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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-33892

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### AMC ENTERTAINMENT HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**26-0303916**  
(I.R.S. Employer  
Identification No.)

**One AMC Way**  
**11500 Ash Street, Leawood, KS**  
(Address of principal executive offices)

**66211**  
(Zip Code)

**(913) 213-2000**

Registrant's telephone number, including area code:

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock, par value of \$0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None.**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§229.405 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a  
smaller reporting company)

Smaller reporting company

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2015, computed by reference to the price at which the registrant's Class A common stock was last sold on the New York Stock Exchange on such date was \$661,937,322 (21,575,532 shares at a closing price per share of \$30.68).

Shares of Class A common stock outstanding—21,609,230 shares at February 12, 2016

Shares of Class B common stock outstanding—75,826,927 shares at February 12, 2016

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain portions of the registrant's definitive proxy statement, in connection with its 2016 annual meeting of stockholders, to be filed within 120 days of December 31, 2015, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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AMC ENTERTAINMENT HOLDINGS, INC.  
FORM 10-K  
FOR THE YEAR ENDED DECEMBER 31, 2015

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### Forward-Looking Statements

In addition to historical information, this Annual Report on Form 10-K 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. Similarly, statements made herein and elsewhere regarding our pending acquisition of Carmike are also forward-looking statements, including statements regarding the anticipated closing date of the acquisition, the ability to obtain regulatory approvals or to satisfy closing conditions, the costs of the acquisition or the source or structure of the financings, the expected benefits of the acquisition on our future business, operations and financial performance and our ability to successfully integrate the recently acquired business. 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. 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:

- decreased supply of motion pictures or delayed access to motion pictures;
- quality of motion picture production, spending levels on motion picture marketing, and performance of motion pictures in our markets;
- risks and uncertainties relating to our significant indebtedness;
- limitations on the availability of capital may prevent us from deploying strategic initiatives;
- risks of poor financial results may prevent us from meeting our payment obligations;
- our ability to utilize net operating loss carryforwards to reduce our future tax liability;
- increased competition in the geographic areas in which we operate;
- increased use of alternative film delivery methods or other forms of entertainment;
- shrinking exclusive theatrical release windows;
- certain covenants in the agreements that govern our indebtedness may limit our ability to take advantage of certain business opportunities;
- general political, social and economic conditions;
- review by antitrust authorities in connection with acquisition opportunities;
- dependence on key personnel for current and future performance and our ability to attract and retain senior executives and other key personnel;
- optimizing our theatre circuit through construction and the transformation of our existing theatres may be subject to delay and unanticipated costs;
- our ability to achieve expected synergies and benefits and performance from our strategic theatre acquisitions and strategic initiatives, execution risks related to our pending and completed acquisitions and other strategic initiatives;

- with respect to our pending Carmike acquisition, our ability to satisfy closing conditions in the anticipated time frame or at all, obtaining regulatory approval, including the risk that any approval may be on terms or subject to conditions that are not anticipated, obtaining Carmike stockholders approval; the possibility that the acquisition does not close, including in circumstances in which we would be obligated to pay Carmike a termination fee or other damage or expenses;
- our ability to finance the Carmike acquisition on favorable terms;
- our ability to refinance our indebtedness on terms favorable to us;
- failures, unavailability or security breaches of our information systems;
- our investment and equity in earnings from National CineMedia, LLC ("NCM") may be negatively impacted by the competitive environment in which NCM operates and by the risks associated with its strategic initiatives;
- risks relating to impairment losses and theatre and other closure charges;
- risks relating to the incurrence of legal liability;
- increased costs in order to comply with governmental regulation and the impact of governmental investigations concerning potentially anticompetitive conduct including film clearances and partnering with other major exhibitors in joint ventures; and
- we may not generate sufficient cash flows or have sufficient restricted payment capacity under our Senior Secured Credit Facility or the indentures governing our debt securities to pay our intended dividends on our Class A common stock.

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.

Except as required by law, we assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons. Actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

## PART I

### Item 1. Business

#### General Development of Business

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

As of December 31, 2015, Wanda owned approximately 77.85% of Holdings' outstanding common stock and 91.34% 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 of mergers, sales of substantially all of our assets and other extraordinary transactions.

**Initial Public Offering of Holdings:** On December 23, 2013, Holdings completed its initial public offering ("IPO") of 18,421,053 shares of Class A common stock at a price of \$18.00 per share. In connection with the IPO, the underwriters exercised in full their option to purchase an additional 2,631,579 shares of Class A common stock. As a result, the total IPO size was 21,052,632 shares of Class A common stock and the net proceeds to Holdings were approximately \$355,299,000 after deducting underwriting discounts, commissions and offering expenses. The net IPO proceeds of \$355,299,000 were contributed by Holdings to AMCE.

**General:** Our business was founded in Kansas City, Missouri in 1920. Holdings was incorporated under the laws of the state of Delaware on June 6, 2007 and AMCE was incorporated under the laws of the state of Delaware on June 13, 1983. We maintain our principal executive offices at One AMC Way, 11500 Ash Street, Leawood, Kansas 66211.

### Financial Information about Segments

We have identified one reportable segment for our theatrical exhibition operations. For information about our operating segment, see Note 15—Operating Segment to the Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K.

### Narrative Description of Business

We are one of the world's largest theatrical exhibition companies and an industry leader in innovation and operational excellence. We introduced Multiplex theatres in the 1960s and the North American stadium-seated Megaplex theatre format in the 1990s. Our field operations teams win recognition from national organizations like the Motion Picture Association of America and local groups in "Best of" competitions, while maintaining greater than 50% top-box customer satisfaction and industry leading theatre productivity metrics.

As of December 31, 2015, we owned, operated or held interests in 387 theatres with a total of 5,426 screens primarily in the United States. Our theatres are predominantly located in major metropolitan markets, which we believe gives our circuit a unique profile and offers strategic and operational advantages. 41% of the U.S. population lives within 10 miles of one of our theatres. Our top five markets, in each of which we hold the #1 or #2 share position, are New York (44% share), Los Angeles (27%), Chicago (43%), Philadelphia (29%) and Dallas (29%). For the twelve months ended December 31, 2015, these five metro markets comprised 41% of our revenues and 37% of our attendance. Additionally we hold the #1 or #2 position by market share in our next five largest markets (San Francisco, Boston, Washington, D.C, Atlanta and Houston). Strategically, these markets and our theatres in them are diverse, operationally complex, and, in many cases, the scarcity of new theatre opportunities creates a significant competitive advantage for established locations against newcomers or alternative entertainment options.

Across our entire circuit, approximately 200 million and 190 million customers visited our theatres during each of the calendar years 2015 and 2014, respectively. According to publicly available information for our peers, during the calendar year ended December 31, 2015, our circuit led in revenues per patron (\$14.97), average ticket price (\$9.61) and food and beverage per patron (\$4.62). For the same period, our annual admission revenues per screen (\$383,500) and admissions gross profit per screen (\$176,500) were among the highest of our peers. We believe that it is the quality of our theatre locations and our customer-focused innovation that continue to drive improved productivity per location (which we measure as increases in admissions revenues per screen relative to the industry and/or food and beverage revenues per patron).

We believe that our size, reputation, financial performance, history of innovation, strong major market presence and highly productive theatre circuit position us well for the future—a future where, after more than nine decades of business models driven by *quantity* of theatres, screens and seats, we

believe the *quality* of the movie going experience will determine long term, sustainable success. We are improving the quality of the movie-going experience in ways that we believe will extend stay and capture a greater proportion of total movie-going spending in order to maximize the economic potential of each customer visit, create sustainable growth and deliver shareholder value.

We plan to continue investing in our theatres and upgrading the consumer experience to take greater advantage of incremental revenue-generating opportunities, primarily through an array of improved and differentiated customer experiences in (1) more comfort and convenience; (2) food and beverage; (3) engagement and loyalty; (4) sight and sound; and (5) targeted programming. The following table provides detail with respect to the geographic location of our theatrical exhibition circuit as of December 31, 2015:

<u>Theatrical Exhibition</u>	<u>Theatres(1)</u>	<u>Screens(1)</u>
California	49	684
Texas	33	544
Illinois	43	519
Florida	22	378
New Jersey	26	341
New York	24	263
Indiana	20	251
Georgia	12	179
Michigan	9	178
Arizona	10	171
Colorado	12	166
Washington	12	140
Missouri	11	138
Ohio	9	136
Massachusetts	9	130
Pennsylvania	10	126
Virginia	8	124
Maryland	10	120
Oklahoma	9	117
Louisiana	7	99
Minnesota	6	96
Kansas	6	88
North Carolina	4	77
Wisconsin	4	63
Connecticut	4	60
Nebraska	3	45
District of Columbia	4	31
Iowa	2	31
Nevada	2	28
Utah	2	21
Kentucky	1	20
Alabama	1	16
Arkansas	1	16
South Carolina	1	14
United Kingdom	1	16
Total Theatrical Exhibition	<u>387</u>	<u>5,426</u>

- (1) Included in the above table are 5 theatres and 77 screens that we manage or in which we have a partial interest. We manage 3 theatres where we receive a fee from the owner and where we do not own any economic interest in the theatre. We manage and own 50% economic interests in 2 theatres accounted for following the equity method and own a 50% economic interest in 1 IMAX screen accounted for following the equity method.

