26, 2020	March 9, 2020	March 23, 2020	\$ 0.03	\$ 3.2
October 24, 2019	December 2, 2019	December 16, 2019	0.20	21.0
August 2, 2019	September 9, 2019	September 23, 2019	0.20	21.3
May 3, 2019	June 10, 2019	June 24, 2019	0.20	21.3
February 15, 2019	March 11, 2019	March 25, 2019	0.20	21.3

During the six months ended June 30, 2020 and June 30, 2019, we paid dividends and dividend equivalents of \$4.3 million and \$42.6 million, respectively. As of June 30, 2020, we accrued \$1.1 million for the remaining unpaid dividend equivalents. As of April 24, 2020, we are prohibited from making dividend payments in accordance with the covenant suspension conditions in our Senior Secured Credit Agreement.

**Senior Secured Credit Facility Term Loan due 2026.** On April 23, 2020, we entered into an amendment to the Senior Secured Credit Facility pursuant to which the requisite lenders thereunder granted a waiver of the maintenance covenant thereunder for the period from the and after the effective date of the Senior secured Credit Agreement Amendment to and including the earlier of (a) March 31, 2021 and (b) the day immediately preceding the last day of the Test Period (as defined in the Senior Secured Credit Facility).

**Odeon Revolving Credit Facility.** On April 24, 2020, we entered into an amendment to the Odeon Revolving Credit Facility, pursuant to which the requisite lenders thereunder granted a waiver of the maintenance covenant thereunder for the period from and after the effective date of the Odeon Amendment to and including the earlier of (a) March 31, 2021 and (b) the day immediately preceding the last day of the Relevant Period (as defined in the Odeon Amendment).

**Convertible Notes due 2024.** On April 24, 2020, we entered into a supplemental indenture (the "Supplemental Indenture") to the Convertible Notes due 2024 indenture, dated as of September 14, 2018. The Supplemental Indenture amended the debt covenant under the Convertible Notes Indenture to permit us to issue the First Lien Notes due 2025, among other changes.

**First Lien Notes due 2025.** On April 24, 2020, we issued \$500.0 million aggregate principal amount of our 10.5% first lien notes due 2025, with an original issue discount of \$10.0 million. The First Lien Notes due 2025 bear interest at a rate of 10.5% per annum, payable semi-annually on April 15 and October 15 each year, commencing October 15, 2020 and are secured, on a pari passu basis with the Senior Secured Credit Facility. The First Lien Notes due 2025 will mature on April 15, 2025.

**Senior Subordinated Debt Exchange Offers.** On July 31, 2020, we closed our previously announced Exchange offers for any and all of our outstanding Existing Subordinated Notes in exchange for newly issued Second Lien Notes due 2026 and reduced the principal amounts of our debt by approximately \$555 million, which represented approximately 24.1% of the principal amount of the Existing Subordinated Notes. We raised \$300 million in additional cash from the issuance of First Lien Notes due 2026 prior to deducting discounts and cash premiums based on contract assumptions and estimates of \$36 million. Additionally, certain backstop purchasers in the Offering of the First Lien Notes due 2026 that participated in the Exchange Offer received 5 million Class A common shares. The closing of the Exchange Offers also allowed us to extend maturities on approximately \$1.7 billion of debt to 2026, most of which was maturing in 2024 and 2025 previously. Interest due for the coming 12 to 18 months on the Second Lien Notes due 2026 is expected to be paid all or in part on an in-kind basis, thereby generating a further near-term cash savings for us of between approximately \$120 million and \$180 million.

In connection with the Exchange Offers, we also received consents (the "Consent Solicitations") from eligible holders of the Existing Subordinated Notes to amend the indentures governing the Existing Subordinated Notes among

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other things, (i) release the existing subsidiary guarantees of the Existing Subordinated Notes, (ii) eliminate substantially all of the restrictive covenants, certain affirmative covenants and certain events of default contained in the indentures governing the Existing Subordinated Notes, and (iii) makes other conforming changes to internally conform to certain proposed amendments.

Under ASC 840-470-60, Troubled Debt Restructurings by Debtors, we believe the exchange of approximately \$2,017.5 million principal amount of our senior subordinated notes for approximately \$1,462.3 million principal amount of second lien secured debt will represent a troubled debt restructuring (“TDR”) as we were experiencing financial difficulties and the lenders granted a concession. We do not expect the TDR will result in a gain recognition, a new effective interest rate will be established based on the carrying value of the senior subordinated notes and we expect new fees paid to third parties of approximately \$29.7 million will be expensed. We are currently evaluating the impact on our consolidated financial statements.

See Note 6—Corporate Borrowings and Note 14—Subsequent Events in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information regarding the above.

### **Contractual Obligations, Commitments and Contingencies**

We have commitments and contingencies for financing leases, corporate borrowings, operating leases, capital related betterments and pension funding that were summarized in a table in our Annual Report on Form 10-K for the year ended December 31, 2019. Except as set forth above with respect to borrowings under our revolving lines of credit and the issuance of the First Lien Notes due 2025, since December 31, 2019, there have been no material changes to the commitments and contingencies outside of the ordinary course of business. See Note 6—Corporate Borrowings in the Notes to the Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information, including a table that provides the principal payments required and maturities of corporate borrowings as of June 30, 2020.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

In the ordinary course of business, our financial results are exposed to fluctuations in interest rates and foreign currency exchange rates. In accordance with applicable guidance, we presented a sensitivity analysis showing the potential impact to net income of changes in interest rates and foreign currency exchange rates. For the six months ended June 30, 2020 and June 30, 2019, our analysis utilized a hypothetical 100 basis-point increase or decrease to the average interest rate on our variable rate debt instruments to illustrate the potential impact to interest expense of changes in interest rates. For the six months ended June 30, 2020 and June 30, 2019, our analysis utilized a hypothetical 100 basis-point increase or decrease to market interest rates on our fixed rate debt instruments to illustrate the potential impact to fair value of changes in interest rates.

Similarly, for the same period, our analysis used a uniform and hypothetical 10% strengthening of the U.S. dollar versus the average exchange rates of applicable currencies to depict the potential impact to net income of changes in foreign exchange rates. These market risk instruments and the potential impacts to the condensed consolidated statements of operations are presented below.

**Market risk on variable-rate financial instruments.** At June 30, 2020 and June 30, 2019, we maintained a Senior Secured Credit Facility comprised of a \$225.0 million revolving credit facility and \$2,000.0 million of Term Loan due 2026. The Senior Secured Credit Facility provides for borrowings at a rate per annum equal to, at our option, either (i) an applicable margin plus a base rate determined by reference to the highest of (a) 0.50% per annum plus the Federal Funds Effective Rate, or (b) the prime rate of Citi or (ii) the LIBOR + 3.0%. The rate in effect for the outstanding Term Loan due 2026 was 4.08% per annum at June 30, 2020 and 5.23% per annum at June 30, 2019. Increases in market interest rates would cause interest expense to increase and earnings before income taxes to decrease. The change in interest expense and earnings before income taxes would be dependent upon the weighted average outstanding borrowings during the reporting period following an increase in market interest rates. At June 30, 2020, we had an aggregate principal balance of \$213.2 million under our revolving credit facility, \$108.8 million under the Odeon Revolver Credit Facility, and had an aggregate principal balance of \$1,975.0 million outstanding under the Term Loan due 2026. A 100-basis point change in market interest rates would have increased or decreased interest expense on the Senior Secured Credit Facility and the Odeon Revolver Credit Facility by \$11.5 million during the six months ended June 30, 2020. At June 30, 2019, we had no variable-rate borrowings outstanding under our revolving credit



facility and had an aggregate principal balance of \$1,995.0 million outstanding under the Term Loan due 2026. A 100-basis point change in market interest rates would have increased or decreased interest expense on the Senior Secured Credit Facility by \$9.8 million during the six months ended June 30, 2019.

**Market risk on fixed-rate financial instruments.** Included in long-term corporate borrowings at June 30 2020 were principal amounts of \$500.0 million of our First Lien Notes due 2025, \$600.0 million of our Convertible Notes due 2024, \$600.0 million of our Notes due 2025, \$595.0 million of our Notes due 2026, \$475.0 million of our Notes due 2027, and £500.0 million (\$614.4 million) of our Sterling Notes due 2024. A 100-basis point change in market interest rates would have caused an increase or (decrease) in the fair value of our fixed rate financial instruments of approximately \$45.5 million and \$(43.5) million, respectively, during the six months ended June 30, 2020.

Included in long-term corporate borrowings at June 30 2019 were principal amounts of \$600.0 million of our Convertible Notes due 2024, \$600.0 million of our Notes due 2025, \$595.0 million of our Notes due 2026, \$475.0 million of our Notes due 2027, and £500.0 million (\$635.0 million) of our Sterling Notes due 2024. A 100-basis point change in market interest rates would have caused an increase or (decrease) in the fair value of our fixed rate financial instruments of approximately \$138.6 million and \$(130.2) million, respectively, during the six months ended June 30, 2019.

**Foreign currency exchange rate risk.** We are also exposed to market risk arising from changes in foreign currency exchange rates as a result of our ownership of Odeon and Nordic. Odeon's revenues and operating expenses are transacted in British Pounds and Euros, and Nordic's revenues and operating expenses are transacted primarily in Swedish Krona and Euros. U.S. GAAP requires that our subsidiaries use the currency of the primary economic environment in which they operate as their functional currency. If Odeon and Nordic operate in a highly inflationary economy, U.S. GAAP requires that the U.S. dollar be used as the functional currency for Odeon and Nordic. Currency fluctuations in the countries in which we operate result in us reporting exchange gains (losses) or foreign currency translation adjustments. Based upon our ownership in Odeon and Nordic as of June 30, 2020, holding everything else constant, a hypothetical 10% strengthening of the U.S. dollar versus the average exchange rates of applicable currencies to depict the potential impact to net income (loss) of changes in foreign exchange rates would decrease the aggregate net loss of our International theatres for the six months ended June 30, 2020 by approximately \$85.8 million. Based upon our ownership in Odeon and Nordic as of June 30, 2019, holding everything else constant, a hypothetical 10% strengthening of the U.S. dollar versus the average exchange rates of applicable currencies to depict the potential impact to net income (loss) of changes in foreign exchange rates would decrease the aggregate net earnings of our International theatres for the six months ended June 30, 2019 by approximately \$0.4 million.

Our foreign currency translation rates decreased by approximately 2.9% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, which did not significantly impact our consolidated net loss for the six months ended June 30, 2020.

#### **Item 4. Controls and Procedures.**

- (a) Evaluation of disclosure controls and procedures.

The Company maintains a set of disclosure controls and procedures designed to ensure that material information required to be disclosed in its filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that material information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have evaluated these disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q and have determined that such disclosure controls and procedures were effective.

- (b) Changes in internal control.

The Company has not experienced any material impact to its internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the COVID-19 pandemic. Most of the Company's employees worked remotely during the period in which we prepared these financial statements due to the impact of COVID-19. The Company enhanced its oversight and monitoring during the close and reporting process and assessed frequency of



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controls to align with decreased or no volume of transactions occurring during the suspension of theatre operations. Other than enhancing Company's oversight and monitoring processes, the Company did not alter or compromise its disclosure controls and procedures. The Company is continually monitoring and assessing the need to modify or enhance its disclosure controls to ensure disclosure controls and procedures continue to be effective.

**PART II—OTHER INFORMATION****Item 1. Legal Proceedings**

Reference is made to Note 11—Commitments and Contingencies of the Notes to the Company’s Condensed Consolidated Financial Statements contained in Part I of this quarterly report on Form 10–Q for information on certain litigation to which we are a party.

**Item 1A. Risk Factors**

Reference is made to Part I Item 1A. Risk Factors in our Annual Report on Form 10–K for the year ended December 31, 2019 and Part II Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, which sets forth information relating to important risks and uncertainties that could materially adversely affect our business, financial condition or operating results. There have been no material changes to the risk factors contained in our Quarterly Report on Form 10-Q for the three months ended June 30, 2020.

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

- (a) None.
- (b) None.
- (c) Issuer Purchases of Equity Securities

Period	Purchases of Equity Securities			Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program (a) (in millions)
	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	
February 27, 2020 through June 30, 2020 (1)	—	\$ —	—	\$ 200.0
Total	—	—	—	—

- (1) As announced on February 27, 2020, our Board of Directors authorized a share repurchase program for an aggregate purchase of up to \$200.0 million of our common stock. As of June 30, 2020, \$200.0 million remained available for repurchase under this plan. Also, as of April 24, 2020, the Company is prohibited from making purchases under its recently authorized stock repurchase program in accordance with the covenant suspension conditions in its Senior Secured Credit Agreement. A three-year time limit had been set for the completion of this program, expiring February 26, 2023.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits.**

**EXHIBIT INDEX**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
<a href="#">3.1.1</a>	<a href="#">Third Amended and Restated Certificate of Incorporation of AMC Entertainment Holdings, Inc. (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 1-33892) filed on December 23, 2013).</a>
<a href="#">3.1.2</a>	<a href="#">Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of AMC Entertainment Holdings, Inc., dated as of July 29, 2020 (incorporated by reference from Exhibit 3.1 to AMC's Current Report on Form 8-K (File No. 1-33892) filed on July 31, 2020).</a>
<a href="#">3.2.1</a>	<a href="#">Third Amended and Restated Bylaws of AMC Entertainment Holdings, Inc. (incorporated by reference from Exhibit 3.2 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on November 22, 2013, as amended).</a>
<a href="#">3.2.2</a>	<a href="#">Amendment to the Third Amended and Restated Bylaws of AMC Entertainment Holdings, Inc., effective as of July 29, 2020 (incorporated by reference from Exhibit 3.2 to AMC's Current Report on Form 8-K (File No. 1-33892) filed on July 31, 2020).</a>
<a href="#">4.1</a>	<a href="#">Indenture, dated as of April 24, 2020, among AMC Entertainment Holdings, Inc. the guarantors named therein and U.S. Bank National Association, as trustee and collateral agent, including the form of the 10.5% First Lien Notes due 2025 (incorporated by reference from Exhibit 4.1 to AMC's Current Report on Form 8-K (File No. 1-33892) filed on April 24, 2020).</a>
<a href="#">4.2</a>	<a href="#">Second Supplemental Indenture with respect to \$600 million principal amount of 2.95% Convertible Senior Notes due 2024, dated as of April 24, 2020, between AMC Entertainment Holdings, Inc. and U.S. bank National Association, as trustee (incorporated by reference from Exhibit 4.2 to AMC's Quarterly Report on Form 10-Q (File No. 1-33892) filed on June 9, 2020).</a>
<a href="#">4.3</a>	<a href="#">Seventh Amendment to Credit Agreement, dated as of April 23, 2020, by and among AMC Entertainment Holdings, Inc., lenders from time to time party thereto and Citicorp North America, Inc., as administrative agent (incorporated by reference from Exhibit 10.1 to AMC's Current Report on Form 8-K (File No. 1-33892) filed on April 24, 2020).</a>
<a href="#">4.4</a>	<a href="#">Indenture by and among AMC Entertainment Holdings, Inc., the guarantors party thereto and GLAS Trust Company LLC, as trustee and collateral agent, dated as of July 31, 2020 (incorporated by reference from Exhibit 4.1 to AMC's Current Report on Form 8-K (File No. 1-33892) filed on July 31, 2020).</a>
<a href="#">4.5</a>	<a href="#">Form of 10%/12% Cash/PIK Toggle Second Lien Subordinated Secured Notes due 2026 (incorporated by reference from Exhibit 4.2 (and is included in Exhibit 4.1) to AMC's Current Report on Form 8-K (File No. 1-33892) filed on July 31, 2020).</a>
<a href="#">4.6</a>	<a href="#">Indenture by and among AMC Entertainment Holdings, Inc., the guarantors party thereto and GLAS Trust Company LLC, as trustee and collateral agent, dated as of July 31, 2020 (incorporated by reference from Exhibit 4.3 to AMC's Current Report on Form 8-K (File No. 1-33892) filed on July 31, 2020).</a>
<a href="#">4.7</a>	<a href="#">Form of 10.500% Senior Secured Notes due 2026 (incorporated by reference from Exhibit 4.4 (and is included in Exhibit 4.3) to AMC's Current Report on Form 8-K (File No. 1-33892) filed on July 31, 2020).</a>

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- [4.8 Indenture by and among AMC Entertainment Holdings, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee and collateral agent, dated as of July 31, 2020 \(incorporated by reference from Exhibit 4.5 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [4.9 Form of 10.500% Senior Secured Notes due 2026 \(incorporated by reference from Exhibit 4.6 \(and is included in Exhibit 4.5\) to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [4.10 Amended and Restated Indenture by and among AMC Entertainment Holdings, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee and collateral agent, dated as of July 31, 2020 \(incorporated by reference from Exhibit 4.7 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [4.11 Form of 2.95% Convertible Senior Secured Notes due 2026 \(incorporated by reference from Exhibit 4.8 \(and is included in Exhibit 4.7\) to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [4.12 Fourth Supplemental Indenture by and among AMC Entertainment Holdings, Inc. and U.S. Bank National Association, as trustee, dated as of July 31, 2020 \(incorporated by reference from Exhibit 4.9 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [4.13 Second Supplemental Indenture by and among AMC Entertainment Holdings, Inc. and U.S. Bank National Association, as trustee, dated as of July 31, 2020 \(incorporated by reference from Exhibit 4.10 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [4.14 Second Supplemental Indenture by and among AMC Entertainment Holdings, Inc. and U.S. Bank National Association, as trustee, dated as of July 31, 2020 \(incorporated by reference from Exhibit 4.11 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [4.15 Registration Rights Agreement by and among AMC Entertainment Holdings, Inc. and the Backstop Parties, dated as of July 31, 2020 \(incorporated by reference from Exhibit 4.12 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [10.1 Transaction Support and Standstill Agreement, dated July 10, 2020 \(incorporated by reference from Exhibit 10.1 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 10, 2020\).](#)
- [10.2 Backstop Commitment Agreement, dated July 10, 2020 \(incorporated by reference from Exhibit 10.2 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 10, 2020\).](#)
- [10.3 Commitment, Transaction Support and Fee Letter, dated July 10, 2020 \(incorporated by reference from Exhibit 10.3 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 10, 2020\).](#)
- [10.4 Second Amendment to the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan, approved as of July 29, 2020 \(incorporated by reference from exhibit 10.1 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)
- [10.5 First Lien/Second Lien Intercreditor Agreement, by and among AMC Entertainment Holdings, Inc., the guarantors party thereto and the Collateral Agents, dated as of July 31, 2020 \(incorporated by reference from Exhibit 10.1 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)

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[10.6 Joinder No. 1 to First Lien Intercreditor Agreement, by and among AMC Entertainment Holdings, Inc., the guarantors party thereto, the First Lien Credit Facilities Collateral Agent, the Additional Silver Lake First Lien Notes Collateral Agent, the New First Lien Notes Collateral Agent and the Convertible First Lien Notes Collateral Agent, dated as of July 31, 2020 \(incorporated by reference from Exhibit 10.2 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)

[10.7 Eighth Amendment to the Credit Agreement, by and among AMC Entertainment Holdings, Inc., the lenders party thereto and Citigroup North America, Inc. as administrative agent, dated as of July 31, 2020 \(incorporated by reference from Exhibit 10.3 to AMC's Current Report on Form 8-K \(File No. 1-33892\) filed on July 31, 2020\).](#)

\*[10.8 Amended and Restated Investment Agreement by and among AMC Entertainment Holdings, Inc., SLA CM Avatar Holdings, L.P., and Sargas Investment Pte. Ltd., dated as of July 31, 2020.](#)

\*[31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002.](#)

\*[31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002.](#)

\*[32.1 Section 906 Certifications of Adam M. Aron \(Chief Executive Officer\) and Sean D. Goodman \(Chief Financial Officer\) furnished in accordance with Securities Act Release 33-8212.](#)

\*\*101.INS Inline XBRL Instance Document

\*\*101.SCH Inline XBRL Taxonomy Extension Schema Document

\*\*101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document

\*\*101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document

\*\*101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document

\*\*101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

\*\*104 Cover Page Interactive Data File (formatted as inline XBRL and contained as Exhibit 101)

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\* Filed herewith

\*\* Submitted electronically with this Report.

**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.

**AMC ENTERTAINMENT HOLDINGS, INC.**

Date: August 6, 2020

/s/ ADAM M. ARON

\_\_\_\_\_  
Adam M. Aron  
*Chief Executive Officer, Director and President*

Date: August 6, 2020

/s/ SEAN D. GOODMAN

\_\_\_\_\_  
Sean D. Goodman  
*Executive Vice President and Chief Financial Officer*

## CERTIFICATIONS

I, Adam M. Aron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMC Entertainment Holdings, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this 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 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: August 6, 2020

/s/ ADAM M. ARON

Adam M. Aron

*Chief Executive Officer, Director and President*

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## CERTIFICATIONS

I, Sean D. Goodman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMC Entertainment Holdings, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this 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 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: August 6, 2020

/s/ SEAN D. GOODMAN

Sean D. Goodman

*Executive Vice President and Chief Financial Officer*

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**CERTIFICATION OF PERIODIC REPORT**

The undersigned Chief Executive Officer, Director and President and Executive Vice President and Chief Financial Officer of AMC Entertainment Holdings, Inc. (the “Company”), each hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2020

/s/ ADAM M. ARON

Adam M. Aron

*Chief Executive Officer, Director and President*

/s/ SEAN D. GOODMAN

Sean D. Goodman

*Executive Vice President and Chief Financial Officer*

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AMENDED AND RESTATED INVESTMENT AGREEMENT

by and among

AMC ENTERTAINMENT HOLDINGS, INC.,

SLA CM AVATAR HOLDINGS, L.P.

and

SARGAS INVESTMENT PTE.

Dated as of July 31, 2020

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Annex A: Plan of Distribution

## INVESTMENT AGREEMENT

This AMENDED AND RESTATED INVESTMENT AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this “Agreement”), dated as of July 31, 2020, is by and among (i) AMC Entertainment Holdings, Inc., a Delaware corporation (together with any successor or assign pursuant to Section 6.07, the “Company”), (ii) SLA CM Avatar Holdings, L.P., a Delaware limited partnership (“SLA Purchaser”) and (iii) Sargas Investment Pte. Ltd, a Singapore private company limited by shares (“Sargas Purchaser” and together with SLA Purchaser and their successors and any Affiliate that becomes a Purchaser party hereto in accordance with Section 6.07, collectively, the “Purchaser”). Capitalized terms not otherwise defined where used shall have the meanings ascribed thereto in Article I. This Agreement serves to amend and restate the Investment Agreement, dated as of September 14, 2018, in full.

WHEREAS, the Purchaser desires to surrender \$600,000,000 aggregate principal amount of the Company’s 2.95% Convertible Notes due 2024 (the “Original Notes”) for cancellation, and in exchange the Company desires to issue to the Purchaser, \$600,000,000 aggregate principal amount of the Company’s 2.95% Convertible Senior Secured Notes due 2026 (referred to herein as the “Note” or the “Notes”) in the form attached to the Indenture and to be issued in accordance with the terms and conditions of the Indenture and this Agreement; and

WHEREAS, the Company and the Purchaser desire to set forth certain agreements herein.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained and intending to be legally bound hereby, the parties hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

Section 1.01. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

“Action” shall have the meaning set forth in Section 4.22(a).

“Additional Investment” shall have the meaning set forth in Section 4.16(a).

“Additional Investment Agreement” shall have the meaning set forth in Section 4.16(a).

“Additional Securities” shall have the meaning set forth in Section 4.16(a).

“Affiliate” shall mean, with respect to any Person, any other Person which directly or indirectly controls or is controlled by or is under common control with such Person. Notwithstanding the foregoing, (i) the Company and the Company’s Subsidiaries shall not be

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considered Affiliates of the Purchaser or any of the Purchaser's Affiliates (and vice versa), (ii) the Sargas Purchaser and its Affiliates shall not be considered Affiliates of the Purchaser or any of the Purchaser's Affiliates (and vice versa), (iii) for purposes of the definitions of "Beneficially Own", "Registrable Securities", "Silver Lake Group", "Standstill Period" and "Third Party" and Sections 3.02(d), 3.02(f), 4.06, 4.07, 4.16 and 6.07 no portfolio company of any Affiliate of Silver Lake Group, L.L.C. that serves as general partner of, or manages or advises, any investment fund or other investment entity Affiliated with Silver Lake Group, L.L.C., the Purchaser or their respective Affiliates shall be deemed an Affiliate of the Purchaser and its other Affiliates (and vice versa) so long as such portfolio company (x) has not been directed, encouraged, instructed, assisted, advised or supported by, or coordinated with, the Purchaser or any of its Affiliates or any SL Person in carrying out any act prohibited by this Agreement or the subject matter of Section 4.18, (y) is not a member of a group (as such term is defined in Section 13(d)(3) of the Exchange Act) with either the Purchaser or any of its Affiliates with respect to any securities of the Company, and (z) has not received from the Purchaser or any Affiliate of the Purchaser or any SL Person, directly or indirectly, any Evaluation Material (as defined in the New Confidentiality Agreement) concerning the Company or its business, and (iv) no portfolio company of any Affiliate of Wanda or any investment fund or other investment entity Affiliated with Wanda or its Affiliates shall be deemed an Affiliate of Wanda and its other Affiliates (and vice versa). As used in this definition, "control" (including its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Agreement" shall have the meaning set forth in the preamble hereto.