We were founded in 1920 and since then have pioneered many of the theatrical exhibition industry's most important innovations. In addition, we have acquired some of the most respected companies in the theatrical exhibition industry, including Loews, General Cinema, Kerasotes and Starplex Cinemas. Our historic growth has been driven by a combination of organic growth and acquisition strategies, in addition to strategic alliances and partnerships that highlight our ability to capture innovation and value beyond the traditional exhibition space. For example:

- In March 2005, we formed a joint venture with Regal Entertainment Group ("Regal") and combined our respective cinema screen advertising businesses into a company called National CineMedia, LLC ("NCM"). In July 2005, Cinemark Holdings, Inc. ("Cinemark") joined NCM by contributing its cinema screen advertising business and, together with us and Regal, became "Founding Members" of NCM. As of December 31, 2015, we owned 23,862,988 common units in NCM, or a 17.66% ownership interest in NCM. All of our NCM membership units are redeemable for, at the option of NCM, cash or shares of common stock of National CineMedia, Inc. ("NCM, Inc."), on a share-for-share basis. In December 2015, the Company elected to exchange 200,000 NCM membership units for 200,000 common shares of NCM, Inc. The estimated fair value of our units in NCM and our common shares of NCM, Inc. was approximately \$378.0 million based on the closing price per share of NCM, Inc. on December 31, 2015 of \$15.71 per share. See Note 5—Investments to the audited Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. NCM operates an in-theatre digital network in the United States. NCM's primary activities that impact our theatres include advertising through its branded "First Look" pre-feature entertainment program, lobby promotions and displays.

We believe that the reach, scope and digital delivery capability of NCM's network provides an effective platform for national, regional and local advertisers to reach an engaged audience. We receive a monthly theatre access fee for participation in the NCM network. In addition, we are entitled to receive mandatory quarterly distributions of excess cash from NCM.

- In March 2011, we announced the launch of an innovative distribution company called Open Road Films along with another major theatrical exhibition chain. Open Road Films is a dynamic acquisition-based domestic theatrical distribution company that concentrates on wide-release movies. Their first film, *Killer Elite*, was released in September 2011. Releases during calendar 2015 include *The Loft*, *The Gunman*, *Little Boy*, *Dope*, *Rock the Kasbah*, and the Academy Award winning film for Best Picture, *Spotlight*.
- In December 2013, NCM spun-off its Fathom Events business to a newly formed limited liability company AC JV, LLC ("AC JV"), owned 32% by each of the Founding Members and 4% by NCM. AC JV focuses exclusively on alternative content programming, including live and pre-recorded concerts, sporting events and other non-film entertainment.
- We hold a 29% interest in Digital Cinema Implementation Partners, LLC ("DCIP"), a joint venture charged with implementing digital cinema in our theatres, which has allowed us to substantially complete our planned digital deployments. Future digital cinema developments will be managed by DCIP, subject to certain approvals.
- We own a 15.45% interest in Digital Cinema Distribution Coalition, LLC ("DCDC"), a joint venture with certain other exhibitors and film distributors. DCDC was formed to develop a satellite distribution network for feature films and other digital cinema content. As of December 31, 2015, 331 of our theatre locations are equipped to receive content via the DCDC network with an additional 6 sites scheduled for installation and 40 sites awaiting landlord approvals.



The following table sets forth our historical information concerning new builds (including expansions), acquisitions and dispositions (including net construction closures) and end-of-period operated theatres and screens through December 31, 2015:

Fiscal Year	New Builds		Acquisitions		Permanent/Temporary Closures/(Openings), net		Total Theatres	
	Number of Theatres	Number of Remodels	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens
Beginning balance							297	4,433
2010	1	6	—	—	11	105	287	4,334
2011	1	14	95	960	33	359	350	4,949
2012	1	12	—	—	15	106	336	4,855
Transition period ended								
December 31, 2012	—	—	11	166	5	46	342	4,975
Calendar 2013	1	12	4	37	4	61	343	4,963
Calendar 2014	3	29	4	36	4	81	346	4,947
Calendar 2015	2	23	40	410	1	(46)	387	5,426
	<u>9</u>	<u>96</u>	<u>154</u>	<u>1,609</u>	<u>73</u>	<u>712</u>		

We have created and invested in a number of allied businesses and strategic initiatives that have created differentiated viewing formats and experiences, greater variety in food and beverage options and value appreciation for our Company. We believe these initiatives will continue to generate incremental value for our Company in the future. For example:

- To complement our deployment of digital technology, in 2006 we partnered with RealD to install its 3D enabled systems in our theatres. As of December 31, 2015, we had 2,643 3D screens, including 13 proprietary large format ("PLF") screens and 152 IMAX screens that are 3D enabled. During the year ended December 31, 2015, 3D films licensed by us in the U.S. have generated approximately 41% greater admissions revenue per person than the standard 2D versions of the same film, or approximately \$3.68 additional revenue per ticket.
- We are the largest IMAX exhibitor in the U.S. with 152 screens (all 3D-enabled) and a 44% market share (as of December 31, 2015). Our IMAX screen count is 70% greater than our closest competitor.
- In fiscal 2010, we introduced our proprietary large-screen digital format, ETX, and as of December 31, 2015, we operated ETX at 10 locations. ETX features wall-to-wall screens that are of high definition. In 2013, we developed AMC Prime—a concept that further enhances the movie-going experience on all sensory levels: state of the art sound design, a crisp, clear picture, and a comfortable power recliner seat complete with transducers that allow the guest to "feel" the action. This second generation PLF takes the best of ETX and makes it better. In December 2015, we acquired 3 Intense Digital Experience ("IDX") screens as a part of the Starplex Cinemas acquisition.
- In April 2015, we, along with Dolby® Laboratories, Inc., announced Dolby Cinema at AMC Prime, a premium cinema offering for moviegoers that combines spectacular image and sound technologies with design and comfort. Dolby Cinema at AMC Prime includes Dolby Vision™ laser projection and Dolby Atmos® sound, as well as AMC Prime power reclining seats with seat transducers that vibrate with the action on screen. As of December 31, 2015, we have 12 fully operational Dolby Cinema at AMC Prime screens. We intend to convert an additional 30 to 35 screens, including all ETX screens in 2016 to Dolby Cinema at AMC Prime locations. We charge a premium price for our PLF experience, which for the year ended December 31, 2015, produced approximately 63% greater admissions revenue than standard 2D versions of the same movie, or approximately \$5.58 additional revenue per ticket.

- Our tickets are currently on sale over the Internet at the AMC website, Fandango®, Movietickets.com®, and Flixster®. During calendar 2015, our Internet ticketing services sold approximately 44 million tickets for us. We believe there is additional upside in our future Internet ticketing service alliances which would provide consumers with mobile ticketing applications and integration with our digital marketing programs.

Consistent with our history and culture of innovation, we believe we have pioneered a new way of thinking about theatrical exhibition: as a consumer entertainment provider. This vision, which introduces a strategic and marketing overlay to traditional theatrical exhibition, has been instrumental in driving and redirecting our future strategy.

The following table provides detail with respect to digital delivery, 3D enabled projection, large screen formats, such as IMAX and our proprietary Dolby Cinema at AMC Prime, other PLF screens, enhanced food and beverage offerings and our premium seating as deployed throughout our circuit on December 31, 2015:

<u>Format</u>	<u>Theatres</u>	<u>Screens</u>
Digital	387	5,426
3D enabled (includes IMAX, ETX and IDX)	386	2,643
IMAX (3D enabled)	151	152
Dolby Cinema at AMC Prime	12	12
Other PLF (3D enabled)	13	13
Dine-in theatres	19	312
Premium seating	93	1,119

### **Our Strategy: The Customer Experience Leader**

Through most of its history, movie-going has been defined by product—the movies themselves. Yet, long term significant, sustainable changes in the economics of the business and attendance patterns have been driven by improvements to the movie-going experience, not the temporary ebb and flow of product. The introduction of Multi- and then Megaplexes, with their then-modern amenities and stadium seats, for example, changed the landscape of the industry.

We believe the industry is in the early stages of once again significantly upgrading the movie-going experience, and this shift towards quality presents opportunities to those who are positioned to capitalize on it. As is our custom, we intend to be a leader in this change, with consumer-focused innovations that improve productivity, maximize revenue-generation per patron visit and, in turn, drive, shareholder value.

Our strategic objective is very straightforward: we intend to be the customer experience leader. We aim to maintain and increase our leadership position and competitive advantage through the following five tightly defined strategies:

**1) More Comfort and Convenience**—We believe that in an era of jam-packed, busy schedules and stressful lives, movie-going, more than ever, represents an easy, familiar escape. Against that reality, we believe that maximizing comfort and convenience for our customers will be increasingly necessary to maintain and improve customer relevance.

Three specific initiatives help us deliver more comfort and convenience to our customers. The most impactful so far, as measured by improved customer satisfaction, economic and financial metrics, is recliner seating. Along with these physical plant transformations, open-source internet ticketing and reserved seating help us shape and adapt our circuit to meet and exceed our customers' expectations.

Recliner seating is the key feature of theatre renovations. These renovations 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. On average, the renovation process involves losing up to 60% seating capacity. In the process of doing a re-seat, where two to three rows of seats may have existed in the past, only one will exist now, and as the recliners are typically six to ten inches wider than a conventional seat, more seats are lost. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the *quality* improvement in the customer experience is driving, on average, a 75% increase in attendance at these locations. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. Starting with one 12-screen theatre renovated almost 5 years ago, as of December 31, 2015 we now feature recliner seating in 93 theatres or 1,119 screens. During 2016, we expect to convert an additional 30 to 35 locations.

Rebalancing of the new supply-demand relationship created by recliner seating presents us two further opportunities to improve customer convenience and maximize operating results: open-source internet ticketing and reserved seating.

*Open-source internet ticketing* makes all our seats (over 880,000) in all our theatres and auditoriums for all our showtimes (approximately 24,000 per day) as available as possible, on as many websites as possible. This is a significant departure from the years prior to 2012, when tickets to any one of our buildings were only available on one website. In the four years since we exercised our right to end exclusive contracts, internet tickets sold as a percentage of total tickets sold has increased significantly from approximately 5.5% to 22.1%. We believe increased online access is important because it captures customers' purchase intent more immediately and directly than if we had to wait until they showed up at the theatre box office to make a purchase. Once our customers buy a ticket, they are less likely to change their mind. Carefully monitoring internet pre-sales also lets us adjust capacity in real time, moving movies that are poised to overperform to larger capacity or more auditoriums, thereby maximizing yield.

*Reserved seating*, now fully implemented in 144 of our busiest theatres as of December 31, 2015, allows our customers to choose a specific seat in advance of the movie. We believe that knowing there is a specifically chosen seat waiting for a show that promises to be a sellout is comforting to our customers, and removes anxiety around the experience. We believe reserved seating will become increasingly prevalent to the point of being a pre-requisite in the medium-term future.

We believe the comfort and personal space gains from recliner seating, coupled with the immediacy of demand captured from open-source internet ticketing and the anxiety removal of reserved seating make a powerful economic combination for us.

**2) Enhanced Food and Beverage**—Popcorn and soft drinks are as integral a part of the movie-going experience as the movies themselves and account for over 70% of food and beverage revenues. Yet, approximately one third of our 200 million annual customers do not purchase food or a beverage. Since 2011, we have increased the rate at which our customers purchase food and beverage from 64% to 69%. At AMC, our food and beverage program is designed to address this opportunity. In order to increase the percentage of customers purchasing food and beverage as well as increase sales per patron, we have developed food and beverage concepts that expand selection and service offerings. These concepts range from a broader range of post-pay shopping (Marketplace) to liquor (MacGuffins) to the vastly innovative and complex (Dine-In Theatres). This array of concepts, progressively more innovative and capital intensive, creates further service and selection across a range of theatre types and attendance levels and allows us to satisfy more customers and more, different customer needs and generate additional revenues.

- Coke Freestyle®, puts our customers in charge with over 140 drink flavor options in a compact footprint. AMC's operational excellence and history of innovation allowed us first-mover

advantage on this new technology, which at the end of 2015 was deployed in 257 of our theatres and, we anticipate, will be in all of our circuit by the end of 2017.

- Designed for higher volume theatres, *Marketplace* vastly expands menu offerings as well as delivers a more customer engaging, post-pay shopping experience. Today we operate these flexible, highly popular concepts across a wide range of asset types and attendance levels. *Marketplaces* feature grab-and-go and self-serve food and beverages, including Coke Freestyle®. We find that when customers are allowed to browse and choose, overall satisfaction goes up and they spend more. At the close of 2015, we operate 23 *Marketplaces* with plans to install 3 to 5 more in 2016.
- *MacGuffins Bar and Lounges* give us a fresh opportunity to engage our over-21 customers. We believe that few innovations have won over the adult movie goer more decisively than our full service bars featuring premium beers, wines and liquors. Extremely versatile in design with a significant impact on theatre economics, *MacGuffins* is our fastest growing idea in the enhanced food and beverage space. As of December 31, 2015, we have deployed 124 *MacGuffins* and we are moving quickly and expect to install an additional 20 to 25 *MacGuffins* during 2016. Due to our success in operating *MacGuffins*, we believe we can leverage our substantial experience when it comes to permitting, installing and commissioning these improvements.
- At the top of the scale are our *Dine-In Theatres*. *Dine-In Theatres* are full restaurant operations, giving our customers the ultimate dinner-and-a-movie experience all at a single seat. Compressing by almost half what would otherwise be a four or five hour, multi-destination experience, young people and adults alike are afforded a huge convenience, which puts the idea of going to a movie much more in play. We currently operate 19 *Dine-In Theatres* that deliver chef-inspired menus with seat-side or deliverly service to luxury recliners with tables. Our recent *Dine-In Theatre* concepts are designed to capitalize on the latest food service trend, the fast casual eating experience. Today, our *Dine-In Theatres* represent 5% of our total theatres and generate 11% of our circuit-wide food and beverage revenues. We plan to add one to two *Dine-In Theatre* concepts in 2016.

In this important area of profitability for any exhibition circuit, we believe that our ability to innovate concepts, adapt those concepts to specific buildings and generate incremental revenue differentiates us from our peers and provides us with a competitive advantage. This is in part due to our core geographic markets' larger, more diverse and more affluent customer base; in part due to our management team's demonstrated and extensive experience in food, beverages and hospitality; and in part due to our considerable head start in this difficult to execute space.

We believe significant financial opportunities exist as we have a substantial pipeline of investments to take advantage of incremental attendance-generating and revenue-generating prospects by deploying building-by-building solutions from a proprietary menu of proven, customer-approved food and beverage concepts.

**3) Greater Engagement and Loyalty**—We believe that in the theatrical exhibition business, as in all consumer-oriented businesses, engagement and loyalty are the hallmarks of winning organizations.

Our brand is the most recognizable in the business, with over 80% awareness in the United States according to an Ipsos Omnibus survey completed July 2013—far above any competitor. We build on that strength by seeking engagement and loyalty from our customers in four measurable, specific and inter-related ways. At the top of the pyramid is *AMC Stubs*®, we believe the industry's most sophisticated loyalty program. At the base of the pyramid are our mobile apps, website ([www.amctheatres.com](http://www.amctheatres.com)) and social media outreach, which combined seek to drive engagement to levels unprecedented in the movie exhibition industry. We believe there is incremental attendance potential to

be gained from avid movie-goers who generate a disproportionate share of industry revenues and who state that the quality of the movie-going experience directly influences their movie-going habits.

- *AMC Stubs®* is the industry's first program of its kind. Fee-based, it rewards loyalists with in-theatre value (\$10 for every \$100 spent). The program is fully automated and user-friendly from a customer perspective. As of December 31, 2015, we had over 2.5 million member households, which represent approximately 21% of our total weekly box office revenues. Transaction data from this loyal customer base are mined for consumer insights that are used to develop targeted, relevant customer offers, leading to increased attendance and sales. The program increases switching costs (the negative monetary (annual fee) and psychological (lost reward potential) costs associated with choosing a competitive theatre exhibitor), especially for those patrons located near competitors' theatres. We believe that increased switching costs dissuade customers from choosing a competitor's theatre and lead to higher loyalty.
- Our [www.amctheatres.com](#) state-of-the-art *website* leverages Responsive Web Design technology that optimizes the users' experience regardless of platform (phone, tablet, laptop, etc.) and for 2015, had over 13 million visits per month, with peak months over 17 million, generating over 420 million page visits for the year. The website generates ticket sales and higher conversion rates by simplifying customers' purchasing decision and process.
- The *AMC mobile apps*, available for iOS, Android and Windows devices, have been downloaded over 5.7 million times since launch, generating over half a million sessions per week. This convenient way to purchase tickets also features *Enhanced Maps*, which allows customers to browse for their nearest AMC theatre or favorite AMC theatre amenity, *Mobile Gift Cards*, which allows for last minute gifting directly from the mobile phone, and *My AMC*, which allows customers to generate a personalized movie queue of coming releases.
- On the *social media* front, our Facebook 'Likes', are at nearly 4.5 million and are still more than all our peer competitors' counts combined. We are similarly engaged on Twitter (over 300,000 followers), Instagram (55,000 followers) and YouTube (nearly 300,000 subscribers). Our participation in these social networks keeps movie-going top of mind and allows targeted campaigns and offers with clear 'calls to action' that generate incremental attendance and incremental revenues per patron.

The competitive advantage in greater customer engagement and loyalty includes the ability to use market intelligence to better anticipate customers' needs and desires and to capture incremental share of entertainment dollars and time. Observing actual (not self-reported or aspirational) behaviors through AMC Stubs® is an asset leveraged by AMC, its suppliers and partners.

**4) Premium Sight and Sound**—At its core, our business is a visual and aural medium. The quality of projection and sound is therefore mission critical, and has improved significantly with the advent of *digital systems*. As of December 31, 2015, our conversion to these digital systems is substantially complete and essentially all screens employ state-of-the-art Sony 4K or similar digital projectors. Importantly, the digital conversions enabled *3D exhibition*. As of December 31, 2015, 2,643 screens (49% of total) are 3D enabled and feature at least one 3D enabled screen in 99% of our locations.

In sight and sound, we believe that size is critical in our customers' decision-making. Consistent with this belief, we are the largest *IMAX* exhibitor in the United States, with 152 screens, all 3D-enabled, with 70% more screens than our closest competitor and representing a 44% market share (as of December 31, 2015). In addition, we currently have our own private label large formats. As of December 31, 2015, we have Dolby Cinema at AMC Prime in 12 locations, ETX in 10 locations and IDX in 3 locations. Combined, these 177 screens represent only 3% of our total screens and 9% of our total box office revenues.

The premium sight and sound experiences—3D, IMAX, Dolby Cinema at AMC Prime, and other PLF screens—give our customers more options and earn incremental pricing from our customers. On average, pricing premiums currently amount to \$4.88 per patron, driving better economics for us and the Hollywood studios while also delivering our audience a superior experience. For context, box office gross profit per patron on premium formats averages 13% more than gross profit per patron for conventional 2D formats. We anticipate increasing our premium large-format screen count by converting 30 to 35 screens, including all ETX screens to the Dolby Cinema at AMC Prime format in 2016.

Ongoing technical advances in the areas of projection and sound, specifically in the large format platform, will require some level of capital investment, with laser based projection technology and multi-dimensional audio solutions being tested and deployed where competition and customer relevance are in play.

**5) Targeted Programming**—The core of our business, historically and now, is Hollywood movies. We play all varieties, from adrenaline-filled action movies to heart-warming family films, laugh out loud comedies and terrifying horror flicks. We play them in 2D, 3D, IMAX, Dolby Cinema at AMC Prime, other PLF screens and even closed captioned and sometimes with subtitles. If a movie is commercially available, it is likely to be playing at an AMC theatre today or tonight, because we schedule shows in the morning, afternoon and even at midnight or later, just to make sure it is convenient for our customers.

Increasingly, we are playing movies and other content originating from more sources. We believe that as diversity grows in the United States, the ability to adapt and target programming for a fragmented audience will grow increasingly critical. We believe this is something we already do very well. As measured by an Insight Strategy Group survey conducted November 2011, approximately 51% of our audience was Latino or African American. Latino families are Hollywood's, and our, best customers. They go to the movies 6.4x per year (56% more than average). We have calculated that 67% of U.S. Latinos live within 20 miles of an AMC theatre by using Nielsen Prime Location software and Claritas population estimates.