"Available" shall mean, with respect to a Registration Statement, that such Registration Statement is effective and there is no stop order with respect thereto and such Registration Statement does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, such that such Registration Statement will be available for the resale of Registrable Securities and there is not a notice from the Company described in Section 5.03(c) in effect with respect to discontinuing dispositions of Registrable Securities.

"Beneficially Own", "Beneficially Owned", "Beneficial Ownership" or "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 of the rules and regulations promulgated under the Exchange Act; provided, however, for purposes of this Agreement, the Purchaser or any of its Affiliates or any other person who Beneficially Owns Notes shall at all times be deemed to have Beneficial Ownership of shares of Class A Common Stock issuable upon conversion of the Notes Beneficially Owned by them, irrespective of any non-conversion period specified in the Notes or this Agreement or any restrictions on transfer or voting contained in this Agreement.

"Blackout Period" shall mean in the event that the Company determines in good faith that any registration or sale pursuant to any Registration Statement could reasonably be expected to materially adversely affect or materially interfere with any bona fide financing of the Company or any bona fide material transaction under consideration by the Company or would

require disclosure of information that has not been, and is not otherwise then required to be, disclosed to the public, the premature disclosure of which would adversely affect the Company in any material respect, or the Registration Statement is otherwise not Available for use (in each case as determined by the Company in good faith after consultation with outside counsel), a period of up to sixty (60) days; provided, that a Blackout Period may not be called by the Company more than twice in any period of twelve (12) consecutive months and the aggregate length of Blackout Periods in any period of twelve (12) consecutive months may not exceed ninety (90) days.

“Board of Directors” shall mean the board of directors of the Company or any duly authorized committee of the board of directors of the Company.

“Bribery Act” shall have the meaning set forth in Section 3.01(j).

“Business Day” shall mean any day, other than a Saturday, Sunday or a day on which banking institutions in The City of New York, New York or San Francisco, California are authorized or obligated by law or executive order to remain closed.

“Change in Control” shall mean the occurrence of any of the following events: (i) there occurs a sale, transfer, conveyance or other disposition of all or substantially all of the consolidated assets of the Company, (ii) any Person or “group” (as such term is used in Section 13 of the Exchange Act), directly or indirectly, first obtains after the date hereof Beneficial Ownership of Voting Stock representing more than fifty percent (50%) of the total voting power of the Company’s Voting Stock, or (iii) the Company consummates any merger, consolidation or similar transaction, unless the stockholders of the Company immediately prior to the consummation of such transaction continue to hold (in substantially the same proportion as their ownership of the Company Common Stock immediately prior to the transaction, other than changes in proportionality as a result of any cash/stock election provided under the terms of the definitive agreement regarding such transaction) more than fifty percent (50%) of all of the voting power of the outstanding Voting Stock of the surviving or resulting entity in such transaction immediately following the consummation of such transaction; provided, that, notwithstanding the foregoing, the transactions contemplated by the Transaction Agreements, including the acquisition of the Notes, any disposition of such Notes upon the conversion thereof, any acquisition of Class A Common Stock upon conversion of the Notes, any deemed acquisition or disposition in connection therewith, and all transactions with the Company related thereto, shall not be deemed to constitute a Change in Control hereunder.

“Class A Common Stock” means the Class A common stock of the Company, par value \$0.01 per share.

“Class B Common Stock” means the Class B common stock of the Company, par value \$0.01 per share.

“Closing” shall have the meaning set forth in Section 2.02(a).

“Closing Date” shall have the meaning set forth in Section 2.02(a).

“Code” shall have the meaning set forth in Section 3.01(m)(ii).

“Collateral” shall have the meaning set forth in the Indenture.

“Collateral Agent” shall mean U.S. Bank National Association, or another institutional trustee to be selected by the Company with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.

“Committee” shall have the meaning set forth in Section 4.07(g).

“Company” shall have the meaning set forth in the preamble hereto.

“Company Common Stock” means the Class A Common Stock and the Class B Common Stock of the Company, par value \$0.01 per share.

“Company Preferred Stock” means the preferred stock of the Company, par value \$0.01 per share.

“Company Reports” shall have the meaning set forth in Section 3.01(g)(i).

“Conversion Price” shall have the meaning set forth in the Indenture.

“Conversion Rate” shall have the meaning set forth in the Indenture.

“Copyright Security Agreement” means that certain Copyright Security Agreement, dated as of the Closing Date, by and between American Multi-Cinema, Inc. and the Collateral Agent.

“Covered Persons” shall have the meaning set forth in Section 4.07(h).

“DGCL” shall mean the Delaware General Corporation Law, as amended.

“Eligible Participation Holders” shall have the meaning set forth in Section 5.02(c).

“Enforceability Exceptions” shall have the meaning set forth in Section 3.01(c).

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Excluded Securities” shall have the meaning set forth in Section 4.16(a).

“Executive Session” shall have the meaning set forth in Section 4.07(f).

“Extraordinary Transaction” shall have the meaning set forth in Section 4.18(a)(iv).

“FCPA” shall have the meaning set forth in Section 3.01(j).

“First Lien Intercreditor Agreement” shall have the meaning set forth in the Indenture.



“First Lien/Second Lien Intercreditor Agreement” shall have the meaning set forth in the Indenture.

“Free Writing Prospectus” shall have meaning set forth in Section 5.03(a)(v).

“GAAP” shall mean U.S. generally accepted accounting principles.

“Global Security” shall have the meaning set forth in the Indenture.

“Governmental Entity” shall mean any court, administrative agency or commission or other governmental authority or instrumentality, whether federal, state, local or foreign, and any applicable industry self-regulatory organization.

“Guarantee” shall have the meaning set forth in the Indenture.

“Guarantor” shall have the meaning set forth in the Indenture.

“Holder” shall have the meaning set forth in the Indenture.

“HSR Act” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

“Improvements” shall have the meaning set forth in Section 3.01(q)(ii).

“Indemnification Notice” shall have the meaning set forth in Section 4.22(b).

“Indemnified Persons” shall have the meaning set forth in Section 5.05(a).

“Indemnitee” shall have the meaning set forth in Section 4.22(a).

“Indenture” shall mean an amended and restated indenture in the form attached hereto as Exhibit A.

“Independence Requirements” shall have the meaning set forth in Section 4.07(g).

“Initial Registration Statement” shall have the meaning set forth in Section 5.01(a).

“Initiating Holder” shall have the meaning set forth in Section 5.02(c).

“Intellectual Property” shall have the meaning set forth in Section 3.01(p)(i).

“IRS” shall mean the Internal Revenue Service.

“Issuer Agreement” shall have the meaning set forth in Section 4.09(a).

“Joinder” shall mean, with respect to any Person permitted to sign such document in accordance with the terms hereof, a joinder executed and delivered by such Person, providing such Person to have all or a portion of the rights and obligations of a Purchaser under this

Agreement, in the applicable form and substance for the circumstances as described and set forth on Exhibit B-1, Exhibit B-2 or Exhibit B-3 attached hereto, as applicable, or such other form as may be agreed to by the Company and the Purchaser.

“Knowledge” shall mean the actual knowledge, after reasonable inquiry of their respective direct reports, of the Company’s Chief Executive Officer, Chief Financial Officer and General Counsel.

“Leased Real Property” shall have the meaning set forth in Section 3.01(q)(i).

“Lien” shall have the meaning set forth in the Indenture.

“Losses” shall mean all losses, claims, damages, liabilities, costs, expenses (including reasonable expenses of investigation and reasonable attorneys’ fees and expenses), judgments, fines, penalties, charges and amounts paid in settlement.

“Majority in Interest of Selling Holders” shall mean the Initiating Holder(s) and/or Participating Holders for a particular offering that hold a majority of the applicable Subject Securities being offered and sold by all Initiating Holder(s) and Participating Holders (e.g., if Notes are being offered and sold, a majority of the Notes being offered and sold).

“Management Piggyback Waiver” shall mean a waiver to the Management Stockholders Agreement that was executed in connection with the Investment Agreement, dated as of September 14, 2018, among the Company and Affiliates of the Silver Lake Group.

“Management Stockholders Agreement” shall mean the Management Stockholders Agreement of the Company, dated as of August 30, 2012, as amended on December 17, 2013, by and between the Company and the other parties thereto, as giving effect to the Management Piggyback Waiver.

“Marketed Underwritten Offering” shall mean an Underwritten Offering involving reasonable and customary marketing efforts in excess of forty-eight hours by the Company and the underwriters.

“Material Adverse Effect” shall mean any events, changes or developments that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, other than any event, change or development resulting from or arising out of the following: (a) events, changes or developments generally affecting the economy, the financial or securities markets, or political, legislative or regulatory conditions, in each case in the United States or elsewhere in the world, (b) events, changes or developments in the industries in which the Company or any of its Subsidiaries conducts its business, (c) any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal of any rule, regulation, ordinance, order, protocol or any other law of or by any national, regional, state or local Governmental Entity, or market administrator, (d) any changes in GAAP or accounting standards or interpretations thereof, (e) earthquakes, any weather-related or other force majeure event or natural disasters or outbreak or escalation of hostilities or acts of war or terrorism, (f) the announcement or the existence of, compliance with or performance under, this Agreement or

the transactions contemplated hereby, (g) COVID-19 or any law, directive, pronouncement or guideline issued by a Governmental Entity, the Centers for Disease Control and Prevention, the World Health Organization or industry group providing for business closures, changes to business operations, “sheltering-in-place” or other restrictions that relate to, or arise out of the COVID-19 pandemic or any change in such law, directive, pronouncement or guideline or interpretation thereof following the date of this Agreement or the Company’s or any of its Subsidiaries’ compliance therewith, (h) any change, in and of itself, in the market price or trading volume of the Company’s securities or in its credit ratings (it being understood that so long as they are not otherwise excluded by this Agreement, the facts or occurrences giving rise to or contributing to such change may be deemed to constitute, or be taken into account in determining whether there has been, or is reasonably expected to be, a Material Adverse Effect, to the extent permitted by this definition), (i) any taking of any action (x) required by this Agreement or (y) at the express written request of the Purchaser, or (j) any failure by the Company to meet any financial projections or forecasts or estimates of revenues, earnings or other financial metrics for any period (provided, that the exception in this clause (i) shall not prevent or otherwise affect a determination that any event, change, effect or development underlying such failure has resulted in a Material Adverse Effect so long as it is not otherwise excluded by this definition); except, in each case with respect to subclauses (a) through (e), to the extent that such event, change or development disproportionately affects the Company and its Subsidiaries, taken as a whole, relative to other similarly situated companies in the industries in which the Company and its Subsidiaries operate.

“Minimum Ownership Threshold Test” shall mean that, at the time of determination, the Silver Lake Group collectively Beneficially Owns at least twenty-five percent (25%) of the number of outstanding shares of Company Common Stock Beneficially Owned by the Silver Lake Group collectively immediately following the Post-Closing Syndication (assuming, at both the time of determination and immediately following the Post-Closing Syndication, the conversion of the Notes or Original Notes, as the case may be, into Class A Common Stock on a full physical basis).

“New Confidentiality Agreement” shall mean the confidentiality agreement entered into by the Company, the Purchaser and an Affiliate of the Purchaser dated as of September 14, 2018.

“Nominating and Corporate Governance Committee” shall mean the Nominating and Corporate Governance Committee of the Board of Directors.

“Note” or “Notes” shall have the meaning set forth in the preamble hereto.

“NYSE” shall mean the New York Stock Exchange.

“OFAC” shall have the meaning set forth in Section 3.01(j).

“Offer Notice” shall have the meaning set forth in Section 4.16.

“Offering Terms” shall have the meaning set forth in Section 5.02(c).

“Orderly Sale Amount” shall have the meaning set forth in Section 5.02(d).

“Owned Real Property” shall have the meaning set forth in Section 3.01(q)(i).

“Participating Holder” shall have the meaning set forth in Section 5.02(c).

“Participation Notice” shall have the meaning set forth in Section 4.16.

“Participation Notice Period” shall have the meaning set forth in Section 4.16.

“Participation Percentage” shall mean a fraction, the numerator of which is the number of shares of Company Common Stock Beneficially Owned by the Silver Lake Group and/or the Sargas Purchaser and its Affiliates, collectively, as of the date of the Offer Notice (assuming the conversion of the Notes into Class A Common Stock on a full physical basis), and the denominator of which is the aggregate number of shares of Company Common Stock issued and outstanding as of such time (calculated in accordance with Rule 13d-3 of the Exchange Act for the purposes of determining the Silver Lake Group’s and the Sargas Purchaser and their Affiliates’ collective percentage ownership of the Company Common Stock).

“Permitted Lien” shall have the meaning set forth in the Indenture.

“Permitted Loan” means a mortgage, hypothecation, and/or pledge of the Notes and/or the shares of Class A Common Stock issuable or issued upon conversion of the Notes in respect of one or more bona fide loans by a Purchaser (or a controlled or controlling Affiliate of a Purchaser).

“Permitted Transaction” means the entry by a Purchaser (or a controlled or controlling Affiliate of a Purchaser) into any total return swap, asset swap or other derivative transaction or repurchase or reverse repurchase transaction with one or more financial institutions, which may or may not be secured by a pledge, hypothecation or other grant of security interest in the Notes and/or the shares of Company Common Stock and/or related assets and/or cash, cash equivalents and/or letters of credit, including, without limitation, any transaction pursuant to which a Purchaser or such controlled Affiliate, as applicable, transfers Notes and/or shares of Company Common Stock held by it, provided, that such Purchaser or such controlled Affiliate retains the economic effects of ownership of such Notes and/or shares of Company Common Stock following any such transfer.

“Person” or “person” shall mean an individual, corporation, limited liability or unlimited liability company, association, partnership, trust, estate, joint venture, business trust or unincorporated organization, or a government or any agency or political subdivision thereof, or other entity of any kind or nature.

“Personal Data” shall have the meaning set forth in Section 3.01(p)(ii).

“Piggyback Holders” shall mean Wanda and any Affiliate of Wanda who is a direct transferee of Piggyback Shares from Wanda or another Piggyback Holder, in each case who is a holder of “piggyback” rights under Section 3(b) of the Wanda Registration Rights Agreement.

“Piggyback Rights” shall mean the “piggyback” rights granted to certain holders of the Company’s Class A Common Stock and Class B Common Stock pursuant to Section 3(b) of the Wanda Registration Rights Agreement after giving effect to the Wanda Piggyback Amendment related thereto.

“Piggyback Shares” shall mean shares of Class A Common Stock that are held as of September 14, 2018 (after giving effect to the repurchase contemplated by the Wanda Repurchase Agreement) or that are issued upon conversion of shares of Class B Common Stock that are held as of September 14, 2018 (after giving effect to such repurchase) by Wanda, in each case together with any shares of Class A Common Stock issued upon any stock split, stock dividend or other distribution or in connection with a combination of shares, in each case, which shares of Class A Common Stock or other securities have not after September 14, 2018 been transferred, other than a direct transfer to an Affiliate of Wanda.

“Piggyback Termination Date” shall mean the date that the Piggyback Holders first cease to Beneficially Own at least 15% of the outstanding shares of Company Common Stock.

“Plan of Distribution” shall mean the plan of distribution substantially in the form attached hereto as Annex A.

“Post-Closing Syndication” shall mean, the sale, assignment, disposition and/or transfer of the Original Notes on September 14, 2018 in an amount equal to \$150,000,000 to the Sargas Purchaser.

“Purchaser” shall have the meaning set forth in the preamble hereto.

“Purchaser Designee” shall mean an individual then serving on the Board of Directors pursuant to the exercise of the SLA Purchaser’s rights pursuant to Section 4.07(a)(i) and/or Section 4.07(e), together with any designee(s) of the SLA Purchaser who is then standing for election to the Board of Directors pursuant to Section 4.07(a)(i) or who is being proposed for election by the SLA Purchaser pursuant to Section 4.07(e). For the avoidance of doubt, only one person may be a Purchaser Designee at any point in time.

“Real Property Leases” shall have the meaning set forth in Section 3.01(q)(i).

“Registrable Securities” shall mean the Subject Securities; provided, that any Subject Securities will cease to be Registrable Securities upon the earliest of (a) when such Subject Securities have been sold or otherwise disposed of pursuant to an effective Registration Statement or in compliance with Rule 144, (b) upon the later of the date (i) in the case of Subject Securities held by the Purchaser, no Purchaser Designee is on the Board of Directors and (ii) such Subject Securities are held or Beneficially Owned by any Person that together with its Affiliates Beneficially Own Subject Securities representing less than (x) 1.0% of the outstanding shares of Company Common Stock as of such time and such Subject Securities, and all Subject Securities Beneficially Owned by any Affiliate of such party, are freely transferable under Rule 144 without regard to volume or manner of sale limits or public information requirements (and, in the case of the Notes, such Subject Securities may be represented by an Unrestricted Global Security (as defined in the Indenture) when sold) and (y) \$75,000,000 in aggregate principal

amount of Notes (subject to the first proviso in Section 5.02(c) and the proviso in Section 5.02(g)), or (c) when such Subject Securities cease to be outstanding; provided, further, that any securities that have ceased to be Registrable Securities in accordance with the foregoing definition shall not thereafter become Registrable Securities and any securities that are issued or distributed in respect of securities that have ceased to be Registrable Securities are not Registrable Securities.

“Registration Expenses” shall mean all expenses incurred by the Company in complying with Article V, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel (including local counsel if required) and independent public accountants for the Company and of a single counsel for the holders of Registrable Securities, fees and expenses incurred by the Company in connection with complying with state securities or “blue sky” laws, fees of the Financial Industry Regulatory Authority, Inc., all the Company’s internal expenses, transfer taxes, and fees of transfer agents and registrars, but excluding any underwriting discounts and commissions, agency fees, brokers’ commissions and transfer taxes, in each case to the extent applicable to the Registrable Securities of the selling holders provided that Registration Expenses shall not include more than \$50,000 per offering of fees and disbursements of counsel and other advisors for the holders of Registrable Securities.

“Registration Statement” shall mean any registration statement of the Company filed or to be filed with the SEC under the rules and regulations promulgated under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, and including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

“Registration Termination Date” shall have the meaning set forth in Section 5.01(b).

“ROFR Agreement” shall mean the Right of First Refusal Agreement entered into by the Purchaser and/or one or more of its Affiliates, the Company and certain stockholders of the Company dated as of the date hereof.

“Rule 144” shall mean Rule 144 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such rule.

“Rule 405” shall mean Rule 405 promulgated by the SEC pursuant to the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same effect as such rule.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Section 4.12 Person” shall have the meaning set forth in Section 4.12.

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Security Agreement” means that certain Security Agreement, dated as of the Closing Date, by and among the Company, the Guarantors and the Collateral Agent.

“Security Documents” means, collectively, the Copyright Security Agreement, Security Agreement, the Trademark Security Agreement, the First Lien Intercreditor Agreement, the First Lien/Second Lien Intercreditor Agreement, other security agreements relating to the Collateral and the mortgages and instruments filed and recorded in appropriate jurisdictions to preserve and protect the Liens on the Collateral (including, without limitation, financing statements under the Uniform Commercial Code of the relevant states) applicable to the Collateral, each for the benefit of the Collateral Agent, as amended, amended and restated, modified, renewed, replaced or otherwise modified from time to time.

“Selling Holders” shall have the meaning set forth in Section 5.03(a)(i).

“Silver Lake Group” shall mean the SLA Purchaser together with its Affiliates, including SL Affiliates.

“Silver Lake Indemnitors” shall have the meaning set forth in Section 4.12.

“SL Affiliate” shall mean any Affiliate of Silver Lake Group, L.L.C. that serves as general partner of, or manages or advises, any investment fund or other investment entity Affiliated with Silver Lake Group, L.L.C. that has a direct or indirect investment in the Company.

“SL Director” shall mean the Purchaser Designee who is serving on the Board of Directors.

“SL Observer” shall have the meaning in Section 4.07(f).

“SL Person” shall mean any SL Director or SL Observer.

“SL Securities” shall have the meaning set forth in the Indenture.

“SLTM” shall mean Silver Lake Technology Management, L.L.C. or a successor thereto.

“Standstill Period” shall mean the period commencing on the Closing Date and ending on the earliest of (i) the later of (A) the date that is nine (9) months following such time as there is no Purchaser Designee serving on the Board of Directors (and as of such time the Purchaser no longer has board nomination rights pursuant to this Agreement or otherwise irrevocably waives in a writing delivered to the Company all of such rights) and (B) September 14, 2021, (ii) the effective date of a Change in Control and (iii) ninety (90) days after the date on which the Purchaser and its Affiliates do not Beneficially Own any Notes or any shares of Company Common Stock (other than any shares of Company Common Stock issued to any person as compensation for their service on the Board of Directors).

“Subject Securities” shall mean (i) the shares of Class A Common Stock issuable or issued upon conversion of the Notes; (ii) any other shares of Company Common Stock or

Additional Securities acquired by the Purchaser after the effective date of this Agreement at a time when such Purchaser or its Affiliates hold other Registrable Securities; and (iii) any securities issued as (or issuable upon the conversion, exercise or exchange of any warrant, right or other security that is issued as) a dividend, stock split, combination or any reclassification, recapitalization, merger, consolidation, exchange or any other distribution or reorganization with respect to, or in exchange for, or in replacement of, the securities referenced in clause (i) or (ii) (without giving effect to any election by the Company regarding settlement options upon conversion) above or this clause (iii).

“Subsidiary” shall mean, with respect to any Person, (a) any other Person of which fifty percent (50%) or more of the shares of the voting securities or other voting interests are owned or controlled, or the ability to select or elect fifty percent (50%) or more of the directors or similar managers is held, directly or indirectly, by such first Person or one or more of its Subsidiaries, or by such first Person, or by such first Person and one or more of its Subsidiaries, or (b) any other Person of which such Person or any Subsidiary of such Person is a managing member or general partner.

“Take-Down Notice” shall have the meaning set forth in Section 5.02(c).

“Take-Down Participation Notice” shall have the meaning set forth in Section 5.02(c).

“Target Registration Date” shall have the meaning set forth in Section 5.01(a).

“Tax” or “Taxes” shall mean all federal, state, local, and foreign income, excise, gross receipts, gross income, ad valorem, profits, gains, property, capital, sales, transfer, use, payroll, employment, severance, withholding, duties, intangibles, franchise, backup withholding, value-added, and other taxes imposed by a Governmental Entity, together with all interest, penalties and additions to tax imposed with respect thereto.

“Tax Return” shall mean a report, return or other document (including any amendments thereto) required to be supplied to a Governmental Entity with respect to Taxes.

“Third Party” shall mean a Person other than any member of the Silver Lake Group or any of their respective Affiliates.

“Trademark Security Agreement” means that certain Trademark Security Agreement, dated as of the Closing Date, by and between American Multi-Cinema, Inc. and the Collateral Agent.

“Transaction Agreements” shall have the meaning set forth in Section 3.01(c).

“Transactions” shall have the meaning set forth in Section 3.01(c).

“Trustee” shall mean U.S. Bank National Association, or another institutional trustee to be selected by the Company with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.



“Underwritten Offering” shall mean a sale of Registrable Securities to an underwriter or underwriters for reoffering to the public.

“Uniform Commercial Code” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that, at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of the Collateral Agent’s security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a U.S. jurisdiction other than the State of New York, the term means the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

“Voting Stock” shall mean securities of any class or kind having the power to vote generally for the election of directors, managers or other voting members of the governing body of the Company or any successor thereto.

“Wanda” shall mean Dalian Wanda Group Co., Ltd.

“WКСI” shall mean a “well known seasoned issuer” as defined under Rule 405.

Section 1.02. General Interpretive Principles. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. The name assigned to this Agreement and the section captions used herein are for convenience of reference only and shall not be construed to affect the meaning, construction or effect hereof. Whenever the words “include,” “includes,” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” Unless otherwise specified, the terms “hereto,” “hereof,” “herein” and similar terms refer to this Agreement as a whole (including the exhibits, schedules and disclosure statements hereto), and references herein to Articles or Sections refer to Articles or Sections of this Agreement. For the avoidance of doubt, notwithstanding anything in this Agreement to the contrary, none of the Notes will have any right to vote, or except as expressly set forth in Section 10.02(b) of the Indenture any right to receive any dividends or other distributions that are made or paid to the holders of the shares of Company Common Stock.

## ARTICLE II

### EXCHANGE OF THE NOTES

Section 2.01. Exchange of the Notes. Subject to the terms and conditions of this Agreement, at the Closing, occurring simultaneously with the execution of this Agreement, the Company is issuing to (i) the SLA Purchaser \$450,000,000 aggregate principal amount of Notes and in exchange the SLA Purchaser is surrendering for cancellation \$450,000,000 aggregate principal amount of the Company’s 2.95% Convertible Notes due 2024 and (ii) the Sargas Purchaser \$150,000,000 aggregate principal amount of Notes, and in exchange the Sargas Purchaser is surrendering for cancellation \$150,000,000 aggregate principal amount of the Company’s 2.95% Convertible Notes due 2024.

Section 2.02. Closing.

(a) The closing (the “Closing”) of the exchange of the Notes hereunder is taking place at the offices of Weil, Gotshal & Manges LLP located at 767 Fifth Avenue, New York, NY 10153 on the date hereof, simultaneously with the execution of this Agreement (such date is sometimes referred to herein as the “Closing Date”).

(b) To effect the exchange of Notes, upon the terms and subject to the conditions set forth in this Agreement, at the Closing:

(i) The Company is executing and delivering, and has instructed the Trustee to execute and deliver, the Indenture. The Company is simultaneously delivering the fully executed Indenture to the Purchaser, against surrender and cancellation in full by or on behalf of the Purchaser of six hundred million dollars (\$600,000,000) aggregate principal amount of the Company’s 2.95% Convertible Notes due 2024.

(ii) The Company is (A) depositing \$450,000,000 aggregate principal amount of Notes in book entry form on the books of The Depository Trust Company without restrictive legends and bearing an unrestricted CUSIP, in (x) the name of the SLA Purchaser, (y) the name of the Custodian (as defined in the Issuer Agreement) as record holder for the SLA Purchaser’s beneficial interest in the Notes or (z) the name of a collateral agent for the lenders of a Permitted Loan, and (B) issuing \$150,000,000 in aggregate principal amount of Notes in the form of physical securities in the name of the Sargas Purchaser.

(iii) The Company and the Guarantors, are executing and delivering to the Purchaser each of the Transaction Agreements.

(iv) The Purchaser is delivering to the Company duly completed and executed IRS Form W-9 or applicable IRS Form W-8 (or any successor form).

(v) Weil, Gotshal & Manges LLP, counsel for the Company, shall have furnished to the Purchasers its opinion, dated as of the Closing Date and addressed to the Purchasers, in form and substance satisfactory to the Purchasers.

(vi) Husch Blackwell LLP, counsel for the Guarantors organized under the laws of Kansas and Missouri, shall have furnished to the Purchasers its opinion, dated as of the Closing Date and addressed to the Purchasers, in form and substance satisfactory to the Purchasers.

(vii) Quarles & Brady, LLP, counsel for the Guarantor organized under the laws of the State of Arizona, shall have furnished to the Purchasers its opinion, dated as of the Closing Date and addressed to the Purchasers, in form and substance satisfactory to the Purchasers.

(viii) Except as otherwise contemplated by the Security Documents and/or the Indenture, each document (including any Uniform Commercial Code financing statement) required by the Security Documents, or under law, in each case, to be filed, registered or recorded, or delivered for filing on or prior to the

Closing Date, including filings in the U.S. Patent and Trademark Office and the U.S. Copyright Office, in order to create in favor of the Collateral Agent, for the benefit of the Trustee and the holders of the Notes, a perfected first-priority lien and security interest in the Collateral that can be perfected by the making of such filings, registrations or recordations, prior and superior to the right of any other person (subject to Permitted Lien), shall be executed and in proper form for filing, registration or recordation.

(ix) Prior to or on the Closing Date, the Company shall have furnished to the Purchaser such further information, certificates and documents as the Purchaser may reasonably request.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of the Company. Except as disclosed in the Company Reports filed with or furnished to the SEC and publicly available prior to the date hereof (excluding in each case any disclosures set forth in the risk factors or “forward-looking statements” sections of such reports, and any other disclosures included therein to the extent they are predictive or forward-looking in nature), the Company represents and warrants to the Purchaser, as of the date hereof, as follows:

(a) Existence and Power.

(i) The Company and each Guarantor is duly organized, validly existing and in good standing under the laws of the State of Delaware or its respective jurisdiction of organization and has all requisite corporate or other applicable power and authority to enter into each Transaction Agreement to which it is party and to consummate the Transactions. The Company and each Guarantor has all requisite corporate or other applicable power and authority to own, operate and lease its properties, rights and assets and to carry on its business as it is being conducted on the date of this Agreement.

(ii) Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, the Company and each Guarantor has been duly qualified as a foreign corporation or other entity for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties, rights and assets or conducts any business so as to require such qualification. Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, each Subsidiary of the Company that is a “significant subsidiary” (as defined in Rule 1.02(w) of the SEC’s Regulation S-X) has been duly organized and is validly existing in good standing (to the extent that the concept of “good standing” is recognized by the applicable jurisdiction) under the laws of its jurisdiction of organization.

(b) Capitalization. All the outstanding shares of capital stock of the Company and each of its Subsidiaries have been duly and validly authorized and issued and are fully paid

and nonassessable, and except as otherwise set forth in the Company Reports, all outstanding shares of capital stock or membership interests of the Subsidiaries are owned by the Company either directly or through wholly owned Subsidiaries and are free and clear of any perfected security interest or any other security interests, claims, liens or encumbrances.

(c) Authorization. The execution, delivery and performance of this Agreement, the Indenture, the Notes, the Security Documents and each Issuer Agreement (the “Transaction Agreements”) and the consummation of the transactions contemplated herein and therein (collectively, the “Transactions”) have been duly authorized by the Board of Directors and all other necessary corporate action on the part of the Company and each Guarantor, as applicable. Assuming this Agreement constitutes the valid and binding obligation of the Purchaser, this Agreement is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the limitation of such enforcement by (A) the effect of bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium or other laws affecting or relating to creditors’ rights generally or (B) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law (the “Enforceability Exceptions”). Assuming the Indenture constitutes the valid and binding obligation of the Trustee and the Collateral Agent, as of the date hereof, the Indenture (including each Guarantee set forth therein) is a valid and binding obligation of the Company and each Guarantor enforceable against the Company and such Guarantor in accordance with its terms, subject to the Enforceability Exceptions. Assuming the Security Documents constitute the valid and binding obligation of each of the parties thereto (other than the Company and the Guarantors), as of the date hereof, the Security Documents are a valid and binding obligations of the Company and each Guarantor party thereto, as applicable, enforceable against the Company and each such Guarantor in accordance with each of their terms, subject to the Enforceability Exceptions. The Security Documents, when executed and delivered in connection with the sale of the Notes, will create in favor of the Collateral Agent, for the benefit of itself, the Trustee and the holders of the Notes, valid and enforceable security interests in and liens on the Collateral (subject, solely as to enforceability, to the Enforceability Exceptions) and, upon the filing of appropriate Uniform Commercial Code financing statements in United States jurisdictions previously identified to the Collateral Agent and Trustee and the taking of the other actions, in each case as further described in the Security Documents, the security interests and liens granted pursuant thereto will constitute a perfected security interest in and lien on all right, title and interest of the Company and each Guarantor, in the Collateral described therein, and such security interests will be enforceable in accordance with the terms contained therein (subject, solely as to enforceability, to the Enforceability Exceptions) against all creditors of any grantor or mortgagor. Pursuant to resolutions in form and substance previously reviewed by the Purchaser, the Board of Directors or a committee thereof composed solely of two or more “non-employee directors” as defined in Rule 16b-3 of the Exchange Act has approved, for the express purpose of exempting each such transaction from Section 16(b) of the Exchange Act, pursuant to Rule 16b-3 thereunder to the extent applicable, the transactions contemplated by the Transaction Agreements, including the acquisition of the Notes, any disposition of such Notes upon the conversion thereof, any acquisition of Class A Common Stock upon conversion of the Notes, any deemed acquisition or disposition in connection therewith, and all transactions with the Company related thereto.

(d) General Solicitation; No Integration. Other than with respect to the Silver Lake Group and its Affiliates, neither the Company nor any other Person or entity authorized by the Company to act on its behalf has engaged in a general solicitation or general advertising (within the meaning of Regulation D of the Securities Act) of investors with respect to offers or sales of the Notes. The Company has not, directly or indirectly, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which, to its Knowledge, is or will be integrated with the Notes sold pursuant to this Agreement.

(e) Valid Issuance. The Notes have been duly authorized by all necessary corporate action of the Company. When issued and sold against receipt of the consideration therefor, the Notes will be valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to the limitation of such enforcement by the Enforceability Exceptions. The Guarantees of the Guarantors have been duly authorized by each of the Guarantors and, when the Notes have been issued and sold against receipt of the consideration therefor, the Guarantees will be valid and legally binding obligations of each Guarantor, enforceable against each Guarantor in accordance with their terms, subject to the Enforceability Exceptions, and will be entitled to the benefits of the Indenture. The Company has available for issuance the maximum number of shares (including make-whole shares) of Class A Common Stock initially issuable upon conversion of the Notes if such conversion were to occur immediately following Closing. The Class A Common Stock to be issued upon conversion of the Notes in accordance with the terms of the Notes has been duly authorized, and when issued upon conversion of the Notes, all such Class A Common Stock will be validly issued, fully paid and nonassessable and free of pre-emptive or similar rights. The Guarantors include all Subsidiaries of the Company that guarantee obligations of the Company under the Credit Agreement, the Existing Senior Subordinated Notes or any other Indebtedness (each as defined in the Indenture).

(f) Non-Contravention/No Consents. The execution, delivery and performance of the Transaction Agreements, the issuance of the shares of Class A Common Stock upon conversion of the Notes in accordance with their terms and the consummation by the Company and each Guarantor of the Transactions, does not conflict with, violate or result in a breach of any provision of, or constitute a default under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, (i) the certificate of incorporation or bylaws of the Company or any Guarantor, (ii) any credit agreement, mortgage, note, indenture, deed of trust, lease, license, loan agreement or other agreement binding upon the Company or any of its Subsidiaries, or (iii) any permit, government license, judgment, order, decree, ruling, injunction, statute, law, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries, other than in the cases of clauses (ii) and (iii) as would not, individually or in the aggregate, constitute a Material Adverse Effect. Assuming the accuracy of the representations of the Purchaser set forth herein, other than (A) any required filings or approvals under the HSR Act or any foreign antitrust or competition laws, requirements or regulations in connection with the issuance of shares of Company Common Stock upon the conversion of the Notes, (B) the filing of a Supplemental Listing Application with NYSE, (C) any required filings pursuant to the Exchange Act or the rules of the SEC or NYSE or (D) as have been obtained prior to the date of this Agreement, no consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required on the part of the Company or any of its Subsidiaries in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the

Company and each Guarantor of the Transactions (in each case other than the transactions contemplated by Article V), except for any consent, approval, order, authorization, registration, declaration, filing, exemption or review the failure of which to be obtained or made would not, individually or in the aggregate, constitute a Material Adverse Effect.

(g) Reports; Financial Statements.

(i) The Company has filed or furnished, as applicable all forms, reports, schedules, prospectuses, registration statements and other statements and documents required to be filed or furnished by it with the SEC under the Exchange Act or the Securities Act since January 1, 2019 (including, for the avoidance of doubt, its annual report on Form 10-K for the fiscal year ended December 31, 2019, collectively, the “Company Reports”). As of its respective date, and, if amended, as of the date of the last such amendment, each Company Report complied in all material respects as to form with the applicable requirements of the Securities Act and the Exchange Act, and any rules and regulations promulgated thereunder applicable to such Company Report. As of its respective date, and, if amended, as of the date of the last such amendment, no Company Report contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(ii) Each of the consolidated balance sheets, and the related consolidated statements of income, changes in stockholders’ equity and cash flows, included in the Company Reports filed with the SEC under the Exchange Act: (A) have been prepared from, and are in accordance with, the books and records of the Company and its Subsidiaries, (B) fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates shown and the results of the consolidated operations, changes in stockholders’ equity and cash flows of the Company and its consolidated Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth, subject, in the case of any unaudited financial statements, to normal recurring year-end audit adjustments, (C) have been prepared in accordance with GAAP consistently applied during the periods involved, except as otherwise set forth therein or in the notes thereto, and in the case of unaudited financial statements except for the absence of footnote disclosure, and (D) otherwise comply in all material respects with the requirements of the SEC.

(h) Absence of Certain Changes. Since March 31, 2020, (i) until the date hereof, the Company and its Subsidiaries have conducted their respective businesses in all material respects in the ordinary course of business, and (ii) no events, changes or developments have occurred that would, individually or in the aggregate, constitute a Material Adverse Effect.

(i) No Undisclosed Liabilities, etc. As of the date hereof (and prior to giving effect to the indebtedness of the Company and its Subsidiaries to be incurred on the date hereof), there are no liabilities of the Company or any of its Subsidiaries that would be required by

GAAP to be reflected on the face of the balance sheet, except (i) liabilities reflected or reserved against in the financial statements contained in the Company Reports, (ii) liabilities incurred since March 31, 2020 in the ordinary course of business (including liabilities under the Company's 10.500% Senior Secured Notes due 2025 issued on April 24, 2020) and (iii) liabilities that would not, individually or in the aggregate, constitute a Material Adverse Effect.

(j) Compliance with Applicable Law. Since January 1, 2019, each of the Company and its Subsidiaries has complied in all respects with, and is not in default or violation in any respect of, any law, statute, order, rule, regulation, policy or guideline of any federal, state or local Governmental Entity applicable to the Company or such Subsidiary, other than such non-compliance, defaults or violations that, individually or in the aggregate, have not had and would not, individually or in the aggregate, constitute a Material Adverse Effect. Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, since January 1, 2019, none of the Company, any of its Subsidiaries or, any of their respective directors, officers, agents or employees have (i) used any corporate, Company (and/or Subsidiary) funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or unlawfully offered or provided, directly or indirectly, anything of value to (or received anything of value from) any foreign or domestic government employee or official, in each case in violation of, or (ii) otherwise violated, any provision of the United States Foreign Corrupt Practices Act of 1977, as amended, and any rules or regulations promulgated thereunder (the "FCPA"), or the UK Bribery Act (the "Bribery Act"). Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, since January 1, 2019, neither the Company, any of its Subsidiaries nor any of their respective directors, officers, agents or employees has directly or indirectly taken any action in violation of any export restrictions, anti-boycott regulations, embargo regulations or other similar applicable United States or foreign laws. Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, (i) none of the Company's or any of its Subsidiaries' directors, officers, agents or employees is a "specially designated national" or blocked person under United States sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") and (ii) since January 1, 2019, neither the Company nor any of its Subsidiaries has engaged in any business with any person with whom, or in any country in which, it is prohibited for a United States person to engage under applicable United States sanctions administered by OFAC. Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, the Company and its Subsidiaries have instituted policies and procedures reasonably designed to ensure compliance with the FCPA and the Bribery Act and have maintained such policies and procedures in force.

(k) Legal Proceedings and Liabilities. As of the date hereof, neither the Company nor any of its Subsidiaries is a party to any, and there are no pending, or to the Knowledge of the Company, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental investigations of any nature against the Company or any of its Subsidiaries (i) that would, individually or in the aggregate, constitute a Material Adverse Effect or (ii) that challenge the validity of or seek to prevent the Transactions. As of the date hereof, neither the Company nor any of its Subsidiaries is subject to any order, judgment or decree of a Governmental Entity that would, individually or in the aggregate, constitute a Material Adverse Effect. As of the date hereof, except as would not, individually or in the aggregate, constitute a Material Adverse Effect, to the Knowledge of the Company, there is no investigation or review

pending or threatened by any Governmental Entity with respect to the Company or any of its Subsidiaries.

(l) Investment Company Act. The Company is not, and immediately after receipt of payment for the Notes will not be, an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

(m) Taxes and Tax Returns.

(i) Except as would not, individually or in the aggregate, constitute a Material Adverse Effect:

(A) the Company and each of its Subsidiaries has timely filed (taking into account all applicable extensions) all Tax Returns required to be filed by it, and all such Tax Returns were correct and complete in all respects, and the Company and each of its Subsidiaries has paid (or has had paid on its behalf) to the appropriate Governmental Entity all Taxes that are required to be paid by it, except, in each case, with respect to matters contested in good faith or for which adequate reserves have been established in accordance with GAAP; and

(B) there are no disputes pending, or claims asserted in writing, in respect of Taxes of the Company or any of its Subsidiaries for which reserves that are adequate under GAAP have not been established.

(ii) The Company has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Internal Revenue Code of 1986, as amended (the “Code”) during the period specified in Section 897(c)(1)(A)(ii) of the Code.

(n) No Piggyback or Preemptive Rights. Other than this Agreement, the Wanda Registration Rights Agreement and the Management Stockholders Agreement (in each case, without giving effect to the Wanda Piggyback Amendment and the Management Piggyback Waiver), there are no contracts, agreements or understandings between the Company and any person granting such person the right (other than rights which have been waived in writing or otherwise satisfied) to (i) require the Company to include in any Registration Statement filed pursuant to Article V any securities other than the Subject Securities or (ii) preemptive rights to subscribe for the Class A Common Stock issuable upon conversion of the Notes, except in each case of (i) and (ii), as may have been duly waived.

(o) Intentionally Omitted.

(p) Intellectual Property.

(i) Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, the Company and its Subsidiaries own or possess sufficient rights to use all patents, patent applications, inventions, copyrights, know-how, trade secrets, trademarks, service marks and trade names and other



technology and intellectual property rights (collectively, “Intellectual Property”) used in or necessary for the conduct of their respective businesses as currently conducted. The conduct of the respective businesses of the Company and its Subsidiaries does not infringe the Intellectual Property of others, and to the Company’s Knowledge, no third party is infringing any Intellectual Property owned by the Company or any of its Subsidiaries except, in each case, as would not, individually or in the aggregate, constitute a Material Adverse Effect.

(ii) The Company and its Subsidiaries have established policies, programs and procedures with respect to the collection, use, processing, storage and transfer of all personally identifiable or confidential information relating to individuals in connection with the business (collectively, “Personal Data”). Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, (A) since January 1, 2019, the Company and its Subsidiaries have complied with all applicable laws, regulations and contractual obligations relating to the protection and security of Personal Data to which Company and its Subsidiaries are currently or have been subject, (B) neither the Company nor any of its Subsidiaries has received any written inquiries from or been subject to any audit or other proceeding by any Governmental Entity regarding its compliance with the foregoing and (C) the Company and its Subsidiaries have complied with all rules, policies and procedures established by the Company and its Subsidiaries with respect to privacy, publicity, data protection or collection and use of Personal Data gathered or accessed in the course of the operations of the Company and its Subsidiaries. Since January 1, 2019, there have not been any incidents of (x) a material violation by Company or any of its Subsidiaries of any Person’s privacy, personal or confidentiality rights under any such rules, policies or procedures or (y) any material breach, material misappropriation, or material unauthorized disclosure, intrusion, access, use or dissemination of any Personal Data asserted or, to the Knowledge of the Company, threatened against the Company or its Subsidiaries by any Person. To the Knowledge of the Company, the Company and its Subsidiaries have taken commercially reasonable steps (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to reasonably ensure that any Personal Data collected by the Company and its Subsidiaries is protected against loss and against unauthorized access, use, modification, disclosure or other misuse.

(iii) Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, since January 1, 2019 the Company and its Subsidiaries have complied with, and the Company and its Subsidiaries are presently in compliance with, in all material respects the Payment Card Industry Data Security Standard and all regulations of the credit card industry and its member banks regarding the collection, storage, processing, and disposal of credit card data to the extent applicable to the Company and its Subsidiaries.

(q) Real Property.

(i) Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, the Company and its Subsidiaries have valid and marketable title to all real property used or occupied by the Company or any of its Subsidiaries other than the Leased Real Property (the "Owned Real Property"), including all appurtenances thereto and fixtures thereon, free and clear of all liens or encumbrances. Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, the Company and its Subsidiaries have a good and valid leasehold (or, as applicable, license or other) interest in all leases, subleases and other agreements under which the Company and its Subsidiaries use or occupy or have the right to use or occupy any real property (such property subject to a lease, sublease or other agreement, the "Leased Real Property," and such leases, subleases and other agreements are, collectively, the "Real Property Leases"), in each case, free and clear of all liens or encumbrances. Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, each Real Property Lease is a valid and binding obligation of the Company or its Subsidiary that is party thereto and, to the Knowledge of the Company, of each other party thereto, and is in full force and effect, subject to the Enforceability Exceptions.

(ii) Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, all buildings, structures, fixtures and improvements included within the Owned Real Property or Leased Real Property (the "Improvements") are in good repair and operating condition, subject only to ordinary wear and tear, and are adequate and suitable for the purposes for which they are presently being used or held for use and there are no facts or conditions affecting any of the Improvements that, in the aggregate, would reasonably be expected to interfere with the current use, occupancy or operation thereof. Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, (A) there is no pending, or to the Knowledge of the Company, threatened proceedings in eminent domain or condemnation against any of the Owned Real Property or Leased Real Property, (B) no petition or application to rezone or otherwise alter or amend the land use regulations affecting the Leased Real Property or Owned Real Property is pending nor threatened, (C) neither the Company nor any of its Subsidiaries has received any written notice of any violation of applicable laws or regulations, including zoning and land use regulations affecting the Leased Real Property or Owned Real Property and there are no present violations of applicable zoning and land use regulations affecting the Leased Real Property or Owned Real Property and (D) neither the Company nor any of its Subsidiaries has received written notice of any pending improvements, liens or special assessments from any Governmental Entity to be made against (x) the Leased Real Property for which the tenant under the Real Property Leases would be responsible or (y) the Owned Real Property for which the Company or any of its Subsidiaries would be responsible.

(iii) Except as would not, individually or in the aggregate, constitute a Material Adverse Effect, each theatre located on the Leased Real Property or Owned Real Property, together with the related items of personal property located

therein, constitutes a fully-operable motion picture theatre, and each such motion picture theatre and related personal property is fit for the use for which it is intended and to which it is presently devoted.

(r) No Additional Representations.

(i) The Company acknowledges that the Purchaser makes no representation or warranty as to any matter whatsoever except as expressly set forth in Section 3.02 and in any certificate delivered by the Purchaser pursuant to this Agreement, and the Company has not relied on or been induced by such information or any other representations or warranties (whether express or implied or made orally or in writing) not expressly set forth in Section 3.02 and in any certificate delivered by the Purchaser pursuant to this Agreement.

(ii) The Company acknowledges and agrees that, except for the representations and warranties expressly set forth in Section 3.02 and in any certificate delivered by the Purchaser pursuant to this Agreement, (i) no person has been authorized by the Purchaser to make any representation or warranty relating to the Purchaser or otherwise in connection with the transactions contemplated hereby, and if made, such representation or warranty must not be relied upon by the Company as having been authorized by the Purchaser, and (ii) any materials or information provided or addressed to the Company or any of its Affiliates or representatives are not and shall not be deemed to be or include representations or warranties of the Purchaser unless any such materials or information are the subject of any express representation or warranty set forth in Section 3.02 of this Agreement and in any certificate delivered by the Purchaser pursuant to this Agreement.

Section 3.02. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to, and agrees with, the Company, as of the date hereof, as follows:

(a) Organization; Ownership. The Purchaser is a limited partnership, duly organized, validly existing and in good standing under the laws of Delaware and has all requisite limited partnership power and authority to own, operate and lease its properties and to carry on its business as it is being conducted on the date of this Agreement.

(b) Authorization; No Conflicts.

(i) The Purchaser has full limited partnership power and authority to execute and deliver this Agreement and to consummate the Transactions to which it is a party. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transactions to which it is a party have been duly authorized by all necessary limited partnership action on behalf of the Purchaser. No other proceedings on the part of the Purchaser are necessary to authorize the execution, delivery and performance by the Purchaser of this Agreement and consummation of the Transactions. This Agreement has been duly and validly executed and delivered by the Purchaser. Assuming this Agreement

constitutes the valid and binding obligation of the Company, this Agreement is a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the limitation of such enforcement by the Enforceability Exceptions.

(ii) Intentionally Omitted.

(iii) The execution, delivery and performance of this Agreement by the Purchaser, the consummation by the Purchaser of the Transactions to which it is a party and the compliance by the Purchaser with any of the provisions hereof and thereof will not conflict with, violate or result in a breach of any provision of, or constitute a default under, or result in the termination of or accelerate the performance required by, or result in a right of termination or acceleration under, (A) any provision of the Purchaser's organizational documents, (B) any mortgage, note, indenture, deed of trust, lease, license, loan agreement or other agreement binding upon the Purchaser or (C) any permit, government license, judgment, order, decree, ruling, injunction, statute, law, ordinance, rule or regulation applicable to the Purchaser or any of its Affiliates, other than in the cases of clauses (B) and (C) as would not reasonably be expected to materially and adversely affect or delay the consummation of the Transactions to which it is a party by the Purchaser.

(c) Consents and Approvals. No consent, approval, order or authorization of, or registration, declaration or filing with, or exemption or review by, any Governmental Entity is required on the part of the Purchaser in connection with the execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Transactions to which it is a party, except for any required filings or approvals under the HSR Act or any foreign antitrust or competition laws, requirements or regulations in connection with the issuance of shares of Class A Common Stock upon the conversion of the Notes and any consent, approval, order, authorization, registration, declaration, filing, exemption or review the failure of which to be obtained or made, individually or in the aggregate, would not reasonably be expected to adversely affect or delay the consummation of the Transactions to which it is a party by the Purchaser.

(d) Securities Act Representations.