For movies targeted at these diverse audiences, we frequently experience attendance levels greater than our average, national market share. For example, AMC recently captured 63% market share of the 2015 Asian Pacific-titled movie *Mojin: The Lost Legend*. AMC produced a box office of \$3.5 million and an average market share for AMC over 22% during the twelve months ended December 31, 2015 for films made for Hispanic audiences. Additionally, during the twelve months ended December 31, 2015, we exhibited 97 Bollywood movies in up to 77 theatres capturing an above average 33% market share and generating \$15.5 million in box office revenues, according to data provided by Rentrak.

Through AMC Independent, we have also reached into the independent (or "indie") production and distribution community. Growing quickly, from its inception five years ago, we played 405 films (excluding community programming and film festivals) during the twelve months ended December 31, 2015 from this very creative community, generating \$81 million in U.S. box office revenue.

Open Road Releasing, LLC ("Open Road Releasing"), operator of Open Road Films, LLC ("Open Road Films"), our joint venture with another major exhibitor, is similarly undertaking an effort to grow our sources of content and provide access to our screens for content that may not otherwise find its way there.

We believe AMC is a vital exhibitor for Hollywood studios and for independent distributors because we generate more box office revenue per theatre and provide stronger in-theatre and online promotional exposure for movies. Theatres are a content owner's highest quality revenue stream, because every customer pays every time they watch the content. Among all theatres, AMC's venues are

the most valuable to content owners. Due to the studios' fixed distribution cost per licensed film, we believe their product is never more productive than at an AMC theatre.

## **Our Competitive Strengths**

We believe we have the following competitive strengths:

**Leading Market Share in Important, Affluent and Diverse Markets**—Across the country's three biggest metropolitan markets—New York, Los Angeles and Chicago, representing 19% of the country's total box office—we hold a 36% combined market share. We have theatres located in 24 of the top 25 U.S. markets, holding the #1 or #2 position in 21 of those markets based on box office revenue. On any given weekend, approximately one third of the top ten theatres for the #1 opening movie title in the United States are AMC theatres, according to data provided by Rentrak. We believe our strong presence in these top markets makes our theatres highly visible and therefore strategically more important to content providers, who rely on the large audiences and marketing momentum provided by major markets to drive opinion-making and deliver a movie's overall box office results.

Our customers are concentrated in major metropolitan markets and are generally more affluent and culturally diverse than those in smaller markets. There are inherent complexities in effectively and efficiently serving them. In some of our more densely populated major metropolitan markets, there is also a scarcity of attractive retail real estate opportunities. Taken together, these factors solidify our market share position. Further, our history and strong presence in these markets have created a greater opportunity to introduce our enhanced customer experience concepts and exhibit a broad array of programming and premium formats, all of which we believe drive higher levels of attendance and higher revenues at our theatres.

**Well Located, Highly Productive Theatres**—Our theatres are generally located in the top retail centers across the United States. We believe this provides for long-term visibility and higher productivity, and is a key element in the success of our Enhanced Food and Beverage and More Comfort and Convenience initiatives. Our location strategy, combined with our strong major market presence and our focus on a superior customer experience, enable us to deliver industry-leading theatre-level productivity. During the twelve months ended December 31, 2015, six of the ten highest grossing theatres in the United States were AMC theatres, according to data provided by Rentrak. During the same period our average total revenues per theatre were \$7.7 million. This per unit productivity is important not only to content providers, but also to developers and landlords, for whom per location and per square foot sales numbers are critical measures. The net effect is a close relationship with the commercial real estate community, which gives us first-look and preferred tenant status on emerging opportunities.

**Selectively Participating in a Consolidating Industry**—Throughout the last two decades, AMC has been an active participant in our industry's consolidation. In that span, we have acquired and successfully integrated Loews, General Cinema, Kerasotes, select operations of Rave Digital Media and Rave Review Cinemas, and in 2015 acquired SMH Theatres, Inc. ("Starplex Cinemas"). We intend to selectively pursue acquisitions where the characteristics of the location, overall market and facilities further enhance the quality of our theatre portfolio.

On March 3, 2016, we, along with Carmike Cinemas, Inc. ("Carmike"), announced our entry into a definitive merger agreement pursuant to which we will acquire all of the outstanding shares of Carmike for \$30.00 per share in cash or approximately \$757 million. We entered into a debt financing commitment letter in connection with the merger agreement which provides senior secured incremental term loans in an aggregate amount of up to \$560 million and a senior subordinated bridge loan in an aggregate amount of up to \$300 million to fund the acquisition and to backstop the change of control put option in the existing Carmike indebtedness. There can be no assurance that we will be successful

in completing the debt financing on favorable terms as it involves matters outside of our control. The merger is subject to customary closing conditions, including regulatory approval and approval by Carmike's shareholders. Carmike is a U.S. leader in digital cinema, 3D cinema deployments and alternative programming and is one of the nation's largest motion picture exhibitors. Carmike operates 276 theatres and 2,954 screens in 41 states focused primarily in mid-sized communities.

Additionally, our focus on improving the customer experience and our strong relationships with landlords and developers have provided opportunities to expand our footprint in existing markets by acquiring competitors' existing theatres at the end of their lease term at little or no cost. We believe that our More Comfort and Convenience and Enhanced Food and Beverage concepts have high appeal to landlords wanting to increase traffic and sales in their retail centers. These "spot acquisitions" have given us the ability to bolster our presence in existing markets at relatively low cost and more quickly (weeks, months) as compared to new builds (months, years).

**Substantial Operating Cash Flow**—For the year ended December 31, 2015, December 31, 2014, and December 31, 2013, our net cash provided by operating activities totaled \$467.6 million, \$297.3 million, and \$357.3 million, respectively. We believe that our strategic initiatives, highly productive theatre circuit and continued focus on cost control will enable us to generate sufficient cash flow provided by operating activities to execute our strategy, to grow our revenues, maintain our facilities, service our indebtedness and pay dividends to our stockholders.

**Experienced and Dynamic Team**—Our senior management team, led by Adam Aron, President and Chief Executive Officer, has the expertise that we believe will be required to transform movie-going from a commodity to a differentiated entertainment experience. A dynamic and balanced team of executives combines long-tenured leaders in operations, real estate and finance who contributed to building AMC's hard earned reputation for operations excellence with creative entertainment and restaurant industry executives in marketing, programming and food and beverage who bring to AMC business acumen and experience that support innovation in theatrical exhibition.

In July 2013, we relocated our Theatre Support Center to a new, state-of-the-art facility in Leawood, Kansas. With a technology platform that provides for real-time monitoring of AMC screens across the country and a workplace conducive to collaboration and teamwork, our management team has the organization well aligned with its strategy.

Furthermore, we believe that our people, the nearly 21,300 AMC associates, constitute an essential strength of our Company. They strive to make movie-going experiences at AMC always a treat. Our auditoriums offer clear and bright projection, our food is hot and our drinks are cold. Our doors, lobbies, hallways and bathrooms are clean and we select and train our people to make smiles happen. We create events and want our customers to always feel special at an AMC theatre. This is an experience delivered almost 200 million times a year.

Over the past five years, we have enhanced the quality and increased the variety at our food and beverage stands, introduced in-theatre dining options in many markets, launched our industry-leading loyalty program, *AMC Stubs*, and in 2015 achieved our Company's highest ever overall ratings for top-box customer satisfaction. We feel like this is only the beginning.

**Key Strategic Shareholder**—In August 2012, Holdings was acquired by Wanda, one of the largest, privately-held conglomerates in China and post IPO remains our single largest shareholder with a 77.85% ownership stake. In addition to its core business as a prominent developer and owner of commercial real estate, Wanda also owns related businesses in entertainment, hospitality and retail. Wanda is the largest theatre exhibition operator in China through its controlling ownership interest in Wanda Cinema Line. The combined ownership and scale of AMC and Wanda Cinema Line, has enabled us to enhance relationships and obtain better terms from important food and beverage, lighting and theatre supply vendors, and to expand our strategic partnership with IMAX. When our scale and



Wanda's growth are taken into account, we believe AMC is the most efficient and effective partner a content owner has. Wanda is controlled by its chairman, Mr. Jianlin Wang.

### **Film Licensing**

We predominantly license "first-run" motion pictures from distributors owned by major film production companies and from independent distributors. We license films on a film-by-film and theatre-by-theatre basis. We obtain these licenses based on several factors, including number of seats and screens available for a particular picture, revenue potential and the location and condition of our theatres. We pay rental fees on a negotiated basis.

During the period from 1990 to 2014, the annual number of first-run motion pictures released by distributors in the United States ranged from a low of 370 in 1995 to a high of 707 in 2014, according to the Motion Picture Association of America 2014 Theatrical Market Statistics and prior reports.

North American film distributors typically establish geographic film licensing zones and license on a film-by-film basis to one theatre in each zone. In film zones where we are the sole exhibitor, we obtain film licenses by selecting a film from among those offered and negotiating directly with the distributor. In competitive zones, where we compete with one or more exhibitors to secure film, distributors generally allocate their films to the exhibitors located in that area based on screen capacity, grossing potential, and licensing terms. As of December 31, 2015, approximately 94% of our screens in the United States were located in film licensing zones where we are the sole exhibitor and we generally have access to all widely distributed films.

Our licenses 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. Under an aggregate terms formula, we pay the distributor a specified percentage of box office receipts or pay based on a scale of percentages tied to different amounts of box office gross. The settlement process allows for negotiation based upon how a film actually performs.

There are several distributors which provide a substantial portion of quality first-run motion pictures to the exhibition industry. These include Twentieth Century Fox, Walt Disney Studios Motion Pictures, Warner Bros. Distribution, Sony Pictures Releasing, Universal Pictures, Paramount Pictures, and Lionsgate. Films licensed from these distributors accounted for approximately 89% of our admissions revenues for the year ended December 31, 2015. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's motion pictures in any given year. In 2015, our largest single distributor accounted for 22.7% of our box office admissions.

### **Food and Beverage**

Food and beverage sales are our second largest source of revenue after box office admissions. Food and beverage items include popcorn, soft drinks, candy, hot dogs, premium food and beverage items, specialty drinks (including premium beers, wine and mixed drinks), healthy choice items and made to order hot foods including menu choices such as curly fries, chicken tenders and mozzarella sticks. Different varieties of food and beverage items are offered at our theatres based on preferences in that particular geographic region. As of December 31, 2015, we have implemented dine-in theatre concepts at 19 locations, which feature full kitchen facilities, seat-side or deliverly servers and a separate bar and lounge area.

Our strategy emphasizes prominent and appealing food and beverage counters designed for rapid service and efficiency, including a customer friendly grab and go experience. We design our theatres to have more food and beverage capacity to make it easier to serve larger numbers of customers. Strategic

placement of large food and beverage stands within theatres increases their visibility, aids in reducing the length of lines, allows flexibility to introduce new concepts and improves traffic flow around the food and beverage stands.

We negotiate prices for our food and beverage products and supplies directly with food and beverage vendors on a national or regional basis to obtain high volume discounts or bulk rates and marketing incentives.

Our entertainment and dining experience at certain theatres features casual and premium upscale dine-in theatre options as well as bar and lounge areas.

## **Employees**

As of December 31, 2015, we employed approximately 970 full-time and 20,330 part-time employees. Approximately 44% of our U.S. theatre employees were paid the minimum wage. Substantially all of our employees are employed at OpCo.

Fewer than 2% of our U.S. employees are represented by unions. We believe that our relationships with these unions are satisfactory. We consider our employee relations to be good.

## **Theatrical Exhibition Industry and Competition**

Movie going is embedded in the American social fabric. For over 100 years people young and old, of all races and socio-economic levels, have enjoyed the entertainment that motion pictures offer.

In the United States, the movie exhibition business is large, stable and mature. While in any given calendar quarter the quantity and quality of movies can drive volatile results, box office revenues have generally advanced from 2011 to 2015. Calendar year 2015 was the industry's best ever, in terms of revenues, with box office revenues of \$11.1 billion, an increase of 7.6% from 2014 with over 1.3 billion admissions in the U.S. and Canada.

The movie exhibition business has survived the booms and busts of economic cycles and has adapted to myriad changes in technology and customer behavior. There is great value for the entertainment dollar in movie going, and no replacement has been invented for the escape and fun that a night at the movies represents.

We believe the exhibition business is in the early stages of a transition. After decades of economic models driven by *quantity* (number of theatres, screens and seats), we believe it is the *quality* of the movie going experience that will define future success. Whether through enhanced food and beverage options (*Food and Beverage Kiosks, Marketplaces, Coke Freestyle, MacGuffins* or *Dine-in Theatres*), more comfort and convenience (recliner seating, open-source internet ticketing, reserved seating), engagement and loyalty (*AMC Stubs*, open-source internet ticketing, mobile apps, social media) or sight and sound (digital projectors, 3D, Dolby Cinema at AMC Prime, other PLF screens or IMAX), it is the ease of use and the amenities that these innovations bring to customers that we believe will drive sustained profitability in the years ahead.

The following table represents information about the exhibition industry obtained from the National Association of Theatre Owners ("NATO") and Box Office Mojo:

<u>Calendar Year</u>	<u>Box Office Revenues (in millions)</u>	<u>Attendance (in millions)</u>	<u>Average Ticket Price</u>	<u>Number of Theatres</u>	<u>Indoor Screens</u>
2015	\$ 11,135	1,321	\$ 8.43	5,375	39,579
2014	10,353	1,267	8.17	5,362	39,300
2013	10,921	1,343	8.13	5,359	39,424
2012	10,837	1,361	7.96	5,317	39,056
2011	10,174	1,283	7.93	5,331	38,974
2010	10,566	1,339	7.89	5,399	38,902
2009	10,596	1,413	7.50	5,561	38,605
2008	9,631	1,341	7.18	5,403	38,201
2007	9,664	1,405	6.88	5,545	38,159
2006	9,210	1,406	6.55	5,543	37,765

Based on information obtained from Rentrak, we believe that the four largest exhibitors, in terms of U.S. / Canada box office revenue (Regal Entertainment Group, AMC Entertainment Inc., Cinemark Holdings, Inc. and Cineplex Inc.) generated approximately 61% of the box office revenues in 2015. This statistic is up from 35% in 2000 and is evidence that the theatrical exhibition business in the U.S. / Canada have been consolidating.

Our theatres are subject to varying degrees of competition in the geographic areas in which they operate. Competition is often intense with respect to attracting patrons, licensing motion pictures and finding new theatre sites. Where real estate is readily available, it is easier to open a theatre near one of our theatres, which may adversely affect operations at our theatre. However, in certain of our densely populated major metropolitan markets, we believe a scarcity of attractive retail real estate opportunities enhances the strategic value of our existing theatres. We also believe the complexity inherent in operating in these major metropolitan markets is a deterrent to other less sophisticated competitors, protecting our market share position.

The theatrical exhibition industry faces competition from other forms of out-of-home entertainment, such as concerts, amusement parks and sporting events, and from other distribution channels for filmed entertainment, such as cable television, pay-per-view and home video systems, as well as from all other forms of entertainment.

Movie-going is a compelling consumer out-of-home entertainment experience. Movie theatres currently garner a relatively small share of overall consumer entertainment time and spend, leaving significant room for further expansion and growth in the United States. In addition, our industry benefits from available capacity to satisfy additional consumer demand without capital investment.

Even as major studio releases have increased in 2014 following a 2013 decline, we believe companies like Open Road Films could fill an important gap that exists in the market today for consumers, movie producers and theatrical exhibitors by providing a broader availability of movies to consumers. Theatrical exhibitors are uniquely positioned to not only support, but also benefit from new distribution companies and content providers.

### **Regulatory Environment**

The distribution of motion pictures is, in large part, regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. The consent decrees, resulting from one of those cases to which we were not a party, have a material impact on the industry and us. Those consent decrees bind certain major motion picture distributors and require the motion pictures of such distributors to be offered and licensed to exhibitors, including us, on a film-by-film and

theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis.

Our theatres must comply with Title III of the Americans with Disabilities Act, or ADA. Compliance with the ADA requires that public accommodations "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for new construction or technically infeasible for alterations. Non-compliance with the ADA could result in the imposition of injunctive relief, fines, and awards of damages to private litigants or additional capital expenditures to remedy such noncompliance. As an employer covered by the ADA, we must make reasonable accommodations to the limitations of employees and qualified applicants with disabilities, provided that such reasonable accommodations do not pose an undue hardship on the operation of our business. In addition, many of our employees are covered by various government employment regulations, including minimum wage, overtime and working conditions regulations.

Our operations also are subject to federal, state and local laws regulating such matters as construction, renovation and operation of theatres as well as wages and working conditions, citizenship, health and sanitation requirements and licensing. We believe our theatres are in material compliance with such requirements.

We also own and operate theatres and other properties which may be subject to federal, state and local laws and regulations relating to environmental protection. Certain of these laws and regulations may impose joint and several liability on certain statutory classes of persons for the costs of investigation or remediation of contamination, regardless of fault or the legality of original disposal. We believe our theatres are in material compliance with such requirements.

### **Significant Acquisitions and Dispositions**

In December 2015, we completed the acquisition of 33 theatres and 346 screens from Starplex Cinemas. For more information on our recent Starplex Cinemas acquisition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Events" and Note 2—Acquisition to the Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K. In December 2012, we completed the acquisition of 4 theatres and 61 screens from Rave Review Cinemas, LLC and 6 theatres and 95 screens from Rave Digital Media, LLC. In May 2010, we completed the acquisition of 92 theatres and 928 screens from Kerasotes.

In January 2016, we divested of two Starplex Cinemas theatres with 22 screens, as required by the Antitrust Division of the United States Department of Justice. Additionally, during the fourth quarter of our fiscal year ended March 31, 2011, management decided to permanently close 73 underperforming screens and auditoriums. In May 2010, in connection with the acquisition of Kerasotes, we divested of 11 theatres as required by the Antitrust Division of the United States department of Justice.

We have divested of the majority of our investments in international theatres in Canada, UK, Japan, Hong Kong, Spain, Portugal, France, Argentina, Brazil, Chile, and Uruguay over the past several years as part of our overall business strategy.

### **Seasonality**

Our revenues are dependent upon the timing of motion picture releases by distributors. The most marketable motion pictures are usually released during the summer and the year-end holiday seasons. Therefore, our business is highly seasonal, with higher attendance and revenues generally occurring during the summer months and holiday seasons. Our results of operations may vary significantly from quarter to quarter.

## Financial Information About Geographic Areas

For information about the geographic areas in which we operate, see Note 15—Operating Segment to the Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K. During the year ended December 31, 2015, revenues from our continuing theatre operations outside the United States accounted for less than 1% of our total revenues.

## Available Information

We make available free of charge on our website ([www.amctheatres.com](http://www.amctheatres.com)) under "Corporate Info" / "Investor Relations" / "SEC Filings," annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy materials on Schedule 14A and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials with the Securities and Exchange Commission. The contents of our Internet website are not incorporated into this report. In addition, the public may read and copy any materials that we file with the Securities and Exchange Commission at the Securities and Exchange Commission Public Reference Room at 100 F Street, NW, Washington, DC 20549. The public may obtain information about the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330.

## Executive Officers

The following table sets forth certain information regarding our executive officers and key employees as of February 12, 2016:

<u>Name</u>	<u>Age</u>	<u>Position(s) Held</u>
Adam M. Aron	61	Chief Executive Officer, President and Director (Holdings and AMCE)
Craig R. Ramsey	64	Executive Vice President and Chief Financial Officer (Holdings and AMCE)
John D. McDonald	58	Executive Vice President, U.S. Operations (Holdings and AMCE)
Elizabeth Frank	46	Executive Vice President, Chief Content and Programming Officer (Holdings and AMCE)
Mark A. McDonald	57	Executive Vice President, Global Development (Holdings and AMCE)
Stephen A. Colanero	49	Executive Vice President and Chief Marketing Officer (Holdings and AMCE)
Kevin M. Connor	53	Senior Vice President, General Counsel and Secretary (Holdings and AMCE)
Chris A. Cox	50	Senior Vice President and Chief Accounting Officer (Holdings and AMCE)
Carla Sanders	50	Senior Vice President, Human Resources (Holdings and AMCE)

All our current executive officers hold their offices at the pleasure of our board of directors, subject to rights under their respective employment agreements in some cases. There are no family relationships between or among any executive officers, except that Messrs. John D. McDonald and Mark A. McDonald are brothers.