(i) The Purchaser is an accredited investor (as defined in Rule 501 of the Securities Act) and is aware that the sale of the Notes is being made in reliance on a private placement exemption from registration under the Securities Act. The Purchaser is acquiring the Notes (and any shares of Class A Common Stock issuable upon conversion of the Notes) for its own account, and not with a view toward, or for sale in connection with, any distribution thereof in violation of any federal or state securities or "blue sky" law, or with any present intention of distributing or selling such Notes (or any shares of Class A Common Stock issuable upon conversion of the Notes) in violation of the Securities Act. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in

such Notes (and any shares of Class A Common Stock issuable upon conversion of the Notes) and is capable of bearing the economic risks of such investment. The Purchaser has been provided a reasonable opportunity to undertake and has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement.

(ii) Neither the Purchaser nor any of its Affiliates is acting in concert, and neither the Purchaser nor any of its Affiliates has any agreement or understanding, with any Person that is not an Affiliate of the Purchaser, and is not otherwise a member of a “group” (as such term is used in Section 13(d)(3) of the Exchange Act), with respect to the Company or its securities, in each case, other than in connection with the Transactions or with respect to any bona fide loan from one or more financial institutions.

(e) Brokers and Finders. The Purchaser has not retained, utilized or been represented by, or otherwise become obligated to, any broker, placement agent, financial advisor or finder in connection with the transactions contemplated by this Agreement whose fees the Company would be required to pay.

(f) Ownership of Shares. None of the Purchaser or its Affiliates Beneficially Own any shares of Company Common Stock (without giving effect to the issuance of the Notes hereunder) other than any shares of Company Common Stock that may be owned by managing directors, officers and employees of SLTM or other Silver Lake management entity or general partner in their individual capacities or in managed accounts over which such Person does not have investment discretion.

(g) No Additional Representations.

(i) The Purchaser acknowledges that the Company does not make any representation or warranty as to any matter whatsoever except as expressly set forth in Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement, and specifically (but without limiting the generality of the foregoing), that, except as expressly set forth in Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement, the Company makes no representation or warranty with respect to (A) any matters relating to the Company, its business, financial condition, results of operations, prospects or otherwise, (B) any projections, estimates or budgets delivered or made available to the Purchaser (or any of its Affiliates, officers, directors, employees or other representatives) of future revenues, results of operations (or any component thereof), cash flows or financial condition (or any component thereof) of the Company and its Subsidiaries or (C) the future business and operations of the Company and its Subsidiaries, and the Purchaser has not relied on or been induced by such information or any other representations or warranties (whether express or implied or made orally or in writing) not expressly set forth in

Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement.

(ii) The Purchaser has conducted its own independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Company and its Subsidiaries and acknowledges that the Purchaser has been provided with sufficient access for such purposes. The Purchaser acknowledges and agrees that, except for the representations and warranties expressly set forth in Section 3.01 and in any certificate delivered by the Company pursuant to this Agreement, (i) no person has been authorized by the Company to make any representation or warranty relating to itself or its business or otherwise in connection with the transactions contemplated hereby, and if made, such representation or warranty must not be relied upon by the Purchaser as having been authorized by the Company, and (ii) any estimates, projections, predictions, data, financial information, memoranda, presentations or any other materials or information provided or addressed to the Purchaser or any of its Affiliates or representatives are not and shall not be deemed to be or include representations or warranties of the Company unless any such materials or information are the subject of any express representation or warranty set forth in Section 3.01 of this Agreement and in any certificate delivered by the Company pursuant to this Agreement.

#### ARTICLE IV

##### ADDITIONAL AGREEMENTS

Section 4.01. Taking of Necessary Action. Each of the parties hereto agrees to use its reasonable efforts promptly to take or cause to be taken all action, and promptly to do or cause to be done all things necessary, proper or advisable, in each case, under applicable laws and regulations (other than waive such party's rights hereunder) to consummate and make effective the exchange of the Notes hereunder, subject to the terms and conditions hereof and compliance with applicable law. In case at any time after the date hereof, any further action is necessary under applicable laws or regulations to carry out the purposes of the exchange of the Notes, the proper officers, managers and directors of each party to this Agreement shall take all such necessary action as may be reasonably requested by, and at the sole expense of, the requesting party.

Section 4.02. Intentionally Omitted.

Section 4.03. Intentionally Omitted.

Section 4.04. Securities Laws. The Purchaser acknowledges and agrees that the Notes (and the shares of Class A Common Stock that are issuable upon conversion of the Notes) have not been registered under the Securities Act or the securities laws of any state and that they may be sold or otherwise disposed of only in one or more transactions registered under the Securities Act and, where applicable, such laws, or as to which an exemption from the registration requirements of the Securities Act and, where applicable, such laws, is available. The Purchaser

acknowledges that, except as provided in Article V with respect to shares of Company Common Stock, the Purchaser has no right to require the Company or any of its Subsidiaries to register the Notes or the shares of Class A Common Stock that are issuable upon conversion of the Notes.

Section 4.05. Lost, Stolen, Destroyed or Mutilated Securities. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any certificate for any security of the Company and, in the case of loss, theft or destruction, upon delivery of an undertaking by the holder thereof to indemnify the Company (and, if requested by the Company, the delivery of an indemnity bond sufficient in the judgment of the Company to protect the Company from any loss it may suffer if a certificate is replaced), or, in the case of mutilation, upon surrender and cancellation thereof, the Company will issue a new certificate or, at the Company's option, a share ownership statement representing such securities for an equivalent number of shares or another security of like tenor, as the case may be.

Section 4.06. Antitrust Approval.

(a) The Company and the Purchaser acknowledge that one or more filings under the HSR Act or foreign antitrust laws may be necessary in connection with the issuance of shares of Class A Common Stock upon conversion of the Notes. The Purchaser will promptly notify the Company if any such filing is required on the part of the Purchaser. To the extent reasonably requested, the Company, the Purchaser and any other applicable Affiliate of the Purchaser will use reasonable efforts to cooperate in timely making or causing to be made all applications and filings under the HSR Act or any foreign antitrust requirements, as applicable, in connection with the issuance of shares of Class A Common Stock upon conversion of Notes held by the Purchaser or any Affiliate of the Purchaser in a timely manner and as required by the law of the applicable jurisdiction; provided, that, notwithstanding anything in this Agreement to the contrary, the Company shall not have any responsibility or liability for failure of Purchaser or any of its Affiliates to comply with any applicable law. For as long as there are Notes outstanding and owned by Purchaser or its Affiliates, the Company shall as promptly as reasonably practicable provide (no more than four (4) times per calendar year) such information regarding the Company and its Subsidiaries as the Purchaser may reasonably request in order to determine what foreign antitrust requirements may exist with respect to any potential conversion of the Notes. The Purchaser shall be responsible for the payment of the filing fees associated with any such applications or filings.

(b) No Holder of SL Securities (other than any lender or other creditor under a Permitted Loan transaction (including any agent or trustee on their behalf) in connection with an exercise of remedies) shall exercise its right to convert all or any portion of any SL Security prior to the termination or expiration of any required waiting periods (including any extensions thereof) applicable to the issuance of shares of Company Common Stock to the Holders of SL Securities and their Affiliates under the HSR Act.

(c) In the event that, pursuant to Article 13 of the Indenture, the Company withdraws or revokes any notice of redemption under the Indenture in respect of SL Securities (as defined in the Indenture) and the SL Securities Holders (as defined in the Indenture) rescind notice of conversion of SL Securities, the Company shall reimburse each SL Securities Holders who Beneficially Owns such SL Securities for (i) any filing fees and other reasonable out-of-

pocket costs, fees and expenses for applications and filings under the HSR Act or any foreign antitrust requirements incurred in preparation for conversion of Securities (as defined in the Indenture) in connection with the redemption that was contemplated by the withdrawn notice of redemption and (ii) all reasonable out-of-pocket costs, fees and expenses incurred by or on behalf of such Holder in connection with such conversion contemplated by such conversion notice and any related offering for resale.

Section 4.07. Board Nomination; Observer; Committees.

(a) Lee Wittlinger is currently serving on the Board of Directors as the Purchaser Designee. Notwithstanding anything herein to the contrary, neither the Board of Directors nor any committee thereof shall implement any policy, procedure, code, rule, standard or guideline applicable to the Board of Directors that is reasonably targeted at the Purchaser or any of its Affiliates or private equity sponsors or other similar asset managers.

(i) The Company agrees that, subject to satisfaction of the requirements set forth in the first sentence of Section 4.07(c), the SLA Purchaser shall have the right to nominate one (1) nominee at each meeting, or action by written consent, of the Company's stockholders pursuant to which individuals will be elected members to "Class III" (or such other class as the Company and the SLA Purchaser shall agree) of the Board of Directors (or at each meeting, or action by written consent, of the Company's stockholders pursuant to which individuals will be elected members of the Board of Directors if the Board of Directors is not classified). Notwithstanding the foregoing, the SLA Purchaser shall not have a right to nominate any member to the Board of Directors pursuant to this Section 4.07(a)(i) at any time following such time as the Silver Lake Group does not satisfy the Minimum Ownership Threshold Test. From and after such time that the SLA Purchaser does not satisfy the Minimum Ownership Threshold Test, the Board of Directors may provide written notice to the SLA Purchaser (with a copy to the SL Director) requesting that such SL Director tender his or her resignation from the Board of Directors, in which case, the SLA Purchaser will promptly cause the SL Director to tender his or her resignation from the Board of Directors.

(ii) Intentionally Omitted.

(iii) Notwithstanding anything to the contrary contained herein, if the Company enters into a definitive agreement providing for the consolidation or merger of the Company with or into any Person in a transaction that would, when consummated, constitute a Change in Control (excluding for purposes of this Section 4.07(a)(iii), clauses (i) and (ii) of such definition), then, the SLA Purchaser's rights to designate a Purchaser Designee under Sections 4.07(a)(i), and 4.07(e) shall forever terminate upon the consummation of such Change in Control.

(b) Subject to the terms and conditions of this Section 4.07 and applicable law, the Company agrees to include the Purchaser Designee in its slate of nominees for election



as directors of the Company at each of the Company's meetings of stockholders or action by written consent of stockholders pursuant to which directors of the applicable "Class" are to be elected (or at each meeting of stockholders or action by written consent of stockholders pursuant to which directors are to be elected if the Board of Directors is not classified) and use its reasonable efforts to cause the election of such Purchaser Designee to the Board of Directors. The Company will be required to use the same level of efforts and provide the same level of support as is used and/or provided for the other director nominees of the Company with respect to the applicable meeting of stockholders or action by written consent. For the avoidance of doubt, failure of the stockholders of the Company to elect any Purchaser Designee to the Board of Directors shall not affect the right of the Purchaser to nominate directors for election pursuant to this Section 4.07 in any future election of directors.

(c) Each Purchaser Designee nominated pursuant to Section 4.07(a)(i) must be a managing director of SLTM or other Silver Lake management entity or general partner selected by the SLA Purchaser. As a condition to any Purchaser Designee's appointment to the Board of Directors and nomination for election as a director of the Company at the Company's annual meetings of stockholders the SLA Purchaser and such Purchaser Designee must in all material respects provide to the Company (1) all information reasonably requested by the Company that is required to be or is customarily disclosed for directors, candidates for directors, and their affiliates and representatives in a proxy statement or other filings under applicable law or regulation or stock exchange rules or listing standards, in each case, relating to their nomination or election as a director of the Company or the Company's operations in the ordinary course of business and (2) information reasonably requested by the Company in connection with assessing eligibility, independence and other criteria applicable to directors or satisfying compliance and legal or regulatory obligations, in each case, relating to their nomination or election as a director of the Company or the Company's operations in the ordinary course of business, with respect to the SLA Purchaser, its Affiliates and the applicable Purchaser Designee (provided, that, in each of the case of the foregoing subclauses (1) and (2), the Company shall request the same types of, and level of detail with respect to such, information with respect to the Purchaser Designee as it requests from each of the other members of the Board of Directors). The Company will make all information requests pursuant to this Section 4.07(c) in good faith in a timely manner that allows the SLA Purchaser and the Purchaser Designee a reasonable amount of time to provide such information, and will cooperate in good faith with the SLA Purchaser and the Purchaser Designee and their respective counsel in connection with their efforts to provide the requested information.

(d) For so long as a SL Person is serving or participating on the Board of Directors, (i) the Company shall not implement or maintain any trading policy, equity ownership guidelines (including with respect to the use of Rule 10b5-1 plans and preclearance or notification to the Company of any trades in the Company's securities) or similar guideline or policy with respect to the trading of securities of the Company that applies to the SLA Purchaser or its Affiliates (including a policy that limits, prohibits, restricts SLA Purchaser or its Affiliates from entering into any hedging or derivative arrangements), in each case other than with respect to any SL Person solely in his or her individual capacity, except as provided herein, (ii) any share ownership requirement for any Purchaser Designee serving on the Board of Directors will be deemed satisfied by the securities owned by the SLA Purchaser and/or its Affiliates and under no circumstances shall any of such policies, procedures, processes, codes, rules, standards and

guidelines impose any restrictions on the SLA Purchaser's or its Affiliates' transfers of securities pursuant to Article V (except as otherwise provided therein with respect to Blackout Periods) and (iii) under no circumstances shall any policy, procedure, code, rule, standard or guideline applicable to the Board of Directors be violated by any Purchaser Designee (x) accepting an invitation to serve on another board of directors of a company whose principal lines(s) of business do not compete with the principal line(s) of business of the Company or failing to notify an officer or director of the Company prior to doing so, (y) receiving compensation from the SLA Purchaser or any of its Affiliates, or (z) failing to offer his or her resignation from the Board of Directors except as otherwise expressly provided in this Agreement or pursuant to any majority voting policy adopted by the Board of Directors, and, in each case of (i), (ii) and (iii), it is agreed that any such policies in effect from time to time that purport to impose terms inconsistent with this Section 4.07 shall not apply to the extent inconsistent with this Section 4.07 (but shall otherwise be applicable to the Purchaser Designee).

(e) Subject to the terms and conditions of this Section 4.07, and assuming continued satisfaction of the Minimum Ownership Threshold Test, if a vacancy on the Board of Directors is created as a result of a Purchaser Designee's death, resignation, disqualification or removal or the failure of the stockholders of the Company to elect a Purchaser Designee to the Board of Directors, in each case for whatever reason, or if the SLA Purchaser desires to nominate a different individual to replace any then-existing Purchaser Designee, then, at the request of the SLA Purchaser, the SLA Purchaser and the Company (acting through the Board of Directors) shall work together in good faith to fill such vacancy or replace such nominee as promptly as reasonably practical with a replacement Purchaser Designee subject to the terms and conditions hereof, and thereafter such individual shall as promptly as reasonably practical be appointed to the Board of Directors to fill such vacancy and/or be nominated as a Company nominee as the "Purchaser Designee" pursuant to this Section 4.07 (as applicable). For so long as the Board of Directors is classified, such replacement Purchaser Designee shall be nominated to the same "Class" of directors as the prior Purchaser Designee, unless otherwise agreed by the Company and the SLA Purchaser.

(f) For so long as the SLA Purchaser has the right to nominate a member of the Board of Directors pursuant to this Section 4.07, the SLA Purchaser shall have the right to designate one (1) observer (including any substitute observer designated by the Purchaser) (the "SL Observer") who shall be entitled, subject to the limitations set forth in this Agreement and applicable laws and governmental regulations, to attend (in person or telephonically) all meetings of the Board of Directors and any Committee thereof, in a non-voting observer capacity, and to receive copies of all notices, minutes, consents, agendas and other materials distributed to the Board of Directors and any Committee thereof; provided, however, if the Company believes in good faith that excluding any such materials (or portions thereof) from the SL Observer is necessary to preserve attorney-client privilege, such materials (or portions thereof) may be withheld from the SL Observer and the SL Observer may be excluded from any meeting or portion thereof related to such matters upon reasonable prior notice to the SL Observer (to the extent practicable); provided further, that in the event that the Board of Directors or any Committee, as applicable, determines to hold an executive session (an "Executive Session"), and the Board of Directors or Committee, as applicable, (acting reasonably and in good faith) determines that it would not be appropriate for the SL Observer to attend such Executive Session or any portion thereof, the SL Observer shall not have the right to

attend, and shall recuse himself or herself from, such Executive Session or portion thereof to the extent requested by the Board of Directors. The SL Observer shall be a managing director or investment professional of SLTM or other Silver Lake management entity or general partner selected by the SLA Purchaser. Except as otherwise set forth herein, the SL Observer may participate in discussions of matters brought to the Board of Directors or any Committee thereof; provided, that the SL Observer shall have no voting rights with respect to actions taken or elected not to be taken by the Board of Directors or any Committee thereof and the SL Observer shall not owe any fiduciary duty to the Company, its Subsidiaries or the holders of any class or series of Company securities. If the SL Observer is unable to attend any meeting of the Board of Directors or a Committee thereof, the SLA Purchaser shall have the right to designate a substitute SL Observer with written notice to the Board of Directors or such Committee. Any SL Observer shall be subject to the terms of the New Confidentiality Agreement.

(g) For so long as the SLA Purchaser is entitled to designate a Purchaser Designee who meets the Independence Requirements, each committee of the Board of Directors (each, a “Committee”) shall include as a member such Purchaser Designee who meets the Independence Requirements. As used herein, “Independence Requirements” shall mean any director and committee member independence requirements set forth pursuant to applicable law and the applicable rules and regulations of any stock exchange on which the Company Common Stock is listed, including the independence requirements established by the SEC, it being understood that, except as provided in any such requirements, the relationship of any Purchaser Designee or any other individual with the Silver Lake Group will not, by itself, prevent such Purchaser Designee or such individual from satisfying the Independence Requirements. Notwithstanding the foregoing, if the Board of Directors shall establish a Committee to consider (i) a proposed contract, transaction or other arrangement between the SLA Purchaser (or any of its Affiliates), on the one hand, and the Company or any of its Subsidiaries, on the other hand, or (ii) the enforcement or waiver of the rights of the Company or any of its Subsidiaries under any agreement between the SLA Purchaser (or any of its Affiliates), on the one hand, and the Company or any of its Subsidiaries, on the other hand, then the Purchaser Designee (and the SL Observer) may be excluded from participation in such Committee (and any portion of a Board of Directors meeting at which such matters may be discussed by the full Board of Directors upon notice to the Purchaser Designee and the SL Observer).

(h) To the fullest extent permitted by the DGCL and subject to applicable legal requirements and any express agreement that may from time to time be in effect, the Company agrees that any Purchaser Designee, SL Person, Silver Lake Group and any SL Affiliate or any portfolio company thereof (collectively, “Covered Persons”) may, and shall have no duty not to, (i) invest in, carry on and conduct, whether directly, or as a partner in any partnership, or as a joint venturer in any joint venture, or as an officer, director, stockholder, equityholder or investor in any person, or as a participant in any syndicate, pool, trust or association, any business of any kind, nature or description, whether or not such business is competitive with or in the same or similar lines of business as the Company or any of its Subsidiaries, (ii) do business with any client, customer, vendor or lessor of any of the Company or its Affiliates, and/or (iii) make investments in any kind of property in which the Company may make investments. To the fullest extent permitted by the DGCL, the Company renounces any interest or expectancy to participate in any business or investments of any Covered Person as currently conducted or as may be conducted in the future, and waives any claim against a

Covered Person and shall indemnify a Covered Person against any claim that such Covered Person is liable to the Company or its stockholders for breach of any fiduciary duty solely by reason of such person's participation in any such business or investment. The Company shall pay in advance any reasonable out-of-pocket expenses incurred in defense of such claim as provided in this provision. Except as set forth below, the Company agrees that in the event that a Covered Person acquires knowledge of a potential transaction or matter which may constitute a corporate opportunity for both (x) the Covered Person and (y) the Company or its Subsidiaries, the Covered Person shall not have any duty to offer or communicate information regarding such corporate opportunity to the Company or its Subsidiaries. To the fullest extent permitted by the DGCL, the Company hereby renounces any interest or expectancy in any potential transaction or matter of which the Covered Person acquires knowledge, except for any corporate opportunity which is expressly offered to a Covered Person in writing stating that such offer is intended solely for such Covered Person in his or her capacity as a member of the Board of Directors, and waives any claim against each Covered Person and shall indemnify a Covered Person to the extent permitted by the DGCL against any claim, that such Covered Person is liable to the Company or its stockholders for breach of any fiduciary duty solely by reason of the fact that such Covered Person (A) pursues or acquires any corporate opportunity for its own account or the account of any Affiliate or other person, (B) directs, recommends, sells, assigns or otherwise transfers such corporate opportunity to another person or (C) does not communicate information regarding such corporate opportunity to the Company; provided, that, in each such case, any corporate opportunity which is expressly offered to a Covered Person in writing stating that such offer is intended solely for such Covered Person in his or her capacity as a member of the Board of Directors shall belong to the Company. The Company shall pay in advance any reasonable out-of-pocket expenses incurred in defense of such claim as provided in this provision, except to the extent that it is determined by a final, non-appealable order of a Delaware court having competent jurisdiction (or any other judgment which is not appealed in the applicable time) that (i) a Covered Person has breached this Section 4.07(h) or (ii) an SL Director has breached its fiduciary duties to the Company, in which case any such advanced expenses shall be promptly reimbursed to the Company.

(i) For the avoidance of doubt, without limiting any other rights of the Purchaser or its Affiliates under this Agreement, each SL Director shall be entitled to receive Board fees and compensation and expense reimbursement according to the Company's standard policies with respect to service on the Board of Directors or any Committee; provided, that if any such compensation shall be in the form of grants of awards of Company Common Stock or securities settled into, convertible into or exchangeable for Company Common Stock or any other securities of the Company, then such awards may be denominated with reference to such securities but such awards shall in all cases be settled in cash.

(j) For the avoidance of doubt, notwithstanding anything in this Agreement or the Notes to the contrary, transferees of the Notes and/or the shares of Company Common Stock (other than Affiliates of the SLA Purchaser who sign a Joinder) shall not have any rights pursuant to this Section 4.07.

Section 4.08. Intentionally Omitted.

Section 4.09. Financing Cooperation.

(a) If requested by the SLA Purchaser, the Company will provide the following cooperation in connection with the SLA Purchaser obtaining any Permitted Loan or Permitted Transaction: (i) entering into an issuer agreement (an “Issuer Agreement”) with each lender in the form attached hereto as Exhibit C, and subject to the consent of the Company (which will not be unreasonably withheld or delayed), with such changes thereto as are requested by such lender, (ii) if so requested by such lender or counterparty, as applicable, registering or re-registering the pledged Notes and/or shares of Class A Common Stock to be issued upon conversion of the Notes, as applicable, in the name of the relevant lender, counterparty, custodian or similar party to a Permitted Loan or Permitted Transaction, with respect to Permitted Loans solely as securities intermediary or secured party and only to the extent the SLA Purchaser or its Affiliates continues to beneficially own such pledged Notes and/or shares of Class A Common Stock, (iii) entering into customary triparty agreements with each lender and the SLA Purchaser relating to the delivery of the Notes to the relevant lender (or re-registration of such Notes in the name of the Custodian (as defined in the Issuer Agreement) as record holder for the SLA Purchaser’s beneficial interest in the Notes or a lender of a Permitted Loan as secured party thereunder) for crediting to the relevant collateral accounts upon funding of the loan and payment of the purchase price including a right for such lender as a third party beneficiary of the Company’s obligation under Article II to issue the Notes upon payment of the purchase price therefor in accordance with the terms of this Agreement (including satisfaction of the conditions set forth in Section 2.02(b)) and/or (iv) such other cooperation and assistance as the SLA Purchaser may reasonably request that will not unreasonably disrupt the operation of the Company’s business.

(b) Anything in Section 4.09(a) to the contrary notwithstanding, the Company’s obligation to deliver an Issuer Agreement in connection with a Permitted Loan is conditioned on (x) the SLA Purchaser delivering to the Company a copy of the loan agreement for the Permitted Loan to which the Issuer Agreement relates and (y) the SLA Purchaser certifying to the Company in writing (A) that the loan agreement with respect to which the Issuer Agreement is being delivered constitutes a Permitted Loan being entered into in accordance with this Agreement, the SLA Purchaser has pledged the Notes and/or the underlying shares of Class A Common Stock as collateral to the lenders under such Permitted Loan and that the execution of such Permitted Loan and the terms thereof do not violate the terms of this Agreement, (B) to the extent applicable, whether the registration rights under Article V are being assigned to the lenders under that Permitted Loan, (C) that an event of default (as contemplated by the Margin Loan Agreement as defined in the Issuer Agreement) constitutes the only circumstances under which the lenders under the Permitted Loan may foreclose on the Notes and/or the underlying shares of Class A Common Stock and a transfer in connection with a (including a potential) Coverage Event (as contemplated by the Margin Loan Agreement as defined in the Issuer Agreement) constitutes circumstances under which the SLA Purchaser may sell the Notes and/or the underlying shares of Class A Common Stock in order to satisfy a margin call or repay a Permitted Loan, in each case to the extent necessary to satisfy or avoid a bona fide margin call on such Permitted Loan and that such provisions do not violate the terms of this Agreement and (D) that the SLA Purchaser acknowledges and agrees that the Company will be relying on such certificate when entering into the Issuer Agreement and any inaccuracy in such certificate will be deemed a breach of this Agreement. SLA Purchaser acknowledges and agrees that the statements and agreements of the Company in an Issuer Agreement are solely for the benefit of the applicable lenders party thereto and that in any dispute between the Company and the Purchaser

under this Agreement the SLA Purchaser shall not be entitled to use the statements and agreements of the Company in an Issuer Agreement against the Company.

(c) The Company's obligation to deliver an Issuer Agreement in connection with a Permitted Transaction is conditioned on (x) the SLA Purchaser delivering to the Company a copy of the agreement for such Permitted Transaction and (y) the SLA Purchaser certifying to the Company in writing (A) that the counterparty to such Permitted Transaction is a bank or broker-dealer that is engaged in the business of financing debt securities (in the case of the Note) or stock (in the case of the Class A Common Stock) or similar instruments, (B) that the execution of such Permitted Transaction and the terms thereof do not violate the terms of this Agreement, (C) to the extent applicable, whether the registration rights under Article V are being assigned to the counterparty under that Permitted Transaction, (D) that an event of default (which shall be only credit events of the SLA Purchaser and/or its controlled Affiliate and other events of default customary in margin lending and liquidity or debt leverage facilities) by the SLA Purchaser or its controlled Affiliate, or industry standard termination events, including but not limited to illegality, changes in tax law and force majeure constitute the only circumstances under which the counterparty or counterparties under the Permitted Transaction may exercise rights and remedies to transfer to itself or sell, the Notes and/or the underlying shares of Class A Common Stock purchased from SLA Purchaser (or its controlled Affiliate) or held as a hedge.

(d) Upon request by the SLA Purchaser, the Company shall consider in good faith any amendments to this Agreement, the Indenture or the Notes proposed by the SLA Purchaser necessary to facilitate the consummation of a Permitted Loan transaction or Permitted Transaction, and the Company shall consent to any such amendment that is not adverse in any respect to the interests of the Company (as determined by the Company in its sole discretion upon the authorization of the disinterested members of the Board of Directors), it being acknowledged that the registration of the Notes for resale by the Target Registration Date is not adverse to the interests of the Company.

Section 4.10. Certain Tax Matters. Notwithstanding anything herein to the contrary, the Company shall have the right to deduct and withhold from any payment or distribution made with respect to the Notes (or the issuance of shares of Class A Common Stock upon conversion of the Notes) such amounts as are required to be deducted or withheld with respect to the making of such payment or distribution (or issuance) under any applicable Tax law. To the extent that any amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the person in respect of which such deduction or withholding was made. In the event the Company previously remitted any amounts to a Governmental Entity on account of Taxes required to be deducted or withheld in respect of any payment or distribution (or deemed distribution) on any Notes, the Company shall be entitled to offset any such amounts against any amounts otherwise payable in respect of any or all Notes (or the issuance of shares of Class A Common Stock upon conversion of any or all Notes).

Section 4.11. Section 16 Matters. If the Company becomes a party to a consolidation, merger or other similar transaction, or if the Company proposes to take or omit to take any other action under Section 4.16 (including granting to the Purchaser the right to participate in any issuance of Additional Securities) or if the Company reasonably believes there is otherwise any

event or circumstance that may result in the Silver Lake Group and/or any SL Person being deemed to have made a disposition or acquisition of equity securities of the Company or derivatives thereof for purposes of Section 16 of the Exchange Act (including the purchase by the SLA Purchaser or any of its Affiliates of any Additional Securities under Section 4.16 or pursuant to the acquisition by the Purchaser or any of its Affiliates of any Company Common Stock pursuant to the ROFR Agreement), and if any SL Person is serving or participating on the Board of Directors at such time or has served on the Board of Directors during the preceding six (6) months, then upon request of the SLA Purchaser or any Purchaser Designee, (i) the Board of Directors or a Committee composed solely of two or more “non-employee directors” as defined in Rule 16b-3 of the Exchange Act will pre-approve such acquisition or disposition of equity securities of the Company or derivatives thereof for the express purpose of exempting the Silver Lake Group’s or any SL Person’s interests (in each case, to the extent such persons may be deemed to be a director or “directors by deputization”) in such transaction from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 thereunder to the extent applicable and (ii) if the transaction involves (A) a merger or consolidation to which the Company is a party and the Company Common Stock is, in whole or in part, converted into or exchanged for equity securities of a different issuer, (B) a potential acquisition or deemed acquisition, or disposition or deemed disposition, by the Silver Lake Group or any SL Person of equity securities of such other issuer or derivatives thereof and (C) an Affiliate or other designee of the SLA Purchaser or its Affiliates will serve on the board of directors (or its equivalent) of such other issuer, then the Company shall require that such other issuer pre-approve any such acquisitions of equity securities or derivatives thereof for the express purpose of exempting the interests of the Silver Lake Group’s and any SL Person’s (in each case, to the extent such persons may be deemed to be a director or “directors by deputization” of such other issuer) in such transactions from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 thereunder to the extent applicable.

Section 4.12. D&O Indemnification / Insurance Priority Matters. Each SL Person (referred to in this Section as, the “Section 4.12 Persons”) shall be eligible to enter into an indemnification agreement consistent with the form thereof previously furnished by the Company. The Company acknowledges and agrees that any Section 4.12 Person who is a partner, member, employee, advisor or consultant of any member of the Silver Lake Group may have certain rights to indemnification, advancement of expenses and/or insurance provided by the applicable member of the Silver Lake Group (collectively, the “Silver Lake Indemnitors”). The Company acknowledges and agrees that the Company shall be the indemnitor of first resort with respect to any indemnification, advancement of expenses and/or insurance provided in the Company’s certificate of incorporation, bylaws and/or indemnification agreement (including Section 5.05 hereof) to any Section 4.12 Person, in his or her capacity as a director or a board observer of the Company or any of its subsidiaries, as applicable (such that the Company’s obligations to such indemnitees in their capacities as directors or board observers, as applicable, are primary and any obligation of the Silver Lake Indemnitors to advance expenses or to provide indemnification or insurance for the same expenses or liabilities incurred by such indemnitees are secondary). Such indemnitees shall, in their capacities as directors or board observers, as applicable, be entitled to all the rights to indemnification, advancement of expenses and entitled to insurance to the extent provided under (i) the certificate of incorporation and/or bylaws of the Company as in effect from time to time and/or (ii) such other agreement (including Section 5.05 hereof), if any, between the Company and such indemnitees, without regard to any rights such indemnitees may have against the Silver Lake Indemnitors. No advancement or payment by the

Silver Lake Indemnitors on behalf of such indemnitees with respect to any claim for which such indemnitees have sought indemnification, advancement of expenses or insurance from the Company in their capacities as directors shall affect the foregoing and the Silver Lake Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such indemnitees against the Company.

Section 4.13. Intentionally Omitted.

Section 4.14. Transfers of SL Securities that are Global Securities. The Purchaser agrees that (i) except in the case of a foreclosure under a Permitted Loan pursuant to which the lender or the collateral agent thereunder is obligated to exchange the foreclosed interest in SL Securities that are Global Securities for a Global Security other than an SL Security, Purchaser and its Affiliates will only transfer their interests in SL Securities that are Global Securities to a Third Party if such Person receives such transferred interest in a Global Security other than an SL Security and (ii) Purchaser and its Affiliates may only transfer an interest in SL Securities that are Global Securities to an Affiliate of Purchaser, if such Affiliate continues to hold such transferred interest in Global Securities that are SL Securities and not any other Global Security.

Section 4.15. Par Value. While the Purchaser owns any Notes, the Company will not, without the consent of the Purchaser, increase the par value per share of the Class A Common Stock to above \$0.01 per share.

Section 4.16. Participation Rights.

(a) During the period beginning on September 14, 2020 and ending on September 14, 2021, whenever the Company or any of its Subsidiaries proposes to issue, directly or indirectly, any Additional Securities that are not Excluded Securities (such proposed issuance, an “Additional Investment”), the Company will consult with the SLA Purchaser reasonably in advance of undertaking such issuance and, if and only if the SLA Purchaser notifies the Company within five (5) Business Days following such consultation of its preliminary interest in receiving an offer to participate in such issuance (which indication shall not be binding upon the SLA Purchaser), the Company will provide written notice of such proposed issuance to the SLA Purchaser (an “Offer Notice”) at least ten (10) Business Days prior to the proposed date of the purchase agreement, investment agreement or other agreement (the “Additional Investment Agreement”). Each Offer Notice shall include the applicable purchase price per security for such Additional Investment, the aggregate amount of the proposed Additional Investment and the other material terms and conditions of such Additional Investment, including the proposed closing date. The Offer Notice shall constitute the Company’s offer to the SLA Purchaser to issue a portion of such additional securities (the “Offered Additional Investment”) equal to the product of (i) the number of shares of Company Common Stock to be issued in the Additional Investment (calculated on an as-converted basis, if applicable), multiplied by (ii) the Participation Percentage, substantially on the terms and conditions specified in the Offer Notice, which offer shall be irrevocable for five (5) Business Days following the date the Offer Notice is received by the SLA Purchaser (the “Participation Notice Period”). The SLA Purchaser may elect to purchase up to all of the Offered Additional Investment on the terms proposed. If the SLA Purchaser elects to purchase all or a portion of such Offered Additional Investment



specified in the Offer Notice, the SLA Purchaser shall (i) deliver to the Company during the Participation Notice Period a written notice stating the aggregate amount of the proposed Offered Additional Investment (the “Participation Notice”) and (ii) enter into an Additional Investment Agreement simultaneously with the other purchasers of the Additional Securities on the terms and at the price set forth in the Offer Notice. If the SLA Purchaser does not deliver a Participation Notice during the Participation Notice Period (or if, prior to the expiration of the Participation Notice Period, the SLA Purchaser delivers to the Company a written notice declining to participate in the Additional Investment specified in the Offer Notice), the SLA Purchaser shall be deemed to have waived its right to participate in such Additional Investment under this Section 4.16 and the Company shall thereafter be free to issue during the sixty (60) Business Day period following the expiration of the Participation Notice Period (or the receipt by the Company of a written notice from the SLA Purchaser declining to participate in such Additional Investment) such proposed Additional Investment to one or more Third Parties on terms and conditions no more favorable to any such Third Party than those set forth in the Offer Notice, unless otherwise agreed by the SLA Purchaser and the Company. Any obligation of the Company and the SLA Purchaser to participate in any Additional Investment shall in all cases be conditioned on applicable antitrust clearance or approval under antitrust or other applicable law, and the closing date for such Additional Investment shall not occur until the later of (x) at least two (2) Business Days after the SLA Purchaser’s receipt of such clearance or approval or the SLA Purchaser’s waiver of such conditions and (y) at least eleven (11) Business Days after the Company and the SLA Purchaser enter into the Additional Investment Agreement in respect of such Additional Investment, in each case of the foregoing clauses (x) and (y) unless otherwise agreed by the SLA Purchaser and the Company. The SLA Purchaser may from time to time assign (in whole or in part) and designate one or more of its Affiliates and/or the Sargas Purchaser and its Affiliates through which the participation right in this Section 4.16(a) may be exercised; provided, that, with respect to any Offered Additional Investment, any such co-investors and/or their respective Affiliates may only be assigned, and may only exercise, such participation right with respect to a portion of the applicable Offered Additional Investment that is no greater than such co-investor’s and its Affiliates’ pro rata share (measured as the aggregate principal amount of Notes (or shares of Class A Common Stock issued upon conversion of the Notes) held by such co-investor and its Affiliates relative to the aggregate principal amount of Notes (or shares of Class A Common Stock issued upon conversion of the Notes) then-outstanding, in each case, as of the time of determination). The issuance of “Additional Securities” means the issuance of any equity security, or instrument convertible into or exchangeable for any equity security, of the Company or any of its Subsidiaries, or the granting of any option, warrant, commitment or right by the Company or any of its Subsidiaries with respect to any of the foregoing. The issuance of “Excluded Securities” means any issuance of (i) Additional Securities as initial and/or deferred consideration to the selling Persons in an acquisition or business combination transaction by the Company or its Subsidiaries (including, for the avoidance of doubt, whether structured as a merger, consolidation, asset or stock purchase, or other similar transaction), (ii) Additional Securities to a third party financial institution in connection with a bona fide borrowing by the Company or its Subsidiaries, (iii) Additional Securities to the Company’s directors, employees, advisors or consultants (including as a result of the exercise of any option to subscribe for, purchase or otherwise acquire shares of Company Common Stock or upon the vesting or delivery of any award of restricted stock units (including performance-based restricted stock units) that corresponds to Company Common

Stock and/or an option to subscribe for, purchase or otherwise acquire shares of Company Common Stock), (iv) Additional Securities by a wholly-owned Subsidiary of the Company to the Company or another wholly-owned Subsidiary of the Company, (v) Additional Securities to existing stockholders of the Company in connection with any stock split, stock combination, stock dividend, distribution or recapitalization, (vi) Additional Securities in connection with a bona fide strategic partnership or commercial arrangement with a non-affiliate of the Company or any of its Subsidiaries, other than (x) with a private equity firm or similar financial institution or (y) an issuance whose primary purpose is the provision of financing, and (vii) Additional Securities pursuant to an Underwritten Offering; provided, that, notwithstanding anything herein to the contrary, (1) the Company shall consult with the SLA Purchaser, in the case of an Underwritten Offering that is not a Marketed Underwritten Offering, at least three (3) Business Days prior, or, in the case of a Marketed Underwritten Offering, as soon as practicable but in any event at least five (5) Business Days prior, to the anticipated commencement of the applicable Underwritten Offering and (2) in the event that the SLA Purchaser notifies the Company of its intent to participate in such Underwritten Offering, such Additional Securities shall not be deemed to be Excluded Securities and the Company shall either (x) offer the SLA Purchaser the ability to purchase up to its Participation Percentage of the Additional Securities in a concurrent private placement transaction on the same terms and at the same price to the public as in the Underwritten Offering or (y) if the SLA Purchaser agrees in writing, direct the underwriters of the Underwritten Offering to permit the SLA Purchaser to participate in the Underwritten Offering for up to its Participation Percentage of the Additional Securities on the same terms and at the same price to the public as in the Underwritten Offering. If the SLA Purchaser elects to purchase the Additional Securities pursuant to this Section 4.16, the SLA Purchaser, at the SLA Purchaser's expense, shall make any filings required in connection with such participation under antitrust or other applicable law promptly following the delivery to the Company of the corresponding Participation Notice and shall use reasonable efforts to obtain applicable antitrust clearance and/or approval under antitrust or other applicable laws.

(b) Following the time, if applicable, that the Company becomes the ROFR Purchaser under the ROFR Agreement (capitalized terms used in this Section 4.16(b) that are not defined shall have the meanings ascribed thereto in the ROFR Agreement (for the avoidance of doubt, the term "Subject Securities" as used in this Section 4.16(b) shall have the meaning ascribed thereto in the ROFR Agreement)):

(i) If the Company is informed by any Specified Holder that pursuant to the ROFR Agreement such Specified Holder is considering or proposing to deliver a Transfer Notice with respect to a Transfer of any Subject Securities (a "Preliminary Notice"), the Company shall notify the SLA Purchaser of such Preliminary Notice by no later than the following Business Day. Within four (4) Business Days of receipt of the Preliminary Notice, the SLA Purchaser shall inform the Company of whether it has a preliminary interest in receiving an offer to purchase from the Company a number of shares of Class A Common Stock equal in number to the Subject Securities to be included in such Transfer (which indication shall not be binding upon the SLA Purchaser).

(ii) If the Company receives a Transfer Notice from a Specified Holder pursuant to the ROFR Agreement, and the SLA Purchaser has indicated its

preliminary interest to receive an offer to purchase the Offered Securities pursuant to clause b(i) above, the Company will so notify the SLA Purchaser and provide the Purchaser with a copy of such Transfer Notice, within one (1) Business Day of receipt of such Transfer Notice. The SLA Purchaser shall have the right, but not the obligation, to purchase a number of shares of Class A Common Stock equal in number to the Subject Securities covered by the Transfer Notice (the “Offered Securities”), in cash in U.S. dollars at the same price and on the same material terms and conditions as specified in the Transfer Notice, but subject to the Company’s purchase of such Subject Securities pursuant to the ROFR Agreement and the receipt of any applicable governmental approvals and consents. To exercise such right under this Section 4.16(b), the SLA Purchaser must deliver an election notice to the Company within fifteen (15) Business Days after receipt by the SLA Purchaser of the copy of the Transfer Notice. If the Purchaser does not provide the Company an election notice electing to purchase the Offered Securities within such time period, then the SLA Purchaser shall be deemed to have forfeited its rights under this Section 4.16(b). If the SLA Purchaser delivers an election notice, it shall constitute a binding commitment of the SLA Purchaser to purchase the Offered Securities from the Company, which shall be conditional upon the consummation of the purchase of the related Subject Securities from the Specified Holder by the Company pursuant to and in accordance with the ROFR Agreement, and in the event that such purchase of the related Subject Securities from the Specified Holder by the Company or its permitted assignees is not consummated within the applicable time periods contemplated and required by Sections 2.1 or 2.2, as applicable, of the ROFR Agreement, or upon the date that is three (3) months from the delivery of the Preliminary Notice in accordance herewith, whichever is earlier, then the SLA Purchaser shall automatically be released from such obligation and commitment and have no liability in respect thereof.

(iii) If the SLA Purchaser delivers its election notice to the Company to purchase the Offered Securities, and if the Company purchases the related Subject Securities pursuant to the ROFR Agreement, then the Company will sell, and the Purchaser will purchase, the Offered Securities pursuant to a purchase agreement containing customary terms and conditions and consummate such transaction within three (3) Business Days after all required governmental approvals or clearances are obtained, but in no event earlier than fifteen (15) Business Days following the Company’s purchase of the related Subject Securities pursuant to the ROFR Agreement.

Section 4.17. Intentionally Omitted.

Section 4.18. Standstill.

(a) The SLA Purchaser agrees that, during the Standstill Period, it shall not, and shall cause each of its Affiliates not to, directly or indirectly, in any manner, alone or in concert with others take any of the following actions without the prior consent of the Company (acting through a resolution of the Company’s disinterested directors):

(i) make, engage in, or in any way participate in, directly or indirectly, any “solicitation” of proxies (as such terms are used in the proxy rules of the SEC but without regard to the exclusion set forth in Rule 14a-1(l)(2)(iv)) or consents to vote, or seek to advise, encourage or influence any person with respect to the voting of any securities of the Company for the election of individuals to the Board of Directors or to approve any proposals submitted to a vote of the stockholders of the Company that have not been authorized and approved, or recommended for approval, by the Board of Directors, or become a “participant” in any contested “solicitation” (as such terms are defined or used under the Exchange Act) for the election of directors with respect to the Company, other than a “solicitation” or acting as a “participant” in support of all of the nominees of the Board of the Directors at any stockholder meeting, or make or be the proponent of any stockholder proposal (pursuant to Rule 14a-8 under the Exchange Act or otherwise);

(ii) form, join, encourage, influence, advise or in any way participate in any “group” (as such term is defined in Section 13(d)(3) of the Exchange Act) with any persons who are not its Affiliates with respect to any securities of the Company or otherwise in any manner agree, attempt, seek or propose to deposit any securities of the Company or any securities convertible or exchangeable into or exercisable for any such securities in any voting trust or similar arrangement, or subject any securities of the Company to any arrangement or agreement with respect to the voting thereof, except as expressly permitted by this Agreement;

(iii) acquire, offer or propose to acquire, or agree to acquire, directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another person, by joining a partnership, limited partnership, syndicate or other group (including any group of persons that would be treated as a single “person” under Section 13(d) of the Exchange Act), through swap or hedging transactions or otherwise, any securities of the Company or any rights decoupled from the underlying securities that would result in the SLA Purchaser (together with its Affiliates), having Beneficial Ownership of more than 27.5% in the aggregate of the shares of the Company Common Stock outstanding at such time (assuming all the Notes are converted), excluding (A) any issuance by the Company of shares of Company Common Stock or options, warrants or other rights to acquire Company Common Stock (or the exercise thereof) to any SL Director as compensation for their membership on the Board of Directors and (B) any purchases of shares of Company Common Stock by the SLA Purchaser or its Affiliates pursuant to the ROFR Agreement; provided, that nothing herein will require any Notes or shares of Company Common Stock to be sold to the extent the SLA Purchaser and its Affiliates, collectively, exceeds the ownership limit under this paragraph as the result of a share repurchase or any other Company actions that reduces the number of outstanding shares of Company Common Stock. For purposes of this Section 4.18(a)(iii), no securities Beneficially Owned by a portfolio company of the SLA Purchaser or its Affiliates will be deemed to be Beneficially Owned by SLA Purchaser or any of its Affiliates only so long as (x) such portfolio company is not an Affiliate of the SLA Purchaser for purposes

of this Agreement, (y) neither the SLA Purchaser nor any of its Affiliates has encouraged, instructed, directed, supported, assisted or advised, or coordinated with, such portfolio company with respect to the acquisition, voting or disposition of securities of the Company by the portfolio company and (z) neither the SLA Purchaser or any of its Affiliates is a member of a group (as such term is defined in Section 13(d)(3) of the Exchange Act) with that portfolio company with respect to any securities of the Company;

(iv) effect or seek to effect, offer or propose to effect, cause or participate in, or in any way assist or facilitate any other person to effect or seek, offer or propose to effect or participate in, any tender or exchange offer, merger, consolidation, acquisition, scheme of arrangement, business combination, recapitalization, reorganization, sale or acquisition of all or substantially all assets, liquidation, dissolution or other extraordinary transaction involving the Company or any of its Subsidiaries or joint ventures or any of their respective securities (each, an “Extraordinary Transaction”), or make any public statement with respect to an Extraordinary Transaction; provided, however, that this clause shall not preclude the tender by the SLA Purchaser or any of its Affiliates of any securities of the Company into any Third Party Tender/Exchange Offer (and any related conversion of Notes to the extent required to effect such tender) or the vote by the SLA Purchaser or any of its Affiliates of any voting securities of the Company with respect to any Extraordinary Transaction in accordance with the recommendation of the Board of Directors;

(v) (A) call or seek to call any meeting of stockholders of the Company, including by written consent, (B) seek representation on the Board of Directors, except as expressly set forth herein, (C) seek the removal of any member of the Board of Directors (other than a SLA Purchaser Designee in accordance with Section 4.07), (D) solicit consents from stockholders or otherwise act or seek to act by written consent with respect to the Company, (E) conduct a referendum of stockholders of the Company or (F) make a request for any stockholder list or other Company books and records, whether pursuant to Section 220 of the DGCL or otherwise;

(vi) take any action in support of or make any proposal or request that constitutes (A) controlling or changing the Board of Directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any vacancies on the Board of Directors (other than with respect to a SLA Purchaser Designee in accordance with Section 4.07), or (B) any other material change in the Company’s management, business or corporate structure (except pursuant to any action or transaction permitted by Section 4.18(a) (iv));

(vii) (A) seeking to have the Company waive or make amendments or modifications to the Company’s certificate of incorporation or bylaws, or other actions that may impede or facilitate the acquisition of control of the Company by any member of the Silver Lake Group, (B) causing a class of securities of the

Company to be delisted from, or to cease to be authorized to be quoted on, any securities exchange, or (C) causing a class of equity securities of the Company to become eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act;

(viii) make or issue, or cause to be made or issued, any public disclosure, announcement or statement regarding any intent, purpose, plan or proposal with respect to the Board of Directors, the Company, its management, policies or affairs, any of its securities or assets or this Agreement that is inconsistent with the provisions of this Agreement;

(ix) take any action that would reasonably be expected to result in the Company having to make a public announcement regarding any of the matters referred to in clauses (i) through (viii) of this Section 4.18;

(x) publicly announce an intention to do, or enter into any discussions, negotiations, agreements or understandings with any Third Party with respect to, any of the foregoing, or advise, assist, knowingly encourage or seek to persuade any Third Party to take any action or make any statement with respect to any of the foregoing; or

(xi) seek to amend, waive or terminate any provision of this Section 4.18.

(b) The foregoing provisions of Section 4.18(a) shall not be deemed to prohibit (i) any action that may be taken by any Purchaser Designee acting solely as a director of the Company consistent with his fiduciary duties as a director of the Company if such action does not include or result in any public announcement or disclosure by such Purchaser Designee, the SLA Purchaser or any of its Affiliates, (ii) the SLA Purchaser or any of its Affiliates or their respective managing directors or counsel from communicating on a confidential basis with the Company's directors, officers or advisors (including for the purpose of requesting an amendment, waiver or termination of any provision of this Section 4.18) or (iii) the SLA Purchaser or any of its Affiliates from (A) making a confidential proposal to the Company or the Board of Directors for a negotiated transaction with the Company involving a Change in Control, (B) with the approval of the disinterested directors of the Company, pursuing and entering into any such transaction with the Company and (C) taking any actions in furtherance of the foregoing.

(c) Notwithstanding the foregoing provisions of Section 4.18(a) or anything in this Agreement to the contrary, the SLA Purchaser and its Affiliates shall not be restricted from (i) acquiring securities with the prior written consent of the Company, (ii) participating in rights offerings conducted by the Company, (iii) receiving stock dividends or similar distributions made by the Company, (iv) tendering shares of Company Common Stock in a third party tender/exchange offer (or effecting any Permitted Loan or Permitted Transaction), (v) disposing of shares of Company Common Stock by operation of a statutory amalgamation, statutory arrangement or other statutory procedure involving the Company, (vi) any adjustment in the Conversion Price of the Notes or other securities acquired not in contravention of this

Section 4.18, (vii) any conversion of the Notes or other securities acquired not in contravention of this Section 4.18 or (viii) acquiring any shares of Company Common Stock or other Additional Securities pursuant to or in connection with Section 4.16 and/or the ROFR Agreement.