*Mr. Adam Aron* has served as Chief Executive Officer, President and Director of the Company since January 2016. From February 2015 to December 2015, Mr. Aron was appointed Chief Executive Officer of Starwood Hotels and Resorts Worldwide, Inc. Since 2006, Mr. Aron has served as Chairman and Chief Executive Officer of World Leisure Partners, Inc. a personal consultancy for matters related to travel and tourism, high-end real estate development, and professional sports, that he founded. Mr. Aron served as Chief Executive Officer and Co-Owner of the Philadelphia 76ers from 2011 to 2013, and remains a co-owner currently. From 2006 to 2015, Mr. Aron served as Senior Operating

Partner of Apollo Management L.P. Mr. Aron currently serves on the board of directors of Norwegian Cruise Line Holdings, Ltd. and the Philadelphia 76ers. Mr. Aron served on the board of directors of Prestige Cruise Holdings Inc. from 2007 to 2014. Mr. Aron received a masters of business administration degree with distinction from the Harvard Business School and a bachelor of arts degree cum laude from Harvard College.

*Mr. Craig R. Ramsey* has served as Executive Vice President and Chief Financial Officer of AMC since April 2002. Mr. Ramsey served as Interim Chief Executive Officer and President of the Company from August 7, 2015 until January 4, 2016. Mr. Ramsey served as Secretary of the Company from April 2002 until April 2003. Mr. Ramsey served as Senior Vice President, Finance, Chief Financial Officer and Chief Accounting Officer from August 1998 until May 2002. Mr. Ramsey served as Vice President, Finance from January 1997 to August 1998, and prior thereto, Mr. Ramsey had served as Director of Information Systems and Director of Financial Reporting since joining AMC in February 1995. Mr. Ramsey has over 30 years of experience in finance in public and private companies. Mr. Ramsey serves on the board of directors for Open Road Releasing and NCM. Mr. Ramsey holds a B.S. degree in Accounting and Business Administration from the University of Kansas.

*Mr. John D. McDonald* has served as Executive Vice President, U.S. Operations of AMC since July 2009. Prior to July 2009, Mr. McDonald served as Executive Vice President, U.S. and Canada Operations effective October 1998. Mr. McDonald served as Senior Vice President, Corporate Operations from November 1995 to October 1998. Mr. McDonald is a member of the National Association of Theatre Owners Advisory board of directors, Chairman of the Technology Committee for the National Association of Theatre Owners, and member of the board of directors for DCIP. Mr. McDonald has successfully managed the integration for the Gulf States, General Cinema, Loews, and Kerasotes mergers and acquisitions. Mr. McDonald attended California State Polytechnic University where he studied economics and history.

*Ms. Elizabeth Frank* has served as Executive Vice President, Chief Content and Programming Officer for AMC since July 2012. Between August 2010 and July 2012, Ms. Frank served as Senior Vice President, Strategy and Strategic Partnerships. From 2006 to 2010, Ms. Frank served as Senior Vice President of Global Programs for AmeriCares. From 2003 to 2006, Ms. Frank served as Vice President of Corporate Strategic Planning for Time Warner Inc. Prior to Time Warner Inc., Ms. Frank was a partner at McKinsey & Company for nine years. Ms. Frank serves on the board of directors of Open Road Releasing. Ms. Frank holds a Bachelor of Business Administration degree from Lehigh University and a Masters of Business Administration from Harvard University.

*Mr. Mark A. McDonald* has served as Executive Vice President, Global Development since July 2009 of AMC. Prior thereto, Mr. McDonald served as Executive Vice President, International Operations from December 1998 to July 2009. Prior thereto, Mr. McDonald had served as Senior Vice President, Asia Operations since November 1995. Mr. McDonald holds a B.A. degree from the University of Southern California and a M.B.A. from the Anderson School at University of California Los Angeles.

*Mr. Stephen A. Colanero* has served as Executive Vice President and Chief Marketing Officer of AMC since December 2009. Prior to joining AMC, Mr. Colanero served as Vice President of Marketing for RadioShack Corporation from April 2008 to December 2009. Mr. Colanero also served as Senior Vice President of Retail Marketing for Washington Mutual Inc. from February 2006 to August 2007 and as Senior Vice President, Strategic Marketing for Blockbuster Inc. from November 1994 to January 2006. Mr. Colanero holds a B.S. degree in Accounting from Villanova University and a M.B.A. in Marketing and Strategic Management from The Wharton School at the University of Pennsylvania.

*Mr. Kevin M. Connor* has served as Senior Vice President, General Counsel and Secretary of AMC since April 2003. Prior to April 2003, Mr. Connor served as Senior Vice President, Legal beginning

November 2002. Prior thereto, Mr. Connor was in private practice in Kansas City, Missouri as a partner with the firm Seigfreid Bingham, P.C. from October 1995. Mr. Connor holds a Bachelor of Arts degree in English and History from Vanderbilt University, a Juris Doctorate degree from the University of Kansas School of Law and LLM in Taxation from the University of Missouri—Kansas City.

*Mr. Chris A. Cox* has served as Senior Vice President and Chief Accounting Officer of AMC since June 2010. Prior thereto Mr. Cox served as Vice President and Chief Accounting Officer since May 2002. Prior to May 2002, Mr. Cox had served as Vice President and Controller since November 2000. Previously, Mr. Cox had served as Director of Corporate Accounting for the Dial Corporation from December 1999 until November 2000. Mr. Cox holds a Bachelor's of Business Administration in Accounting and Finance degree from the University of Iowa.

*Ms. Carla Sanders* has served as Senior Vice President, Human Resources of AMC since January 2014. Ms. Sanders served as Vice President, Human Resources Services from September 2006 to January 2014. Prior thereto, Ms. Sanders served as Vice President, Recruitment and Development from April 2005 to September 2006. Ms. Sanders' prior experience includes human resources manager and director of employment practices. Ms. Sanders began her career at AMC in 1988 as a theatre manager in Philadelphia. Ms. Sanders serves as co-chair for the AMC Cares Invitational and is a member of the AMC Investment Committee. She is formerly a board member for the Quality Hill Playhouse and Big Brothers Big Sisters of Kansas City. She currently serves on the boards of the Kansas City Zoo, Negro League Baseball Museum and is the chair of Win Win. Ms. Sanders has over 20 years of human resources experience. Ms. Sanders holds a B.S. from The Pennsylvania State University.

**Item 1A.**

**RISK FACTORS**

***We have no control over distributors of the films and our business may be adversely affected if our access to motion pictures is limited or delayed.***

We rely on distributors of motion pictures, over whom we have no control, for the films that we exhibit. Major motion picture distributors are required by law to offer and license film to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis. Our business depends on maintaining good relations with these distributors, as this affects our ability to negotiate commercially favorable licensing terms for first-run films or to obtain licenses at all. With only 7 distributors representing approximately 89% of the U.S. box office in 2015, there is a high level of concentration in the industry. Our business may be adversely affected if our access to motion pictures is limited or delayed because of deterioration in our relationships with one or more distributors or for some other reason. To the extent that we are unable to license a popular film for exhibition in our theatres, our operating results may be adversely affected.

***We depend on motion picture production and performance.***

Our ability to operate successfully depends upon the availability, diversity and appeal of motion pictures, our ability to license motion pictures and the performance of such motion pictures in our markets. The most attended films are usually released during the summer and the calendar year-end holidays, making our business highly seasonal. We license first-run motion pictures, the success of which has increasingly depended on the marketing efforts of the major motion picture studios. Poor performance of, or any disruption in the production of these motion pictures (including by reason of a strike or lack of adequate financing), or a reduction in the marketing efforts of the major motion picture studios, could hurt our business and results of operations. Conversely, the successful performance of these motion pictures, particularly the sustained success of any one motion picture, or

an increase in effective marketing efforts of the major motion picture studios, may generate positive results for our business and operations in a specific fiscal quarter or year that may not necessarily be indicative of, or comparable to, future results of operations. As movie studios rely on a smaller number of higher grossing "tent pole" films there may be increased pressure for higher film licensing fees. In addition, a change in the type and breadth of movies offered by motion picture studios may adversely affect the demographic base of moviegoers.

***Our substantial debt could adversely affect our operations and prevent us from satisfying those debt obligations.***

We have a significant amount of debt. As of December 31, 2015, we had outstanding \$2,036.4 million of indebtedness (\$2,038.0 million face amount), which consisted of \$954.0 million under our Senior Secured Credit Facility (\$955.6 million face amount), \$975.0 million of our existing subordinated notes (\$975.0 million face amount), \$5.5 million promissory note and \$101.9 million of existing capital and financing lease obligations, and \$62.1 million available for borrowing under our Senior Secured Revolving Credit Facility. As of December 31, 2015, we also had approximately \$3.9 billion of undiscounted rental payments under operating leases (with initial base terms generally between 15 to 20 years). The amount of our indebtedness and lease and other financial obligations could have important consequences to our stockholders. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing in the future for working capital, capital expenditures, dividend payments, acquisitions, general corporate purposes or other purposes;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of lease rentals and principal and interest on our indebtedness, thereby reducing the funds available to us for operations and any future business opportunities;
- limit our planning flexibility for, or ability to react to, changes in our business and the industry; and
- place us at a competitive disadvantage with competitors who may have less indebtedness and other obligations or greater access to financing.