Section 4.19. Indenture Amendments and Supplements; Cooperation. For so long as the Silver Lake Group collectively Beneficially Owns any Notes, the Company shall not make any amendment or supplement to, or consent to a waiver of any provision of, the Indenture or the Notes of a type to which the first or second sentence of Section 9.02 of the Indenture applies, without the written consent of the holders of a majority in aggregate principal amount of the outstanding Notes (including, for the avoidance of doubt, Notes Beneficially Owned by the Silver Lake Group). The Company shall keep the Purchaser reasonably informed with respect to the Transactions.

Section 4.20. Anti-Takeover Provisions. The Company shall, and shall cause each of its Subsidiaries to, (a) take all action necessary within their control (other than waiving any of the Company's rights) so that no "fair price," "moratorium," "control share acquisition" or other form of antitakeover statute or regulation is applicable to the Silver Lake Group Beneficially Owning the Notes and the Class A Common Stock to be issued upon conversion of the Notes and transferring the Notes and the Class A Common Stock to be issued upon conversion of the Notes consistent with the terms of this Article IV or acquiring any shares of Company Common or Additional Securities Stock pursuant to or in connection with this Agreement and/or the ROFR Agreement, (b) not adopt or repeal, as the case may be, any anti-takeover provision in the certificate of incorporation, bylaws or other similar organizational documents of the Company's Subsidiaries that is applicable to any of the foregoing, and (c) not adopt or repeal, as the case may be, any shareholder rights plan, "poison pill" or similar measure that is applicable to any of the foregoing, unless such rights plan or measures exempts the Beneficial Ownership of the Notes, such shares of Class A Common Stock by the Silver Lake Group and any shares of Company Common Stock and/or Additional Securities acquired pursuant to or in connection with this Agreement and/or the ROFR Agreement.

Section 4.21. Tax Treatment. The Company and the Purchaser agree to (i) treat the Notes as indebtedness of the Company for U.S. federal and state income tax purposes and (ii) not treat the Notes as "contingent payment debt instruments" under U.S. Treasury Regulation Section 1.1275-4, and, in each case, neither party shall take any inconsistent tax position in a tax return or tax filing unless otherwise required by a tax authority in connection with a good faith resolution of a tax audit or other administrative proceeding.

Section 4.22. Indemnification.

(a) The Purchaser, its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents, including any SL Person or Purchaser Designee (each an "Indemnitee") shall be indemnified and held harmless by the Company for any and all Losses to which such Indemnitees may become subject as a result of, arising in connection with, or relating to any actual or threatened claim, suit, action, arbitration, cause of action, complaint, allegation, criminal prosecution, investigation, demand letter, or proceeding, whether at law or at equity and

whether public or private, before or by any Governmental Entity, any arbitrator or other tribunal (each, an “Action”) by any Person (including, without limitation, any stockholder of the Company and regardless of whether such Action is against an Indemnitee) arising out of or relating to the Transactions and the Original Notes transactions, including any Action (i) that alleges a breach of any duty, right or other obligation by the Company, any of its Subsidiaries and/or any officers or directors of any of the foregoing in such capacity and/or (ii) involving a claim or cause of action with respect to which the Indemnitees would not have any liability unless there were a breach of any duty, right or other obligation by the Company, any of its Subsidiaries and/or any officers or directors of any of the foregoing in such capacity, in each case with respect to any of the Transactions; provided, that the Company will not be liable to indemnify any Indemnitee for any such Losses to the extent that such Losses (w) have resulted from an Action by the Company against the Purchaser in connection with the Purchaser’s breach of this Agreement or an Indemnitee’s breach of the New Confidentiality Agreement, (x) are as a result of an Action brought against an Indemnitee by any Person who is a limited partner of, or other investor in, such Indemnitee in such Person’s capacity as a limited partner of, or other investor in, such Indemnitee or (y) as a result of any Action brought against the Purchaser or its Affiliates by any Person providing a Permitted Loan, a Permitted Transaction or other financing or hedging arrangement to the Purchaser or its Affiliates in connection with the Purchaser’s or its Affiliates’ investment in the Notes. The parties agree, for the avoidance of doubt, that this Section 4.22 shall not apply to any matter for which indemnification is otherwise provided in Section 5.05.

(b) Each Indemnitee shall give the Company prompt written notice (an “Indemnification Notice”) of any third party Action it has actual knowledge of that might give rise to Losses, which notice shall set forth a description of those elements of such Action of which such Indemnitee has knowledge; provided, that any delay or failure to give such Indemnification Notice shall not affect the indemnification obligations of the Company hereunder except to the extent the Company is materially prejudiced by such delay or failure.

(c) The Company shall have the right, exercisable by written notice to the applicable Indemnitee(s) within thirty (30) days of receipt of the applicable Indemnification Notice, to select counsel to defend and control the defense of any third party claim set forth in such Indemnification Notice; provided, that the Company shall not be entitled to so select counsel or control the defense of any claim if (i) such claim seeks primarily non-monetary or injunctive relief against the Indemnitee or alleges any violation of criminal law, (ii) the Company does not, subsequent to its assumption of such defense in accordance with this clause (c), conduct the defense of such claim actively and diligently, (iii) such claim includes as the named parties both the Company and the applicable Indemnitee(s) and such Indemnitees reasonably determine upon the advice of counsel that representation of all such Indemnitees by the same counsel would be prohibited by applicable codes of professional conduct, or (iv) in the event that, based on the reasonable advice of counsel for the applicable Indemnitee(s), there are one or more material defenses available to the applicable Indemnitee(s) that are not available to the Company. If the Company does not assume the defense of any third party claim in accordance with this clause (c), the applicable Indemnitee(s) may continue to defend such claim at the sole cost of the Company and the Company may still participate in, but not control, the defense of such third party claim at the Company’s sole cost and expense. In no event shall the Company, in connection with any Action or separate but substantially similar Actions arising out of the same



general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all Indemnitees chosen by the Silver Lake Group, except to the extent that local counsel, in addition to regular counsel, is required in order to effectively defend such Action or Actions, as the case may be.

(d) No Indemnitee shall consent to a settlement of, or the entry of any judgment arising from, any claim for which such Indemnitee is indemnified pursuant to this Section 4.22, without the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed). Except with the prior written consent of the applicable Indemnitee(s), the Company, in the defense of any such claim, shall not consent to the entry of any judgment or enter into any settlement that (i) provides for injunctive or other nonmonetary relief affecting any Indemnitee, (ii) does not include as an unconditional term thereof the giving by each claimant or plaintiff to each such Indemnitee(s) of an unconditional release of such Indemnitee(s) from all liability with respect to such Action or (iii) includes any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnitee. In any such third party claim where the Company has assumed control of the defense thereof pursuant to clause (c), the Company shall keep the applicable Indemnitee(s) informed as to the status of such claim at all stages thereof (including all settlement negotiations and offers), promptly submit to such Indemnitee(s) copies of all pleadings, responsive pleadings, motions and other similar legal documents and paper received or filed in connection therewith, permit such Indemnitee(s) and their respective counsels to confer with the Company and its counsel with respect to the conduct of the defense thereof, and permit such Indemnitee(s) and their respective counsel(s) a reasonable opportunity to review all legal papers to be submitted prior to their submission.

Section 4.23. Certain Amendments. The Company shall not amend, restate, modify, waive or supplement Article III and/or Section 6.4 of the Wanda Repurchase Agreement without the prior written consent of the Purchaser (not to be unreasonably withheld, conditioned or delayed). The Company shall not amend, restate, modify, waive or supplement the Wanda Registration Rights Agreement (including the Wanda Piggyback Amendment) or the Management Stockholders Agreement (including the Management Piggyback Waiver), in each case, in a manner adverse to the holders of Registrable Securities in respect of such holders' rights under Article V.

Section 4.24. Intentionally Omitted.

## ARTICLE V

### REGISTRATION RIGHTS

Section 5.01. Registration Statement.

(a) The Company will use reasonable efforts to prepare and file and use reasonable efforts to cause to be declared effective or otherwise become effective pursuant to the Securities Act no later than the date that is three (3) months following the Closing Date (such date, the "Target Registration Date"), a Registration Statement (the "Initial Registration Statement") in order to provide for resales of Registrable Securities to be made on a delayed or

continuous basis pursuant to Rule 415 under the Securities Act, which Registration Statement will (except to the extent the SEC objects in written comments upon the SEC's review of such Registration Statement) include the Plan of Distribution. In addition, the Company will from time to time after the Initial Registration Statement has been declared effective use reasonable efforts to file such additional Registration Statements to cover resales of any Registrable Securities requested to be registered by the Silver Lake Group that are not registered for resale pursuant to a pre-existing Registration Statement and will use its reasonable efforts to cause such Registration Statement to be declared effective or otherwise to become effective under the Securities Act and, subject to Section 5.02, will use its reasonable efforts to keep the Registration Statement continuously effective under the Securities Act at all times until the Registration Termination Date. Any Registration Statement filed pursuant to this Article V shall be on Form S-3 (or a successor form) if the Company is eligible to use such form and shall be an automatically effective Registration Statement if the Company is a WKSI (in which case, the Registration Statement may request registration of an unspecified amount of Registrable Securities to be sold by unspecified holders).

(b) Subject to the provisions of Section 5.02 and further subject to the availability of a Registration Statement on Form S-3 (or any successor form thereto) to the Company pursuant to the Securities Act and the rules and interpretations of the SEC, the Company will use its reasonable efforts to keep the Registration Statement (or any replacement Registration Statement) continuously effective until the earlier of (such earlier date, the "Registration Termination Date"): (i) the date on which all Registrable Securities covered by the Registration Statement have been sold thereunder in accordance with the plan of distribution disclosed in the prospectus included in the Registration Statement and (ii) there otherwise cease to be any Registrable Securities.

(c) Notwithstanding anything herein to the contrary, during such period of time from and after the Target Registration Date that the Company ceases to be eligible to file or use a Registration Statement on Form S-3 (or any successor form thereto), upon the written request of any holder or holders of Registrable Securities, the Company shall use its reasonable efforts to file a Registration Statement on Form S-1 (or any successor form) under the Securities Act covering the Registrable Securities of the requesting party and use reasonable efforts to cause such Registration Statement to be declared effective pursuant to the Securities Act as soon as reasonably practicable after filing thereof and file and cause to become effective such amendments thereto as are necessary in order to keep such Registration Statement continuously available. Each such written request must specify the amount and intended manner of disposition of such Registrable Securities; provided, that the minimum amount of such Registrable Securities shall be \$75,000,000 or the remaining Registrable Securities held by such holder of Registrable Securities. When the Company regains the ability to file a Registration Statement on Form S-3 covering the Registrable Securities it shall as promptly as practicably do so in accordance with Section 5.01(a).

Section 5.02. Registration Limitations and Obligations.

(a) Subject to Section 5.01, the Company will use reasonable efforts to prepare such supplements or amendments (including a post-effective amendment), if required by applicable law, to each applicable Registration Statement and file any other required document

so that such Registration Statement will be Available at all times during the period for which such Registration Statement is, or is required pursuant to this Agreement to be, effective; provided, that no such supplement, amendment or filing will be required during a Blackout Period. In order to facilitate the Company's determination of whether to initiate a Blackout Period, the Purchaser shall give the Company notice of a proposed sale of Registrable Securities pursuant to the Registration Statement at least two (2) Business Days (or, if two (2) Business Days is not practicable, one (1) Business Day) prior to the proposed date of sale (which notice shall not bind the Purchaser to make any sale).

(b) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time, by providing written notice to the holders of Registrable Securities, to require such holders of Registrable Securities to suspend the use of the prospectus for sales of Registrable Securities under the Registration Statement during any Blackout Period; provided, for purposes of this Section 5.02, the Company shall only be obligated to provide written notice to any holder or Beneficial Owner of Registrable Securities of any such Blackout Period, or the certificate described in the following sentence, if such holder or Beneficial Owner has specified in writing (including electronic mail) to the Company for purposes of receiving such notice such holder's or Beneficial Owner's address (including electronic mail), contact and fax number information. No sales may be made under the applicable Registration Statement during any Blackout Period. In the event of a Blackout Period, the Company shall (x) deliver to the holders of Registrable Securities a certificate signed by the chief executive officer, chief financial officer or general counsel of the Company confirming that the conditions described in the definition of Blackout Period are met (but which certificate need not specify the nature of the event causing such conditions to have been met), which certificate shall contain an approximation of the anticipated delay, and (y) notify each holder of Registrable Securities promptly upon each of the commencement and the termination of each Blackout Period, which notice of termination shall be delivered to each holder of Registrable Securities no later than the close of business of the last day of the Blackout Period. In connection with the expiration of any Blackout Period and without any further request from a holder of Registrable Securities, the Company to the extent necessary and as required by applicable law shall as promptly as reasonably practicable prepare supplements or amendments, including a post-effective amendment, to the Registration Statement or the prospectus, or any document incorporated therein by reference, or file any other required document so that the Registration Statement will be Available. A Blackout Period shall be deemed to have expired when the Company has notified the holders of Registrable Securities that the Blackout Period is over and the Registration Statement is Available. Notwithstanding anything in this Agreement to the contrary, the absence of an Available Registration Statement at any time from and after the Target Registration Date shall be considered a Blackout Period and subject to the limitations therein.

(c) Any holder or holders of Registrable Securities that propose to be an Initiating Holder (as defined below) for a firm commitment Underwritten Offering of Class A Common Stock that is to be consummated prior to the Piggyback Termination Date shall deliver a notice to each Piggyback Holder (a "Piggyback Notice"), which Piggyback Notice shall request that each such Piggyback Holder notify such proposed Initiating Holder (x) whether such Piggyback Holder wishes to participate in such Underwritten Offering and (y) if so, how many Piggyback Shares such Piggyback Holder proposes to sell in such Underwritten Offering. The

Initiating Holder shall seek to include the requested amount of Piggyback Shares with respect to which the Initiating Holder has received from a Piggyback Holder written requests for inclusion therein within (i) in the case of an Underwritten Offering that is not a Marketed Underwritten Offering, one (1) Business Day after the date of the Piggyback Notice and (ii) in the case of a Marketed Underwritten Offering, three (3) Business Days after the date of the Piggyback Notice. At any time that a Registration Statement is effective and prior to the Registration Termination Date, if a holder or holders of Registrable Securities (collectively, an “Initiating Holder”) delivers a notice to the Company (a “Take-Down Notice”) stating that it or they intend to sell at least \$75,000,000 of Registrable Securities in the aggregate held by such holder or holders (provided, that if a Purchaser and its Affiliates do not own at least \$75,000,000 of Registrable Securities, they shall be permitted to deliver a Take-Down Notice to sell all of the Registrable Securities held by them), in each case, pursuant to the Registration Statement, then, the Company shall (i) amend or supplement the Registration Statement as may be necessary and to the extent required by law so that the Registration Statement remains Available in order to enable such Registrable Securities to be distributed in an Underwritten Offering (subject to Section 5.02(b)) and (ii) (x) within one (1) Business Day of receipt of the Take-Down Notice and confirmation of such receipt by the treasurer or chief financial officer of the Company and by counsel to the Company, deliver a written notice (a “Take-Down Participation Notice”) of any such request to all other holders of Registrable Securities (the “Eligible Participation Holders”), which Take-Down Participation Notice shall offer each such holder or holders the opportunity to include in such registration that number of Registrable Securities to be offered by the Initiating Holder as each such holder (a “Participating Holder”) may request. The Company shall include in such registration all such Registrable Securities with respect to which the Company has received from a holder entitled to receive a Take-Down Participation Notice pursuant to the preceding sentence written requests for inclusion therein within (i) in the case of an Underwritten Offering that is not a Marketed Underwritten Offering, one (1) Business Day after the date the Take-Down Participation Notice was delivered and confirmed received by the treasurer or chief financial officer of the Company and by counsel to the Company and (ii) in the case of a Marketed Underwritten Offering, three (3) Business Days after the date the Take-Down Participation Notice was delivered; provided, that each Selling Holder will retain the right to withdraw their Registrable Securities from such registration in writing to the underwriters prior to the pricing of the applicable offering. In connection with any Underwritten Offering of Registrable Securities for which a holder or holders deliver a Take-Down Notice and satisfy the dollar thresholds set forth in the first sentence of this Section 5.02(c) and the Take-Down Notice contemplates a Marketed Underwritten Offering, the Company will use reasonable efforts to cooperate and make its senior officers available for participation in such marketing efforts (which marketing efforts will not, for the avoidance of doubt, include a “road show” requiring such officers to travel outside of the city in which they are primarily located). A Majority in Interest of Initiating Holders shall have the right hereunder to, in their sole discretion: (i) select the underwriter(s) for each Underwritten Offering, (ii) determine the pricing of the Registrable Securities offered pursuant to any such Registration Statement, including the underwriting discount and fees payable by the Selling Holders to the underwriters in such Underwritten Offering, as well as any other financial terms, (iii) determine the timing of any such registration and sale and (iv) determine the total number of Registrable Securities that can be included in such Underwritten Offering in consultation with the managing underwriters (collectively, the “Offering Terms”); provided, that the Initiating Holder shall consult with each other Participating Holder (other than

any Participating Holder that is not a member of the Silver Lake Group) in respect of the Offering Terms. Each Selling Holder shall be solely responsible for all such discounts and fees payable to such underwriters in such Underwritten Offering for the Registrable Securities sold by such Selling Holder. Without the consent of a Majority in Interest of Initiating Holders, no Underwritten Offering pursuant to this Agreement shall include any securities other than Registrable Securities of the type (i.e., Notes or Company Common Stock) offered by the Initiating Holder in such Underwritten Offering.

(d) If the managing underwriter or underwriters of any firm commitment Underwritten Offering advise the Selling Holders in writing that, in their view, the total amount of Registrable Securities proposed to be sold in such Underwritten Offering (including, without limitation, Registrable Securities proposed to be included by any Participating Holder and any Piggyback Shares proposed to be included by any Piggyback Holder exceeds the largest amount (the “Orderly Sale Amount”) that can be sold in an orderly manner in such Underwritten Offering within a price range acceptable to the Majority in Interest of Selling Holders, then there shall be included in such firm commitment Underwritten Offering an amount of Registrable Securities and Piggyback Shares not exceeding the Orderly Sale Amount, and such included amount of Registrable Securities and Piggyback Shares shall be allocated in the following order of priority (A) first, the Registrable Securities proposed to be included by the Selling Holders pro rata among the Selling Holders on the basis of the number and type of Subject Securities then proposed to be sold by the respective Selling Holders and (B) second, solely to the extent that shares of Company Common Stock are proposed to be included by the Piggyback Holders for an Underwritten Offering that is to be consummated prior to the Piggyback Termination Date, shares of Class A Common Stock proposed to be included by the holders of Piggyback Rights pro rata among the holders of Piggyback Rights on the basis of the number of shares of Class A Common Stock proposed to be sold by the respective holders of Piggyback Rights. Notwithstanding anything herein to the contrary, the amount of Piggyback Shares sold in any “block trade” or other Underwritten Offering that is not a Marketed Underwritten Offering effected pursuant to this Article V shall not exceed twenty percent (20%) of the number of shares of Class A Common Stock proposed to be sold by the holders of Registrable Securities in such offering.

(e) If requested by the managing underwriter of an Underwritten Offering but solely for which a member of the Silver Lake Group is the Initiating Holder, unless such Initiating Holder otherwise agrees, no Eligible Participation Holder or Initiating Holder shall offer for sale (including by short sale), grant any option for the purchase of, or otherwise transfer (whether by actual disposition or effective economic disposition due to cash settlement, derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of the Registrable Securities or otherwise), any Notes or Company Common Stock (or interests therein) or securities convertible into or exchangeable for Notes or Company Common Stock without the prior written consent of such managing underwriter for a period designated by such managing underwriter in writing to the Eligible Participation Holders and the Initiating Holder, which shall begin the earlier of the date of the underwriting agreement and the commencement of marketing efforts, and shall not in any event last longer than sixty (60) days following such effective date. If requested by the managing underwriter of any such Underwritten Offering, each Eligible Participation Holder shall execute a separate agreement to the foregoing effect; provided, that each Eligible Participation Holder shall negotiate its

respective lock-up agreement; provided, further, that if any such lock-up agreement (i) provides for exceptions from any restrictions contained therein, such exceptions shall automatically apply equally to each Selling Holder or (ii) is terminated or waived in whole or in part for any Selling Holder, such termination or waiver shall automatically apply to each other Selling Holder. Each lock-up agreement shall permit, and this Section 5.02(e) shall be deemed to permit, transfers pursuant to the terms of Permitted Loans, Permitted Transactions and other customary lock-up exceptions, including for gifts, distributions and other transfers not for value (and including in respect of customary charitable donations substantially contemporaneously with distribution to the donor, free of further lock-up agreement transfer restrictions by the donee, by a Selling Holder or its direct or indirect distributees). The obligations of any person under this Section 5.02(e) are not in limitation of lock-up or transfer restrictions that may otherwise apply to any Registrable Securities.

(f) In addition to the registration rights provided in Section 5.02(c), holders of the Notes shall have analogous rights to sell such securities in a marketed offering under Rule 144A under the Securities Act through one or more initial purchasers on a firm-commitment basis, using procedures that are substantially equivalent to those specified in Section 5.02 and Section 5.03. The Company agrees to use its reasonable efforts to cooperate to effect any such sales under such Rule 144A. Nothing in this Section 5.02(f) shall impose any additional or more burdensome obligations on the Company than would apply under Section 5.02 and Section 5.03, in each case, *mutatis mutandis* in respect of a registered Underwritten Offering, or require that the Company take any actions that it would not be required to take in an Underwritten Offering of such Notes.

(g) Notwithstanding anything herein to the contrary, (i) if holders of Registrable Securities engage or propose to engage in a “distribution” (as defined in Regulation M under the Exchange Act) of Registrable Securities, such holders shall discuss the timing of such distribution with the Company reasonably prior to commencing such distribution, and (ii) such distribution must not be for less than \$75,000,000 of Registrable Securities held by such holders (provided, that, if collectively Purchaser and its Affiliates do not own at least \$75,000,000 of Registrable Securities, they shall be permitted to engage in such distribution with respect to all of the Registrable Securities held by them).

(h) In connection with a distribution of Registrable Securities in which a holder or holders of Registrable Securities are selling at least \$75,000,000 of Registrable Securities, the Company shall, to the extent requested by the managing underwriter(s) of such a distribution, be subject to a restricted period of the same length of time as such holder agrees with the managing underwriter(s) (but not to exceed sixty (60) days) during which the Company may not offer, sell or grant any option to purchase Company Common Stock (in the case of an offering of Company Common Stock or securities convertible or exchangeable for Company Common Stock) and any debt securities (in the case of an offering of debt securities) of the Company, subject to customary carve-outs that include, but are not limited to, (i) issuances pursuant to the Company’s employee or director stock plans and issuances of shares upon the exercise of options or other equity awards under such stock plans and (ii) in connection with acquisitions, joint ventures and other strategic transactions.

(i) The Company agrees not to provide notice to any party under the Management Stockholders Agreement related to any Registration Statement filed pursuant to this agreement, and it agrees not to permit any party to the Management Stockholders Agreement to register or sell shares of Company Common Stock in any offering effected pursuant to this Article V.

Section 5.03. Registration Procedures.