If we fail to make any required payment under our Senior Secured Credit Facility or the indentures governing our notes or to comply with any of the financial and operating covenants contained therein, we would be in default. Lenders under our Senior Secured Credit Facility or holders of our notes, as applicable, could then decide to accelerate the maturity of the indebtedness under the Senior Secured Credit Facility or the indentures and in the case of the Senior Credit Facility, foreclose upon the stock and personal property of our subsidiaries that is pledged to secure the Senior Secured Credit Facility. Other creditors might then accelerate other indebtedness. If the lenders under the Senior Secured Credit Facility or holders of our notes accelerate the maturity of the indebtedness thereunder, we might not have sufficient assets to satisfy our obligations under the Senior Secured Credit Facility, the indentures, or our other indebtedness. Our indebtedness under our Senior Secured Credit Facility bears interest at rates that fluctuate with changes in certain prevailing interest rates (although, subject to certain conditions, such rates may be fixed for certain periods). If interest rates increase, we may be unable to meet our debt service obligations under our Senior Secured Credit Facility and other indebtedness.

***Limitations on the availability of capital may prevent deployment of strategic initiatives.***

Our key strategic initiatives, including recliner seating, enhanced food and beverage and premium sight and sound, require significant capital expenditures to implement. Our gross capital expenditures aggregated approximately \$333.4 million for the year ended December 31, 2015, \$270.7 million for the



year ended December 31, 2014 and \$260.8 million, for the year ended December 31, 2013, respectively. We estimate that our gross cash outflows for capital expenditures will be approximately \$390.0 million to \$410.0 million, before giving effect to expected landlord contributions of approximately \$120.0 million to \$140.0 million for the year ending December 31, 2016. The lack of available capital resources due to business performance or other financial commitments could prevent or delay the deployment of innovations in our theatres. We may have to seek additional financing or issue additional securities to fully implement our growth strategy. We cannot be certain that we will be able to obtain new financing on favorable terms, or at all. In addition, covenants under our existing indebtedness limit our ability to incur additional indebtedness, and the performance of any additional or improved theatres may not be sufficient to service the related indebtedness that we are permitted to incur.

***We have had significant financial losses in previous years.***

Prior to fiscal 2007, we had reported net losses in each of the prior nine fiscal years totaling approximately \$551.1 million. For fiscal 2007, 2008, 2009, 2010, 2011, 2012, the period March 30, 2012 through August 30, 2012, the period August 31, 2012 through December 31, 2012, the year ended 2013, the year ended 2014, and the year ended 2015, we reported net earnings (losses) of \$116.9 million, \$(6.2) million, \$(149.0) million, \$79.9 million, \$(174.3) million, \$(94.1) million, \$90.2 million, \$(42.7) million, \$364.4 million, \$64.1 million, and \$103.9 million respectively. If we experience poor financial results in the future, we may be unable to meet our payment obligations while attempting to expand our theatre circuit and withstand competitive pressures or adverse economic conditions.

***We may be limited in our ability to utilize, or may not be able to utilize, net operating loss carryforwards to reduce our future tax liability.***

As of December 31, 2015, we had an estimated federal income tax loss carryforward of \$542.1 million and estimated state income tax loss carryforward of \$321.1 million which will be limited annually due to certain change in ownership provisions of the Internal Revenue Code ("IRC") Section 382. Our federal tax loss carryforwards will begin to expire in 2017 and will completely expire in 2034. Our state tax loss carryforwards may be used over various periods ranging from 1 to 20 years.

We have experienced numerous "ownership changes" within the meaning of Section 382(g) of the IRC, as amended, including our merger with Wanda. These ownership changes have and will continue to subject our tax loss carryforwards to annual limitations which will restrict our ability to use them to offset our taxable income in periods following the ownership changes. In general, the annual use limitation equals the aggregate value of our equity at the time of the ownership change multiplied by a specified tax-exempt interest rate.

***We are subject, at times, to intense competition.***

Our theatres are subject to varying degrees of competition in the geographic areas in which we operate. Competitors may be national circuits, regional circuits or smaller independent exhibitors. Competition among theatre exhibition companies is often intense with respect to the following factors:

- *Attracting patrons.* The competition for patrons is dependent upon factors such as the availability of popular motion pictures, the location and number of theatres and screens in a market, the comfort and quality of the theatres and pricing. Many of our competitors have sought to increase the number of screens that they operate. Competitors have built or may be planning to build theatres in certain areas where we operate, which could result in excess capacity and increased competition for patrons.
- *Licensing motion pictures.* We believe that the principal competitive factors with respect to film licensing include licensing terms, number of seats and screens available for a particular picture, revenue potential and the location and condition of an exhibitor's theatres.

- *New sites and acquisitions.* We must compete with exhibitors and others in our efforts to locate and acquire attractive new and existing sites for our theatres. There can be no assurance that we will be able to acquire such new sites or existing theatres at reasonable prices or on favorable terms. Moreover, some of these competitors may be stronger financially than we are. As a result of the foregoing, we may not succeed in acquiring theatres or may have to pay more than we would prefer to make an acquisition.

The theatrical exhibition industry also faces competition from other forms of out-of-home entertainment, such as concerts, amusement parks and sporting events and from other distribution channels for filmed entertainment, such as cable television, pay-per-view and home video systems and from other forms of in-home entertainment.

***An increase in the use of alternative film delivery methods or other forms of entertainment may drive down our attendance and limit our ticket prices.***

We compete with other film delivery methods, including network, syndicated cable and satellite television and DVDs, as well as video-on-demand, pay-per-view services, video streaming and downloads via the Internet. We also compete for the public's leisure time and disposable income with other forms of entertainment, including sporting events, amusement parks, live music concerts, live theatre and restaurants. An increase in the popularity of these alternative film delivery methods and other forms of entertainment could reduce attendance at our theatres, limit the prices we can charge for admission and materially adversely affect our business and results of operations.

***Our results of operations may be impacted by shrinking theatrical exclusive release windows.***

Over the last decade, the average theatrical exclusive release window, which represents the time that elapses from the date of a film's theatrical release to the date a film is available on DVD or similar on-demand release to an important downstream market, has decreased from approximately six months to approximately three to four months. If patrons choose to wait for a DVD release, video streaming or other home entertainment options rather than attend a theatre for viewing the film, it may adversely impact our business and results of operations, financial condition and cash flows. In 2011, several major film studios tested premium video-on-demand products released in homes approximately 60 days after a movie's theatrical debut, which threatened the length of the release window. In January 2015, Amazon Studios announced its intention to produce and acquire original movies for theatrical release with video streaming available just 4 to 8 weeks after their theatrical debut. We cannot assure you that this release window, which is determined by the film studios, will not shrink further or be eliminated altogether, which could have an adverse impact on our business and results of operations.

***The agreements governing our indebtedness contain covenants that may limit our ability to take advantage of certain business opportunities advantageous to us.***

The agreements governing our indebtedness contain various covenants that limit our ability to, among other things:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions to our stockholders;
- make restricted payments;
- incur liens;
- engage in transactions with affiliates; and
- enter into business combinations.

These restrictions could limit our ability to obtain future financing, make acquisitions, fund needed capital expenditures, withstand economic downturns in our business or the economy in general, conduct operations or otherwise take advantage of business opportunities that may arise.

Although the indentures for our notes contain a fixed charge coverage test that limits our ability to incur indebtedness, this limitation is subject to a number of significant exceptions and qualifications. Moreover, the indentures do not impose any limitation on our incurrence of lease obligations or liabilities that are not considered "Indebtedness" under the indentures (such as operating leases), nor do they impose any limitation on the amount of liabilities incurred by subsidiaries, if any, that might be designated as "unrestricted subsidiaries," which are subsidiaries that we designate, that are not subject to the restrictive covenants contained in the indentures governing our notes.

Furthermore, there are no restrictions in the indentures on our ability to invest in other entities (including unaffiliated entities) and no restrictions on the ability of our subsidiaries to enter into agreements restricting their ability to pay dividends or otherwise transfer funds to us. Also, although the indentures limit our ability to make dividends and other restricted payments, these restrictions are subject to significant exceptions and qualifications.

***General political, social and economic conditions can reduce our attendance.***

Our success depends on general political, social and economic conditions and the willingness of consumers to spend money at movie theatres. If going to motion pictures becomes less popular or consumers spend less on food and beverage, which accounted for 30.9% of our revenues in calendar 2015, our operations could be adversely affected. In addition, our operations could be adversely affected if consumers' discretionary income falls as a result of an economic downturn. Geopolitical events, including the threat of domestic terrorism or cyber attacks, could cause people to avoid our theatres or other public places where large crowds are in attendance. In addition, due to our concentration in certain markets, natural disasters such as hurricanes or earthquakes in those markets could adversely affect our overall results of operations.

***We may be reviewed by antitrust authorities in connection with acquisition opportunities that would increase our number of theatres in markets where we have a leading market share.***

Given our size and market share, pursuit of acquisition opportunities that would increase the number of our theatres in markets where we have a leading market share would likely result in significant review by the Antitrust Division of the United States Department of Justice and States' Attorneys General, and we may be required to dispose of theatres in order to complete such acquisition opportunities. For example, in connection with the acquisition of Kerasotes, we were required to dispose of 11 theatres located in various markets across the United States, including Chicago, Denver and Indianapolis and in connection with the acquisition of Starplex Cinemas, we were required to dispose of 2 theatres in 2 markets. As a result, we may not be able to succeed in acquiring other exhibition companies or we may have to dispose of a significant number of theatres in key markets in order to complete such acquisitions.

***We depend on key personnel for our current and future performance.***

Our current and future performance depends to a significant degree upon the retention of our senior management team and other key personnel. The loss or unavailability to us of any member of our senior management team or a key employee could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that we would be able to locate or employ qualified replacements for senior management or key employees on acceptable terms.

***Optimizing our theatre circuit through new construction and the transformation of our existing theatres may be subject to delay and unanticipated costs.***

The availability of attractive site locations for new construction is subject to various factors that are beyond our control. These factors include:

- local conditions, such as scarcity of space or increase in demand for real estate, demographic changes and changes in zoning and tax laws; and
- competition for site locations from both theatre companies and other businesses.