(a) In connection with the registration of any Registrable Securities under the Securities Act and in connection with any distribution of registered securities pursuant thereto as contemplated by this Agreement, or any analogous Rule 144A offering pursuant to Section 5.02(f), the Company shall as promptly as reasonably practicable, subject to the other provisions of this Agreement:

(i) subject to the provisions of Section 5.01(a), use reasonable efforts to prepare and file with the SEC a Registration Statement to effect such registration in accordance with the intended method or methods of distribution of such securities and thereafter use reasonable efforts to cause such Registration Statement to become and remain effective pursuant to the terms of this Article V; provided, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the Registration Statement relating thereto; provided, further, that before filing such Registration Statement or any amendments or supplements thereto, including any prospectus supplements in connection with a sale referred to in a Take-Down Notice (but excluding amendments and supplements that do nothing more than name Selling Holders (as defined below) and provide information with respect thereto), the Company will furnish to the holders which are including Registrable Securities in such registration (“Selling Holders”) and the lead managing underwriter(s), if any, copies of all such documents proposed to be filed, which documents will be subject to the review and reasonable comment (which comments will be considered in good faith by the Company) of the counsel (if any) to such holders and counsel (if any) to such underwriter(s), and other documents reasonably requested by any such counsel, including any comment letters from the SEC, and, if requested by any such counsel, provide such counsel and the lead managing underwriter(s), if any, reasonable opportunity to participate in the preparation of such Registration Statement and each prospectus (including any prospectus supplement) included or deemed included therein and such other opportunities to conduct a customary and reasonable due diligence investigation (in the context of a registered underwritten offering) of the Company, including reasonable access to (including responses to any reasonable inquiries by the lead managing underwriter(s) and their counsel) the Company’s books and records, officers, accountants and other advisors; provided, that such persons shall first agree in writing with the Company that any information that is reasonably designated by the Company as confidential at the time of delivery shall be kept confidential by such persons subject to customary exceptions;

(ii) [reserved];

(iii) subject to Section 5.02, prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary and to the extent required by applicable law to keep such Registration Statement effective and Available pursuant to the terms of this Article V;

(iv) if requested by the lead managing underwriter(s), promptly include in a prospectus supplement or post-effective amendment such information as the lead managing underwriter(s), if any, and such holders may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received such request; provided, however, that the Company shall not be required to take any actions under this Section 5.03(a)(iv) that are not, in the opinion of counsel for the Company, in compliance with applicable law;

(v) furnish to the Selling Holders and each underwriter, if any, of the securities being sold by such Selling Holders such number of conformed copies of such Registration Statement and of each amendment and supplement thereto, such number of copies of the prospectus and any prospectus supplement contained in or deemed part of such Registration Statement (including each preliminary prospectus supplement) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a “Free Writing Prospectus”) utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as such Selling Holders and underwriter(s), if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such Selling Holders;

(vi) use reasonable efforts to cause such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed, and to apply for any necessary “CUSIPs” or analogous codes to identify such securities;

(vii) use reasonable efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement;

(viii) as promptly as practicable notify in writing the holders of Registrable Securities and the underwriters, if any, of the following events: (A) the filing of the Registration Statement, any amendment thereto, the prospectus or any prospectus supplement related thereto or post-effective amendment to such Registration Statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to such Registration Statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the SEC or any other U.S. or state Governmental Entity for amendments or



supplements to such Registration Statement or the prospectus; (C) the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings by any person for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or “blue sky” laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; (E) if at any time the representations and warranties of the Company contained in any agreement (including any underwriting agreement) related to such registration cease to be true and correct in any material respect; and (F) upon the happening of any event that makes any statement made in such Registration Statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of such Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, in the case of clause (F), that such notice need not include the nature or details concerning such event;

(ix) use reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the earliest reasonable practicable date, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation or as a dealer in securities in any jurisdiction wherein it would not but for the requirements of this clause (ix) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(x) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.;

(xi) prior to any public offering of Registrable Securities, use reasonable efforts to register or qualify or cooperate with the Selling Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the applicable state securities or “blue sky” laws of those jurisdictions within the United States as any holder reasonably requests in writing to keep each such registration or qualification (or exemption therefrom) effective until the Registration Termination Date; provided, that the Company will not be required to (A) qualify generally to do business as a foreign corporation or as a dealer in

securities in any jurisdiction wherein it would not but for the requirements of this clause (xi) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(xii) use reasonable efforts to cooperate with the holders to facilitate the timely preparation and delivery of certificates or book-entry securities representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statements, which certificates or book-entry securities shall be free, to the extent permitted by the Indenture and applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such holders may request in writing; and in connection therewith, if required by the Company's transfer agent, the Company will promptly after the effectiveness of the Registration Statement cause to be delivered to its transfer agent when and as required by such transfer agent from time to time, any authorizations, certificates, directions and other evidence required by the transfer agent which authorize and direct the transfer agent to issue such Registrable Securities without legend upon sale by the holder of such shares of Registrable Securities under the Registration Statement; and agrees with each holder of Registrable Securities that, in connection with any Underwritten Offering or other resale pursuant to the Registration Statement in accordance with the terms hereof, it will use reasonable efforts to negotiate in good faith and execute all customary indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements (in each case on terms reasonably acceptable to the Company), including using reasonable efforts to procure customary legal opinions and auditor "comfort" letters.

(b) The Company may require each Selling Holder and each underwriter, if any, to (i) furnish the Company in writing such information regarding each Selling Holder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request in writing to complete or amend the information required by such Registration Statement and/or any other documents relating to such registered offering, and (ii) execute and deliver, or cause the execution or delivery of, and to perform under, or cause the performance under, any agreements and instruments reasonably requested by the Company to effectuate such registered offering, including, without limitation, opinions of counsel and questionnaires. If the Company requests that the holders of Registrable Securities take any of the actions referred to in this Section 5.03(b), such holders shall take such action promptly and as soon as reasonably practicable following the date of such request.

(c) Each Selling Holder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clauses (B), (C), (D), (E) and (F) of Section 5.03(a)(viii), such Selling Holder shall forthwith discontinue such Selling Holder's disposition of Registrable Securities pursuant to the applicable Registration Statement and prospectus relating thereto until such Selling Holder is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus. The Company shall use reasonable efforts to cure the events described in clauses (B),

(C), (D), (E) and (F) of Section 5.03(a)(viii) so that the use of the applicable prospectus may be resumed at the earliest reasonably practicable moment.

Section 5.04. Expenses. The Company shall pay all Registration Expenses in connection with a registration pursuant to this Article V, provided, that each holder of Registrable Securities participating in an offering shall pay all applicable underwriting discounts and commissions, agency fees, brokers' commissions and transfer taxes, if any, on the Registrable Securities sold by such holder, and similar charges.

Section 5.05. Registration Indemnification.

(a) The Company agrees, without limitation as to time, to indemnify and hold harmless, to the fullest extent permitted by law, each Selling Holder and its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such Selling Holder or such other Indemnified Person (as defined below) and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents of each such controlling Person (collectively, the "Indemnified Persons"), from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus, in each case related to such Registration Statement, or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (without limitation of the preceding portions of this Section 5.05(a)) will reimburse each such Selling Holder, each of its Affiliates, and each of their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents and each such Person who controls each such Selling Holder and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys, advisors and agents of each such controlling Person, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, except insofar as the same are caused by any information regarding a holder of Registrable Securities or underwriter furnished in writing to the Company by any such person or any selling holder or underwriter expressly for use therein.

(b) In connection with any Registration Statement in which a Selling Holder is participating, without limitation as to time, each such Selling Holder shall, severally and not jointly, indemnify the Company, its officers and directors and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company, from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of material fact contained in the Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (without limitation of the preceding portions of this Section 5.05(b)) will reimburse the Company, its directors and officers

and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, in each case solely to the extent, but only to the extent, that such untrue statement or omission is made in such Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information regarding the Selling Holder furnished to the Company by such Selling Holder in writing for inclusion in such Registration Statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been actually and materially prejudiced by such failure to provide such notice on a timely basis.

(d) In any case in which any such action is brought against any indemnified party, the indemnified party shall promptly notify in writing the indemnifying party of the commencement thereof, and the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and acknowledging the obligations of the indemnifying party with respect to such proceeding, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party or a conflict of interest otherwise exists or (ii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or would reasonably be expected to be materially prejudiced by such delay, in either event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining one separate legal counsel (for the avoidance of doubt, for all indemnified parties in connection therewith)). For the avoidance of doubt, notwithstanding any such assumption by an indemnifying party, the indemnified party shall have the right to employ separate counsel in any such matter and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party except as provided in the previous sentence. An indemnifying party shall not be liable for any settlement of an action or claim effected without its consent (which consent shall not be unreasonably withheld, conditioned or delayed). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (x) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such claim or proceeding, (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party and (z) is settled solely for cash for which

the indemnified party would be entitled to indemnification hereunder. The failure of an indemnified party to give notice to an indemnifying party of any action brought against such indemnified party shall not relieve the indemnifying party of its obligations or liabilities pursuant to this Agreement, except to the extent such failure adversely prejudices the indemnifying party.

(e) The indemnification provided for under this Agreement shall survive the sale or other transfer of the Registrable Securities and the termination of this Agreement.

(f) If recovery is not available under the foregoing indemnification provisions for any reason or reasons other than as specified therein, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation that does not take into account the equitable considerations referred to in the immediately preceding sentence. Notwithstanding any other provision of this Agreement, no holder of Registrable Securities shall be required to indemnify or contribute, in the aggregate, any amount in excess of its net proceeds from the sale of the Registrable Securities subject to any actions or proceedings over the amount of any damages, indemnity or contribution that such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation.

(g) The indemnification and contribution agreements contained in this Section 5.05 are in addition to any liability that the indemnifying party may have to the indemnified party and do not limit other provisions of this Agreement that provide for indemnification.

Section 5.06. Facilitation of Sales Pursuant to Rule 144. For as long as the Purchaser or its Affiliates, or any financial institution pursuant to a Permitted Transaction or any Lender under any Permitted Loan Beneficially Owns Notes or any Class A Common Stock issued or issuable upon conversion thereof, to the extent it shall be required to do so under the Exchange Act, the Company shall use reasonable efforts to timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144) and submit all required Interactive Data Files (as defined in Rule 11 of Regulation S-T of the SEC), and shall use reasonable efforts

to take such further necessary action as any holder of Subject Securities may reasonably request in connection with the removal of any restrictive legend on the Subject Securities being sold, all to the extent required from time to time to enable such holder to sell the Subject Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144.

## ARTICLE VI

### MISCELLANEOUS

Section 6.01. Survival of Representations and Warranties. Except for the warranties and representations contained in clauses (a)(i), (b), (c), (d), (e), (f)(i), (l) and (o) of Section 3.01 and the representations and warranties contained in Section 3.02, which shall survive the Closing until expiration of the applicable statute of limitations, the warranties and representations made herein shall survive for one (1) year following the Closing Date and shall then expire; provided, that nothing herein shall relieve any party of liability for any inaccuracy or breach of such representation or warranty to the extent that any good faith allegation of such inaccuracy or breach is made in writing prior to such expiration.

Section 6.02. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by overnight courier or sent via email (with non-automated receipt confirmed) as follows:

- (a) If to the Purchaser, to:

c/o Silver Lake  
2775 Sand Hill Road, Suite 100  
Menlo Park, CA 94025  
Attention: Karen King  
Email: Karen.King@SilverLake.com

and:

c/o Silver Lake  
55 Hudson Yards  
550 West 34th Street  
40th Floor  
New York, NY 10001  
Attention: Andrew J. Schader  
Email: Andy.Schader@SilverLake.com

With a copy (which shall not constitute actual or constructive notice) to:

Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, NY 10022  
Attention: Joshua Korff, P.C.  
Michael Kim, P.C.

Email: Joshua.Korff@kirkland.com  
Michael.Kim@kirkland.com

(b) If to the Company, to:

AMC Entertainment Holdings, Inc.  
One AMC Way  
Leawood, KS 66211  
Attention: General Counsel  
Email: kconnor@amctheatres.com

With a copy (which shall not constitute actual or constructive notice) to:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attention: Ray C. Schrock, P.C.  
Corey Chivers  
Email: Ray.Schrock@weil.com  
Corey.Chivers@weil.com

or to such other address or addresses as shall be designated in writing. All notices shall be deemed effective (a) when delivered personally (with written confirmation of receipt, by other than automatic means, whether electronic or otherwise), (b) when sent by email (with written confirmation of receipt, by other than automatic means, whether electronic or otherwise) or (c) one (1) Business Day following the day sent by overnight courier.

Section 6.03. Entire Agreement; Third Party Beneficiaries; Amendment. This Agreement (including all Exhibits and Annexes hereto), together with the agreements contemplated herein, including the New Confidentiality Agreement, set forth the entire agreement between the parties hereto with respect to the Transactions, and is not intended to and shall not confer upon any person other than the parties hereto, their successors and permitted assigns any rights or remedies hereunder, provided, that (i) Section 4.07(h) shall be for the benefit of and fully enforceable by each of the Covered Persons, (ii) Section 4.12 shall be for the benefit of and fully enforceable by each of the Section 4.12 Persons and the Silver Lake Indemnitors, (iii) Section 4.22 shall be for the benefit of and fully enforceable by each of the Indemnitees, (iv) Section 5.05 shall be for the benefit of and fully enforceable by each of the Indemnified Persons and (v) Section 6.12 shall be for the benefit of and fully enforceable by each of the Specified Persons. Any provision of this Agreement may be amended or modified in whole or in part at any time by an agreement in writing between the parties hereto (but solely in the case of any amendment or modification to Sections 4.07, 4.09 and 4.18 (and the related definitions) agreed by the Company, only if authorized by a resolution of the disinterested directors thereof) executed in the same manner as this Agreement. No failure on the part of any party to exercise, and no delay in exercising, any right shall operate as a waiver thereof nor shall any single or partial exercise by any party of any right preclude any other or future exercise thereof or the exercise of any other right.

Section 6.04. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute any original, but all of which together shall constitute one and the same document. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document will have the same effect as physical delivery of the paper document bearing the original signature.

Section 6.05. Public Announcements. No press release or public announcement related to this Agreement or the Transactions shall be issued or made by the Purchaser or its Affiliates without the prior written approval of the Company, unless required by law (based on the advice of counsel) in which case the Company shall have the right to review and reasonably comment on such press release, announcement or communication prior to issuance, distribution or publication. Notwithstanding the foregoing (but subject to the terms of the New Confidentiality Agreement), the Purchaser and its Affiliates shall not be restricted from communicating with their respective investors and potential investors in connection with marketing, informational or reporting activities; provided, that the recipient of such information is subject to a customary obligation to keep such information confidential. The Company may issue or make one or more press releases or public announcements (in which case the Purchaser shall have the right to review and reasonably comment on such press release, announcement or communication prior to issuance, distribution or publication) and may file this Agreement with the SEC and may provide information about the subject matter of this Agreement in connection with equity or debt issuances, share repurchases, or marketing, informational or reporting activities.

Section 6.06. Expenses. The Company will reimburse the Purchaser for reasonable and documented out-of-pocket third-party expenses, including for one legal counsel, incurred in connection with the Transactions on the Closing Date and subject to the occurrence of, the initial purchase of the Notes on the Closing Date.

Section 6.07. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the Company’s successors and assigns and Purchaser’s successors and assigns, and no other person; provided, that neither the Company nor the Purchaser may assign its respective rights or delegate its respective obligations under this Agreement, whether by operation of law or otherwise, and any assignment by the Company or the Purchaser in contravention hereof shall be null and void; provided, that (i) substantially contemporaneously with or at the Closing the Purchaser may assign all of its rights and obligations under this Agreement or any portion thereof to one or more Affiliates who execute and deliver a Joinder substantially in the form attached hereto as Exhibit B-1, and such Affiliate shall have all the rights and obligations of a Purchaser or any portion thereof (as set forth in such Joinder); provided, that no such assignment will relieve the Purchaser of its obligations hereunder, (ii) any Affiliate of the Purchaser who after the Closing Date executes and delivers a Joinder substantially in the form attached hereto as Exhibit B-2 and is a permitted transferee of any Notes or shares of Company Common Stock shall have all the rights and obligations of a Purchaser or any portion thereof (as set forth in such Joinder); provided, that no such assignment will relieve the Purchaser of its obligations hereunder, (iii) if the Company consolidates or merges with or into any Person and the Company Common Stock is, in whole or in part, converted into or exchanged for securities of a different issuer, then as a



condition to such transaction the Company will cause such issuer to assume all of the Company's rights and obligations under this Agreement in a written instrument delivered to the Purchaser, and (iv) the rights and obligations of a holder of Registrable Securities under Article V may be transferred and assigned but only together with Subject Securities (a) in connection with a transfer of (1) Notes in an aggregate principal amount of at least \$75,000,000 or (2) Class A Common Stock or other Subject Securities issued or issuable upon conversion of at least \$75,000,000 in aggregate principal amount of Notes; provided, that such transferee executes and delivers a Joinder substantially in the form attached hereto as Exhibit B-3 or (b) (x) to an Affiliate of the transferor that executes and delivers an applicable Joinder or (y) to a lender in connection with a Permitted Loan. For the avoidance of doubt, no Third Party to whom any of the Notes or shares of Company Common Stock are transferred shall have any rights or obligations under this Agreement except (and then only to the extent of) any rights and obligations under Article V to the extent transferable in accordance with this Section 6.07. Notwithstanding anything to the contrary set forth herein, the Purchaser may without the consent of any other party grant powers of attorney, operative only upon an event of default of the Company in respect of its obligation under Article II to issue the Notes upon surrender and cancellation of the Company's 2.95% Convertible Notes due 2024 in accordance with the terms of this Agreement, to any lenders, administrative agent or collateral agent under any Permitted Loan or to any financial institution in connection with a Permitted Transaction, in each case to act on behalf of the Purchaser to enforce such obligation.

For the avoidance of doubt, no Third Party to whom any of the Notes are transferred shall have any rights or obligations under this Agreement except to the extent transferable in accordance with this Agreement.

Section 6.08. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In addition, each of the parties hereto irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other party hereto or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery and any state appellate court therefrom within the State of Delaware (or, solely if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). Each of the parties hereto hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid courts and agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the aforesaid courts. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (i) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve in accordance with this Section 6.08(a), (ii) any claim that it or its property is exempt or immune from the jurisdiction of any such court or from any legal process

commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) to the fullest extent permitted by the applicable law, any claim that (A) the suit, action or proceeding in such court is brought in an inconvenient forum, (B) the venue of such suit, action or proceeding is improper or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each of the parties hereby agrees that service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 6.02 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby.

(b) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS CONTAINED IN THIS SECTION 6.08.

Section 6.09. Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect provided that the economic and legal substance of, any of the Transactions is not affected in any manner materially adverse to any party. In the event of any such determination, the parties agree to negotiate in good faith to modify this Agreement to fulfill as closely as possible the original intent and purpose hereof. To the extent permitted by law, the parties hereby to the same extent waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

Section 6.10. Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each party agrees that in the event of any breach or threatened breach by any other party of any covenant or obligation contained in this Agreement, the non-breaching party shall be entitled (in addition to any other remedy that may be available to it, whether in law or equity) to obtain (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation, and (ii) an injunction restraining such breach or threatened breach. Each of the parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

Section 6.11. Headings. The headings of Articles and Sections contained in this Agreement are for reference purposes only and are not part of this Agreement.

Section 6.12. Non-Recourse.

(a) Notwithstanding anything to the contrary in this Agreement, the Purchaser's liability for any liability, loss, damage or recovery of any kind (including special, exemplary, consequential, indirect or punitive damages or damages arising from loss of profits, business opportunities or goodwill, diminution in value or any other losses or damages, whether at law, in equity, in contract, in tort or otherwise) arising under or in connection with any breach of this Agreement or any other Transaction Agreement (whether willfully, intentionally, unintentionally or otherwise) or in respect of any oral representations made or alleged to have been made in connection herewith shall be no greater than an amount equal to \$600,000,000 and the Purchaser shall have no further liability or obligation relating to or arising out of this Agreement, any other Transaction Agreement or the Transactions in excess of such amount. For the avoidance of doubt, the foregoing shall not limit the Company's rights under Section 6.10.

(b) This Agreement may only be enforced against, and any Action, claim or cause of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby may only be brought against the entities that are expressly named as parties hereto and their respective successors and assigns (including any Person that executes and delivers a Joinder). Except as set forth in the immediately preceding sentence, no past, present or future director, officer, employee, incorporator, member, partners (general or limited), stockholder, controlling person, Affiliate, agent, attorney, advisor or representative of any party hereto, or any past, present or future director, officer, employee, incorporator, member, partners (general or limited), stockholder, controlling person, Affiliate, agent, attorney, advisor or representative of the foregoing (collectively, the "Specified Persons") shall have any liability for any obligations or liabilities of any party hereto under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto or by their respective duly authorized officers, all as of the date first above written.

**AMC ENTERTAINMENT HOLDINGS, INC.**

By: /s/ Sean Goodman

Name:

Sean Goodman

Title: Executive Vice President & Chief \_\_\_\_\_ Financial Officer

[Signature Page to Amended and Restated Investment Agreement]

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**SLA CM AVATAR HOLDINGS, L.P.**

By: SLA CM GP, L.L.C., its general partner

By: /s/ Egon Durban

Name: Egon Durban

Title: Managing Director

[Signature Page to Amended and Restated Investment Agreement]

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**SARGAS INVESTMENT PTE. LTD.**

**BY: SLA AVATAR HOLDINGS HOLDCO, L.P., in its capacity  
as Attorney-in-Fact**

By: SLA Avatar Holdings Holdco GP, L.L.C., its general partner

By: Silver Lake Alpine Associates, L.P., its managing member

By: SLAA (GP), L.L.C., its general partner

By: Silver Lake Group, L.L.C., its managing member

By: /s/ Lee Wittlinger

Name: Lee Wittlinger

Title: Managing Director

[Signature Page to Amended and Restated Investment Agreement]

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**EXHIBIT A**  
**FORM OF AMENDED AND RESTATED INDENTURE**

A-1

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## EXHIBIT B-1

### FORM OF JOINDER<sup>1</sup>

The undersigned is executing and delivering this Joinder, dated as of [●], 2020 (this “Joinder”), pursuant to that certain Investment Agreement, dated as of July 31, 2020 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the “Investment Agreement”), by and among AMC Entertainment Holdings, Inc., a Delaware corporation, SLA CM Avatar Holdings, L.P., a Delaware limited partnership and Sargas Investment Pte. Ltd, a Singapore private company limited by shares (collectively, the “Initial Purchaser”), and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder shall have the respective meanings ascribed to such terms in the Investment Agreement.

By executing and delivering this Joinder, the undersigned hereby accepts and assumes an assignment and transfer of (a) the Initial Purchaser’s right to acquire \$[●] aggregate principal amount of the Notes at the Closing pursuant to Sections 2.01 and 2.02 and (b) the Initial Purchaser’s rights and obligations pursuant to Article V (Registration Rights) of the Investment Agreement with respect to such Notes. For the avoidance of doubt, the Initial Purchaser (i) confirms that the undersigned is an Affiliate of the Initial Purchaser, (ii) acknowledges that, notwithstanding the assignment of the right to acquire the Notes and the rights and obligations under Article V of the Investment Agreement described herein, all other rights and obligations with respect to the Investment Agreement shall remain rights and obligations of the Initial Purchaser and (iii) acknowledges that the Initial Purchaser shall be liable for any breaches of such other obligations under the Investment Agreement that result from actions taken by the undersigned without the consent of the Company.

The undersigned acknowledges and agrees that Sections 6.02, 6.03, 6.07, 6.08 and 6.12 of the Investment Agreement are incorporated herein by reference, *mutatis mutandis* (provided, that the notice information for the undersigned shall be as set forth on the signature page for the undersigned to this Joinder).

*[Remainder of page intentionally left blank.]*

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<sup>1</sup> To be used for an Affiliate of the Purchaser that will receive an assignment of the right to purchase Notes at the Closing and registration rights, but no other rights or obligations, for financing reasons.

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[\_\_\_\_\_]

By: \_\_\_\_\_

Name:

Title:

Notices:

[Address]

[Email Address]

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**EXHIBIT B-2**

**FORM OF JOINDER<sup>2</sup>**

The undersigned is executing and delivering this Joinder, dated as of [●], 2020 (this “Joinder”), pursuant to that certain Investment Agreement, dated as of July 31, 2020 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the “Investment Agreement”), by and among AMC Entertainment Holdings, Inc., a Delaware corporation, SLA CM Avatar Holdings, L.P., a Delaware limited partnership and Sargas Investment Pte. Ltd, a Singapore private company limited by shares (collectively, the “Initial Purchaser”), and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder shall have the respective meanings ascribed to such terms in the Investment Agreement.

By executing and delivering this Joinder, the undersigned hereby adopts and approves the Investment Agreement and agrees, effective commencing on the date hereof, to become a party to, and to be bound by and comply with the provisions of, the Investment Agreement and the New Confidentiality Agreement applicable to the Purchaser in the same manner as if the undersigned were an original Purchaser signatory to the Investment Agreement and the New Confidentiality Agreement.

The undersigned acknowledges and agrees that Sections 6.02, 6.03, 6.07, 6.08 and 6.12 of the Investment Agreement are incorporated herein by reference, mutatis mutandis (provided, that the notice information for the undersigned shall be as set forth on the signature page for the undersigned to this Joinder).

*[Remainder of page intentionally left blank.]*

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<sup>2</sup> To be used for an Affiliate of the Purchaser that is a transferee of Notes or Company Common Stock after the Closing.

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[ \_\_\_\_\_ ]

By: \_\_\_\_\_

Name:

Title:

Notices:

[Address]

[Email Address]

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**EXHIBIT B-3**

**FORM OF JOINDER<sup>3</sup>**

The undersigned is executing and delivering this Joinder, dated as of [●], 2020 (this “Joinder”), pursuant to that certain Investment Agreement, dated as of July 31, 2020 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the “Investment Agreement”), by and among AMC Entertainment Holdings, Inc., a Delaware corporation, SLA CM Avatar Holdings, L.P., a Delaware limited partnership and Sargas Investment Pte. Ltd, a Singapore private company limited by shares (collectively, the “Initial Purchaser”), and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder shall have the respective meanings ascribed to such terms in the Investment Agreement.

By executing and delivering this Joinder, the undersigned hereby accepts and assumes an assignment and transfer of the Initial Purchaser’s rights and obligations pursuant to Article V (Registration Rights) of the Investment Agreement. For the avoidance of doubt, the Initial Purchaser (i) shall retain such rights and obligations pursuant to Article V (Registration Rights) of the Investment Agreement with respect to the Subject Securities that it may hold from time to time and (ii) shall not be liable for any breaches of such obligations under Article V (Registration Rights) of the Investment Agreement by the undersigned.

The undersigned acknowledges and agrees that Sections 6.02, 6.03, 6.07, 6.08 and 6.12 of the Investment Agreement are incorporated herein by reference, mutatis mutandis (provided, that the notice information for the undersigned shall be as set forth on the signature page for the undersigned to this Joinder).

*[Remainder of page intentionally left blank.]*

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<sup>3</sup> To be used for an assignment of registration rights only

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[\_\_\_\_\_]

By: \_\_\_\_\_

Name:

Title:

Notices:

[Address]

[Email Address]

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## EXHIBIT C

### FORM OF AMENDED AND RESTATED ISSUER AGREEMENT

July 31, 2020

JPMorgan Chase Bank, National Association  
c/o JPMorgan Services Inc.  
500 Stanton Christiana Rd., 3rd Floor  
Newark, Delaware 19713

Re: Loan Agreement entered into by SLA CM Avatar Holdings, L.P.

Ladies and Gentlemen:

Reference is made to (x) that certain letter agreement, dated as of October 31, 2019 (the “**Original Issuer Agreement**”), delivered by AMC Entertainment Holdings, Inc. (the “**Issuer**”) in favor of JPMorgan Chase Bank, National Association (including any agent acting therefor, the “**Lender**”) (such letter agreement, the “**Original Issuer Agreement**”) and (y) the Margin Loan and Security Agreement dated as of October 31, 2019 (the “**MLSA**”) between SLA CM Avatar Holdings, L.P., a Delaware limited partnership (the “**Borrower**”), the other borrowers thereunder (collectively with the Borrower, the “**Borrowers**”) and the Lender (as amended and supplemented from time to time, and together with any security agreement executed in connection therewith, the “**Margin Loan Agreement**”). Whereas the Original Issuer Agreement was entered into with respect to those certain 2.95% Convertible Senior Notes due 2024 (the “**Original Notes**”) of the Issuer, owned by the Borrower and pledged under the MLSA, and whereas the Issuer has agreed to issue, and the Borrower has agreed to accept, in exchange for the Original Notes, 2.95% Convertible Senior Secured Notes due 2026 (the “**Convertible Notes**”) pursuant to that certain Amended and Restated Indenture, dated July 31, 2020 (the “**Indenture**”) between the Issuer, the guarantors party thereto and U.S. Bank National Association, as trustee (the “**Trustee**”) and as collateral agent. Therefore, in consideration of the premises and other consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer hereby agrees with the Lender to amend and restate the Original Issuer Agreement in its entirety as follows:

This letter agreement is being entered into at the request of SLA CM Avatar Holdings, L.P., a Delaware limited partnership (the “**Borrower**”), in connection with the Margin Loan and Security Agreement dated as of October 31, 2019 (the “**MLSA**”) between the Borrower, the other borrowers thereunder (collectively with the Borrower, the “**Borrowers**”) and JPMorgan Chase Bank, National Association, as lender (including any agent acting therefor, the “**Lender**”) (as amended and supplemented from time to time, and together with any security agreement executed in connection therewith, the “**Margin Loan Agreement**”, and the exercise of remedies by the Lender following an event of default under the Margin Loan Agreement, including in such

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exercise of remedies, foreclosure, assignments, transfers or other dispositions of the Pledged Convertible Notes or Pledged Common Stock (each as defined below) made in connection with a Market Value Cure Failure (as defined in the Margin Loan Agreement) or as otherwise contemplated by the Margin Loan Agreement, collectively, the “**Exercise of Remedies**” and, together with the Margin Loan Agreement, the “**Transactions**”). For purposes of this letter agreement, “**Closing Date**” shall mean October 31, 2019.

Pursuant to the Margin Loan Agreement, the Lender acquired a first priority security interest in, *inter alia*, (x) the Original Notes and any proceeds thereof, including the Convertible Notes (upon delivery of such Convertible Notes to the Collateral Agent (as defined in the Margin Loan Agreement) in the manner contemplated under the Margin Loan Agreement, the “**Pledged Convertible Notes**”) and/or (y) certain shares of Class A common stock (the “**Common Stock**”) of the Issuer that have been or may be received upon conversion or exchange (including any sale of Convertible Notes to the Issuer for a combination of cash and Common Stock) of the Convertible Notes from time to time (the “**Pledged Common Stock**”) to secure the Borrowers’ obligations under the Margin Loan Agreement. The Securities Intermediary under the Margin Loan Agreement has established on its books, one or more accounts (which may be the Lender or an affiliate thereof) (the “**Custodian**”) in each case subject to the security interest granted under the Margin Loan Agreement (each, a “**Collateral Account**”, and collectively, the “**Collateral Accounts**”). As used herein, “**Business Day**” means any day on which commercial banks are open in New York City, and “**DTC**” means the Depository Trust Company.

In connection with the Transactions:

1. The Issuer confirms that based solely on the information provided to the Issuer prior to its execution of this letter agreement, it has no objection to the Transactions and none of the Transactions is subject to any insider trading or other policy or rule of the Issuer.
  2. Based solely on the information provided to the Issuer prior to its execution of this letter agreement, the Issuer confirms that the loan extended pursuant to the Margin Loan Agreement and secured by, *inter alia*, the Convertible Notes is a Permitted Loan as defined in the Investment Agreement (as defined in the Indenture, the “**Investment Agreement**”), and further agrees and acknowledges that the Borrower shall have the right to pledge or sell the Pledged Convertible Notes or Pledged Common Stock to the extent permitted in connection with Permitted Loans as described in the Investment Agreement.
  3. The Issuer acknowledges that the Borrower can assign by way of security to the Lender its rights under Article V of the Investment Agreement under the Margin Loan Agreement, as permitted by Section 6.07(iv) (b)(y) of the Investment Agreement, and confirms that it has no objection to the assignment of such rights under Article V of the Investment Agreement pursuant to Section 3.04 of the Margin Loan Agreement or any transfers of Pledged Convertible Notes or Pledged Common Stock under such Article V related thereto, or any assignment of such rights under Article V made in connection with any Market Value Cure Failure or Exercise of Remedies.
  4. Except as required by applicable law and stock exchange rules, as determined in good faith
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by the Issuer, the Issuer will not take any actions intended to hinder or delay any Exercise of Remedies by the Lender pursuant to the Margin Loan Agreement. Without limiting the generality of paragraphs 5 through 15 below, the Issuer agrees, upon Lender's request after the occurrence of a Market Value Cure Failure under the Margin Loan Agreement or in connection with any Exercise of Remedies, to cooperate in good faith (and in accordance with, and subject to, the terms of the Indenture and in accordance with applicable law) with the Lender, the Trustee and/or the transfer agent relating to the Common Stock in any transfer of Pledged Convertible Notes or Pledged Common Stock made pursuant to any exercise by the Lender of its remedies under the Margin Loan Agreement or otherwise, including with respect to the removal of any restrictive legends.

5. In connection with any Exercise of Remedies, the Issuer shall take such actions as are within its control to cause the transfer and settlement of Pledged Convertible Notes (in accordance with, and subject to, the terms of the Indenture) within two Business Days of notice by the Lender. Upon consummation of such transfer and settlement to the purchaser(s) designated by the Lender, such Pledged Convertible Notes shall be in book-entry DTC form.
  6. In connection with any Exercise of Remedies, the Issuer shall take such actions as are within its control to cause the transfer and settlement of any shares of Common Stock received upon conversion or exchange of the Pledged Convertible Notes within two Business Days of notice by the Lender. Upon consummation of such transfer and settlement to the purchaser(s) designated by the Lender, such shares of Common Stock (including any Pledged Common Stock) shall be in book-entry DTC form, without any restricted legends and bearing an unrestricted CUSIP.
  7. As of the date hereof, the Pledged Convertible Notes will be held in global form and represented as book-entry interests on the books of The Depository Trust Company without restrictive legends and bearing an unrestricted CUSIP with such book-entry interests credited to the Collateral Accounts.
  8. The Issuer agrees that the Pledged Convertible Notes may be sold without restriction under Rule 144 by any person that is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Issuer.
  9. The Lender covenants and agrees with the Issuer that, to the extent the Pledged Convertible Notes consist of SL Securities, then in connection with any Exercise of Remedies by the Lender pursuant to the Margin Loan Agreement whereby the Lender forecloses on, sells, or transfers the Pledged Convertible Notes to itself, any affiliate or a third party, it shall, in connection with any such foreclosure, sale or transfer, request the exchange of such SL Securities in accordance with the Indenture for beneficial interests in another Global Security that is not a SL Security such that the transferee thereto does not own or hold any beneficial interest in any SL Security. Without limiting the generality of the foregoing, the Lender agrees and acknowledges that neither it nor any transferee that is not a member of Silver Lake Group (as defined in the Investment Agreement) shall be allowed to hold a beneficial interest in a Global Security that is a SL Security, own a Physical Security that is a SL Security or exercise any conversion rights in respect thereof.
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10. Any assignee of Lender's rights and obligations under the Margin Loan Agreement shall enter into a joinder to this Issuer Agreement in form and substance reasonably satisfactory to the Issuer, or shall deliver to the Issuer a counterpart, executed by the assignee, of a substantially identical agreement and the Issuer shall promptly accept such assignment.
11. The pledge by the Borrower of the Pledged Convertible Notes and the Pledged Common Stock pursuant to the Margin Loan Agreement, and any Exercise of Remedies by the Lender, are not restricted in any manner by the formation documents of the Issuer or any other agreement to which the Issuer is a party, other than the Investment Agreement and the Indenture.
12. To the knowledge of the Issuer, neither the Pledged Convertible Notes nor the Pledged Common Stock is subject to any pledge, interest, mortgage, lien, encumbrance or right of setoff other than any such as may be created and may exist in favor of the Lender as a result of the Transactions.
13. The Issuer shall make all payments or deliveries on the Pledged Convertible Notes and the Pledged Common Stock with a record date on and after the Closing Date to the Collateral Accounts (as irrevocably directed by the Collateral Agent) or otherwise in accordance with the Margin Loan Agreement.
14. Subject to customary enforceability exceptions, the Convertible Notes are valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Common Stock, when issued upon conversion or exchange of the Convertible Notes, will be validly issued, fully paid and nonassessable and free of pre-emptive or similar rights.

[SIGNATURE PAGE FOLLOWS]

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Accepted and agreed,

AMC Entertainment Holdings, Inc., as Issuer

By: \_\_\_\_\_  
Name:  
Title:

JPMorgan Chase Bank, National Association, as Lender

By: \_\_\_\_\_  
Name:  
Title:

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## EXHIBIT 1

### Form of Opinion of Counsel

AMC Entertainment Holdings, Inc.

[\_\_\_\_\_]

Ladies and Gentlemen:

We are acting as counsel for [\_\_\_\_\_] (“Secured Party”) in connection with the sale by it of [\_\_\_\_\_] [2.95% Convertible Senior Secured Notes due 2026 / shares of Class A common stock] (the “Securities”) of AMC Entertainment Holdings, Inc., a Delaware corporation (“Issuer”), that were [received upon conversion or exchange of 2.95% Convertible Senior Secured Notes due 2026] pledged to it by SLA CM Avatar Holdings, L.P. (“Borrower”) to secure Borrower’s obligations pursuant to the Margin Loan and Security Agreement dated as of October 31, 2019 among, *inter alia*, Borrower and Secured Party.

We have examined a representation letter from Secured Party dated as of [\_\_\_\_\_] (the “Seller’s Letter”) with respect to the sale of the Securities. In rendering the opinion expressed herein, we have relied exclusively on the Seller’s Letter, a copy of which is attached hereto as Schedule I, as to matters of fact, and we have without independent inquiry or investigation assumed that (i) all documents submitted to us as originals are authentic and complete, (ii) all documents submitted to us as copies conform to authentic, complete originals, (iii) all signatures on all documents that we reviewed are genuine, (iv) all natural persons executing documents had and have the legal capacity to do so and (v) all statements in the Seller’s Letter were and are accurate.

Based on the foregoing, we are of the opinion that the Securities may be sold by Secured Party without registration under the Securities Act of 1933, as amended, it being understood that no opinion is expressed as to any subsequent offer or resale of any Securities.

This opinion is limited to the federal securities law of the United States of America.

This opinion is rendered solely to you in connection with the proposed sale of the Securities by Secured Party. This opinion may not be relied upon by you for any other purpose or relied upon by any other person or furnished to any other person without our prior written consent.

Very truly yours,

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Schedule I to Exhibit 1

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017

Re: Sale of [ ] [2.95% Convertible Senior Secured Notes due 2026/ Shares of Class A Common Stock] of AMC Entertainment Holdings, Inc. ("Issuer") to Qualified Institutional Buyers in a Private Placement

Ladies and Gentlemen:

We hereby refer to the Margin Loan and Security Agreement dated as of October 31, 2019 (the "Margin Loan Agreement") between [ ] ("we," "our" or "us") and SLA CM Avatar Holdings, L.P. ("Borrower") pursuant to which Borrower has pledged to us, *inter alia*, 2.95% Convertible Senior Secured Notes due 2026 (the "Pledged Convertible Notes") of Issuer to secure Borrower's obligations to us under the Margin Loan Agreement.

In connection with our proposed sale, as pledgee under the Margin Loan Agreement, of [ ] [Pledged Convertible Notes / shares of Class A common stock of Issuer received upon conversion or exchange of Pledged Convertible Notes] (the "Securities") in a private placement exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), we represent and warrant to you:

- (a) The Securities are being sold only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) or to purchasers that we and any person acting on our behalf reasonably believe are qualified institutional buyers. We have notified the purchaser of the restrictions on further transfer of the Securities, and the purchaser is aware that the Securities are being sold by us pursuant to an exemption from registration under the Securities Act for private placements of securities.
- (b) Issuer is subject to Section 13(a) and/or Section 15(d) of the Securities Exchange Act of 1934, as amended.
- (c) Neither we nor any person acting on our behalf has offered or sold the Securities by any form of general solicitation or general advertising.

Very truly yours,

[ ]

By: \_\_\_\_\_

\_\_\_\_\_  
Name:

Title:

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## EXHIBIT 2

### Form of Opinion of Counsel

AMC Entertainment Holdings, Inc.

[\_\_\_\_\_]

Ladies and Gentlemen:

We are acting as counsel for [\_\_\_\_\_] (“Secured Party”) in connection with the sale by it of [\_\_\_\_\_] [2.95% Convertible Senior Secured Notes due 2026/ shares of Class A common stock] (the “Securities”) of AMC Entertainment Holdings, Inc., a Delaware corporation (“Issuer”), that were [received upon conversion or exchange of 2.95% Convertible Senior Secured Notes due 2026] pledged to it by SLA CM Avatar Holdings, L.P. (“Borrower”) to secure Borrower’s obligations pursuant to the Margin Loan and Security Agreement dated as of October 31, 2019 among, *inter alia*, Borrower and Secured Party.

We have examined a representation letter from Secured Party dated as of [\_\_\_\_\_] (the “Seller’s Letter”) with respect to the sale of the Securities. In rendering the opinion expressed herein, we have relied exclusively on the Seller’s Letter, a copy of which is attached hereto as Schedule I, as to matters of fact, and we have without independent inquiry or investigation assumed that (i) all documents submitted to us as originals are authentic and complete, (ii) all documents submitted to us as copies conform to authentic, complete originals, (iii) all signatures on all documents that we reviewed are genuine, (iv) all natural persons executing documents had and have the legal capacity to do so and (v) all statements in the Seller’s Letter were and are accurate.

Based on the foregoing, we are of the opinion that the Securities may be sold by Secured Party as described in the Seller’s Letter without registration under the Securities Act of 1933, as amended, in reliance of Rule 144 promulgated thereunder and that any restrictive legends concerning transfers of the Securities may be removed.

This opinion is limited to the federal securities law of the United States of America.

This opinion is rendered solely to you in connection with the proposed sale of the Securities by Secured Party. This opinion may not be relied upon by you for any other purpose or relied upon by any other person or furnished to any other person without our prior written consent.

Very truly yours,

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Schedule I to Exhibit 2

Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017

Re: Sale of [\_\_\_\_\_] [2.95% Convertible Senior Secured Notes due 2026/ Shares of Class A Common Stock] of AMC Entertainment Holdings, Inc. (“Issuer”)

Ladies and Gentlemen:

We hereby refer to the Margin Loan and Security Agreement dated as of October 31, 2019 (the “Margin Loan Agreement”) between [\_\_\_\_\_] (“we,” “our” or “us”) and SLA CM Avatar Holdings, L.P. (“Borrower”) pursuant to which Borrower has pledged to us, *inter alia*, 2.95% Convertible Senior Secured Notes due 2026 (the “Pledged Convertible Notes”) of Issuer to secure Borrower’s obligations to us under the Margin Loan Agreement.

In connection with our proposed sale, as pledgee under the Margin Loan Agreement, of [\_\_\_\_\_] [Pledged Convertible Notes / shares of Class A common stock of Issuer received upon conversion or exchange of Pledged Convertible Notes] pursuant to Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”), we represent and warrant to you:

- (a) We are not an “affiliate” of Issuer within the meaning of Rule 144 under the Securities Act and have not been such an affiliate within the preceding three months.
- (b) Issuer is, and has been for a period of at least 90 days immediately before the proposed sale, subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended.
- (c) A period of at least six months has elapsed for purposes of Rule 144(d) under the Securities Act since the date the Pledged Convertible Notes were pledged to us.
- (d) Issuer has satisfied the conditions set forth in Rule 144(c)(1) under the Securities Act at the time of the proposed sale.
- (e) If the shares of Class A common stock to be sold were issued upon exchange of the Pledged Convertible Notes, no consideration other than Pledged Convertible Notes was delivered by the Borrower in such exchange.

Very truly yours,

[\_\_\_\_\_]

By: \_\_\_\_\_

\_\_\_\_\_  
Name:

Title:

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**EXHIBIT D**  
**INTENTIONALLY OMITTED**

D-1

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**EXHIBIT E**  
**INTENTIONALLY OMITTED**

E-1

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## ANNEX A

### PLAN OF DISTRIBUTION

The selling securityholders, including their pledgees, donees, transferees, distributees, beneficiaries or other successors in interest, may from time to time offer some or all of the shares of Class A common stock (collectively, "Securities") covered by this prospectus. To the extent required, this prospectus may be amended and supplemented from time to time to describe a specific plan of distribution.

The selling securityholders will not pay any of the costs, expenses and fees in connection with the registration and sale of the Securities covered by this prospectus, but they will pay any and all underwriting discounts, selling commissions and stock transfer taxes, if any, attributable to sales of the Securities. We will not receive any proceeds from the sale of Securities.

The selling securityholders may sell the Securities covered by this prospectus from time to time, and may also decide not to sell all or any of the Securities that they are allowed to sell under this prospectus. The selling securityholders will act independently of us in making decisions regarding the timing, manner and size of each sale. These dispositions may be at fixed prices, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale, or at privately negotiated prices. Sales may be made by the selling securityholders in one or more types of transactions, which may include:

- purchases by underwriters, dealers and agents who may receive compensation in the form of underwriting discounts, concessions or commissions from the selling securityholders and/or the purchasers of the Securities for whom they may act as agent;
- one or more block transactions, including transactions in which the broker or dealer so engaged will attempt to sell the Securities as agent but may position and resell a portion of the block as principal to facilitate the transaction, or in crosses, in which the same broker acts as an agent on both sides of the trade;
- ordinary brokerage transactions or transactions in which a broker solicits purchases;
- purchases by a broker-dealer or market maker, as principal, and resale by the broker-dealer for its account;
- the pledge of Securities for any loan or obligation, including pledges to brokers or dealers who may from time to time effect distributions of Securities, and, in the case of any collateral call or default on such loan or obligation, pledges or sales of Securities by such pledgees or secured parties;
- short sales or transactions to cover short sales relating to the Securities;
- one or more exchanges or over the counter market transactions;

- through distribution by a selling securityholder or its successor in interest to its members, general or limited partners or shareholders (or their respective members, general or limited partners or shareholders);
- privately negotiated transactions;
- the writing of options, whether the options are listed on an options exchange or otherwise;
- distributions to creditors and equity holders of the selling securityholders; and
- any combination of the foregoing, or any other available means allowable under applicable law.

A selling securityholder may also resell all or a portion of its Securities in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”) provided it meets the criteria and conforms to the requirements of Rule 144 and all applicable laws and regulations.

The selling securityholders may enter into sale, forward sale and derivative transactions with third parties, or may sell securities not covered by this prospectus to third parties in privately negotiated transactions. In connection with those sale, forward sale or derivative transactions, the third parties may sell securities covered by this prospectus, including in short sale transactions and by issuing securities that are not covered by this prospectus but are exchangeable for or represent beneficial interests in the common stock. The third parties also may use shares of common stock received under those sale, forward sale or derivative arrangements or shares of common stock pledged by the selling securityholder or borrowed from the selling securityholders or others to settle such third-party sales or to close out any related open borrowings of common stock. The third parties may deliver this prospectus in connection with any such transactions. Any third party in such sale transactions will be an underwriter and will be identified in a supplement or a post-effective amendment to the registration statement of which this prospectus is a part, as may be required.

In addition, the selling securityholders may engage in hedging transactions with broker-dealers in connection with distributions of Securities or otherwise. In those transactions, broker-dealers may engage in short sales of securities in the course of hedging the positions they assume with selling securityholders. The selling securityholders may also sell securities short and redeliver securities to close out such short positions. The selling securityholders may also enter into option or other transactions with broker-dealers which require the delivery of securities to the broker-dealer. The broker-dealer may then resell or otherwise transfer such securities pursuant to this prospectus. The selling securityholders also may loan or pledge Securities, and the borrower or pledgee may sell or otherwise transfer the Securities so loaned or pledged pursuant to this prospectus. Such borrower or pledgee also may transfer those Securities to investors in our securities or the selling securityholders’ securities or in connection with the offering of other securities not covered by this prospectus.

To the extent necessary, the specific terms of the offering of Securities, including the specific Securities to be sold, the names of the selling securityholders, the respective purchase prices and public offering prices, the names of any underwriter, broker-dealer or agent, if any, and any applicable compensation in the form of discounts, concessions or commissions paid to underwriters or agents or paid or allowed to dealers will be set forth in a supplement to this prospectus or a post-effective amendment to this registration statement of which this prospectus forms a part. The selling securityholders may, or may authorize underwriters, dealers and agents to, solicit offers from specified institutions to purchase Securities from the selling securityholders. These sales may be made under “delayed delivery contracts” or other purchase contracts that provide for payment and delivery on a specified future date. If necessary, any such contracts will be described and be subject to the conditions set forth in a supplement to this prospectus or a post-effective amendment to this registration statement of which this prospectus forms a part.

Broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from the selling securityholders. Broker-dealers or agents may also receive compensation from the purchasers of Securities for whom they act as agents or to whom they sell as principals, or both. Compensation to a particular broker-dealer might be in excess of customary commissions and will be in amounts to be negotiated in connection with transactions involving securities. In effecting sales, broker-dealers engaged by the selling securityholders may arrange for other broker-dealers to participate in the resales.

In connection with sales of Securities covered hereby, the selling securityholders and any underwriter, broker-dealer or agent and any other participating broker-dealer that executes sales for the selling securityholders may be deemed to be an “underwriter” within the meaning of the Securities Act. Accordingly, any profits realized by the selling securityholders and any compensation earned by such underwriter, broker-dealer or agent may be deemed to be underwriting discounts and commissions. Selling securityholders who are “underwriters” under the Securities Act must deliver this prospectus in the manner required by the Securities Act. This prospectus delivery requirement may be satisfied through the facilities of the New York Stock Exchange in accordance with Rule 153 under the Securities Act or satisfied in accordance with Rule 174 under the Securities Act.

We and the selling securityholders have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. In addition, we or the selling securityholders may agree to indemnify any underwriters, broker-dealers and agents against or contribute to any payments the underwriters, broker-dealers or agents may be required to make with respect to, civil liabilities, including liabilities under the Securities Act. Underwriters, broker-dealers and agents and their affiliates are permitted to be customers of, engage in transactions with, or perform services for us and our affiliates or the selling securityholders or their affiliates in the ordinary course of business.

The selling securityholders will be subject to the applicable provisions of Regulation M of the Securities Exchange Act of 1934 and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of any of the Securities by the selling securityholders. Regulation M may also restrict the ability of any person engaged in the

distribution of the Securities to engage in market-making activities with respect to the Securities. These restrictions may affect the marketability of such Securities.

In order to comply with applicable securities laws of some states or countries, the Securities may only be sold in those jurisdictions through registered or licensed brokers or dealers and in compliance with applicable laws and regulations. In addition, in certain states or countries the Securities may not be sold unless they have been registered or qualified for sale in the applicable state or country or an exemption from the registration or qualification requirements is available. In addition, any Securities of a selling securityholder covered by this prospectus that qualify for sale pursuant to Rule 144 under the Securities Act may be sold in open market transactions under Rule 144 rather than pursuant to this prospectus.

In connection with an offering of Securities under this prospectus, the underwriters may purchase and sell securities in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities offered under this prospectus. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on the New York Stock Exchange or another securities exchange or automated quotation system, or in the over-the-counter market or otherwise.