We typically require 18 to 24 months in the United States from the time we reach an agreement with a landlord to when a theatre opens.

In addition, the improvement of our existing theatres through our enhanced food and beverage and recliner seating initiatives is subject to substantial risks, such as difficulty in obtaining permits, landlord approvals and new types of operating licenses (e.g. liquor licenses). We may also experience cost overruns from delays or other unanticipated costs in both new construction and facility improvements. Furthermore, our new sites and transformed locations may not perform to our expectations.

***We may not achieve the expected benefits and performance from our strategic theatre acquisitions.***

In any acquisition, we expect to benefit from cost savings through, for example, the reduction of overhead and theatre level costs, and from revenue enhancements resulting from the acquisition. However, there can be no assurance that we will be able to generate sufficient cash flow from these acquisitions to service any indebtedness incurred to finance such acquisitions or realize any other anticipated benefits. Nor can there be any assurance that our profitability will be improved by any one or more acquisitions. Although we have a long history of successfully integrating acquisitions, any acquisition may involve operating risks, such as:

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

***If our cash flows prove inadequate to service our debt and provide for our other obligations, we may be required to refinance all or a portion of our existing debt or future debt at terms unfavorable to us.***

Our ability to make payments on and refinance our debt and other financial obligations and to fund our capital expenditures and acquisitions will depend on our ability to generate substantial operating cash flow. This will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control.

In addition, our debt obligations require us to repay or refinance our obligations when they come due. If our cash flows were to prove inadequate to meet our debt service, rental and other obligations in the future, we may be required to refinance all or a portion of our existing or future debt, on or before maturity, to sell assets or to obtain additional financing. We cannot assure you that we will be able to refinance any of our indebtedness, including our Senior Secured Credit Facility and our notes, sell any such assets, or obtain additional financing on commercially reasonable terms or at all.

The terms of the agreements governing our indebtedness restrict, but do not prohibit us from incurring additional indebtedness. If we are in compliance with the financial covenants set forth in the Senior Secured Credit Facility and our other outstanding debt instruments, we may be able to incur substantial additional indebtedness. If we incur additional indebtedness, the related risks that we face may intensify.

***We rely on our information systems to conduct our business, and any failure to protect these systems against security breaches or failure of these systems themselves could adversely affect our business, results of operations and liquidity and could result in litigation and penalties. Additionally, if these systems fail or become unavailable for any significant period of time, our business could be harmed.***

The efficient operation of our business is dependent on computer hardware and software systems. Among other things, these systems collect and store certain personal information from customers, vendors and employees and process customer payment information. Additionally, open source internet ticketing allows tickets for all of our theatres to be sold by various third party vendors on websites using information systems we do not control. Our information systems and those maintained by our third party vendors and the sensitive data they are designed to protect are vulnerable to security breaches by computer hackers, cyber terrorists and other cyber attackers. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems, and we rely on our third party vendors to take appropriate measures to protect the confidentiality of the information on those information systems. However, these measures and technology may not adequately prevent security breaches. Our information systems may become unavailable or fail to perform as anticipated for any reason, including viruses, loss of power or human error. Any significant interruption or failure of our information systems or those maintained by our third party vendors or any significant breach of security could adversely affect our reputation with our customers, vendors and employees and could adversely affect our business, results of operations and liquidity and could result in litigation against us or the imposition of penalties. A significant interruption, failure or breach of the security of our information systems or those of our third party vendors could also require us to expend significant resources to upgrade the security measures and technology that guard sensitive data against computer hackers, cyber terrorists and other cyber attackers. We maintain cyber risk insurance coverage to protect against such risks, however, there can be no assurance that such coverage will be adequate.

***Our investment in and revenues from NCM may be negatively impacted by the competitive environment in which NCM operates.***

We have maintained an investment in NCM. NCM's in-theatre advertising operations compete with other cinema advertising companies and other advertising mediums including, most notably, television, newspaper, radio and the Internet. There can be no guarantee that in-theatre advertising will continue to attract major advertisers or that NCM's in-theatre advertising format will be favorably received by the theatre-going public. If NCM is unable to generate expected sales of advertising, it may not maintain the level of profitability we hope to achieve, its results of operations and cash flows may be adversely affected and our investment in and revenues and dividends from NCM may be adversely impacted.

***We may suffer future impairment losses and theatre and other closure charges.***

The opening of new theatres by us and certain of our competitors has drawn audiences away from some of our older theatres. In addition, demographic changes and competitive pressures have caused some of our theatres to become unprofitable. Since not all theatres are appropriate for our new initiatives, we may have to close certain theatres or recognize impairment losses related to the decrease in value of particular theatres. We review long-lived assets, including intangibles, marketable securities and non-consolidated entities for impairment as part of our annual budgeting process and whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. During the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, we recorded impairment charges of \$1.7 million, \$3.1 million, and \$0. Deterioration in the performance of our theatres could require us to recognize additional impairment losses and close additional theatres, which could have an adverse effect on the results of our operations. We continually monitor the performance of our theatres, and factors such as changing consumer preferences and our inability to sublease vacant retail space could negatively impact operating results and result in future closures, sales, dispositions and significant theatre and other closure charges prior to expiration of underlying lease agreements.

***Our business could be adversely affected if we incur legal liability.***

We are subject to, and in the future may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. Regardless of the merits of the claims, the cost to defend current and future litigation may be significant, and such matters can be time-consuming and divert management's attention and resources. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages, penalties or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

While we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if they prevail, the amount of our recovery.

***We are subject to substantial government regulation, which could entail significant cost.***

We are subject to various federal, state and local laws, regulations and administrative practices affecting our business, and we must comply with provisions regulating antitrust, health and sanitation standards, equal employment, environmental, and licensing for the sale of food and, in some theatres, alcoholic beverages. Our new theatre openings could be delayed or prevented or our existing theatres could be impacted by difficulties or failures in our ability to obtain or maintain required approvals or licenses. Changes in existing laws or implementation of new laws, regulations and practices could have a significant impact on our business. A significant portion of our theatre level employees are part time workers who are paid at or near the applicable minimum wage in the theatre's jurisdiction. Increases in the minimum wage and implementation of reforms requiring the provision of additional benefits will increase our labor costs.

We own and operate facilities throughout the United States and are subject to the environmental laws and regulations of those jurisdictions, particularly laws governing the cleanup of hazardous materials and the management of properties. We might in the future be required to participate in the cleanup of a property that we own or lease, or at which we have been alleged to have disposed of

hazardous materials from one of our facilities. In certain circumstances, we might be solely responsible for any such liability under environmental laws, and such claims could be material.

We are presently cooperating with the relevant governmental authorities in connection with certain Civil Investigative Demands ("CIDs") received from the Antitrust Division of the United States Department of Justice and from the Attorneys General for the States of Ohio, Texas, Washington, Florida, New York, Kansas and from the District of Columbia concerning potentially anticompetitive conduct, including film clearances and partnering in certain joint ventures. We may receive additional CIDs from antitrust authorities in other jurisdictions in which we operate. If we were found to have violated antitrust laws, it could have a material adverse effect on our operations and financial condition.

Our theatres must comply with Title III of the Americans with Disabilities Act of 1990 ("ADA"). Compliance with the ADA requires that public accommodations "reasonably accommodate" individuals with disabilities and that new construction or alterations made to "commercial facilities" conform to accessibility guidelines unless "structurally impracticable" for new construction or technically infeasible for alterations. Non-compliance with the ADA could result in the imposition of injunctive relief, fines, and an award of damages to private litigants or additional capital expenditures to remedy such noncompliance, any of which could have a material adverse effect on our operations and financial condition.

***We may not generate sufficient cash flows or have sufficient restricted payment capacity under our Senior Secured Credit Facility or the indentures governing our debt securities to pay our intended dividends on our Class A common stock.***

Subject to legally available funds, we intend to pay quarterly cash dividends. We are a holding company and have no direct operations. We will only be able to pay dividends from our available cash on hand and funds received from our subsidiaries. Our subsidiaries' ability to make distributions to us will depend on their ability to generate substantial operating cash flow. Our ability to pay dividends to our stockholders are subject to the terms of our Senior Secured Credit Facility and the indentures governing our outstanding notes. Our operating cash flow and ability to comply with restricted payment covenants in our debt instruments will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control. In addition, dividend payments are not mandatory or guaranteed, and our board of directors may decrease the level of dividends or entirely discontinue the payment of dividends. We may not pay dividends as a result of the following additional factors, among others:

- we are not legally or contractually required to pay dividends;
- while we currently intend to pay a regular quarterly dividend, this policy could be modified or revoked at any time;
- even if we do not modify or revoke our dividend policy, the actual amount of dividends distributed and the decision to make any distribution is entirely at the discretion of our board of directors and future dividends, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, business opportunities, provisions of applicable law and other factors that our board of directors may deem relevant;
- the amount of dividends distributed is and will be subject to contractual restrictions under the restrictive payment covenants contained in:
  - the indentures governing our debt securities,
  - the terms of our Senior Secured Credit Facility, and

- the terms of any other outstanding or future indebtedness incurred by us or any of our subsidiaries;
- the amount of dividends distributed is subject to state law restrictions; and
- our stockholders have no contractual or other legal right to dividends.

The maximum amount we would be permitted to distribute in compliance with our Senior Secured Credit Facility and the indentures governing our debt securities was approximately \$1.2 billion as of December 31, 2015. As a result of the foregoing limitations on our ability to make distributions, we cannot assure you that we will be able to make all of our intended quarterly dividend payments.

***As a result of the IPO, Holdings and certain of its domestic affiliates may not be able to file a consolidated tax return which could result in increased tax liability.***

Prior to the IPO, Holdings and certain of its domestic affiliates (the "AMC affiliated tax group") were members of a consolidated group for federal income tax purposes, of which a Wanda domestic subsidiary is the common parent. As a result of the Class A common stock offering, the AMC affiliated tax group ceased to be members of the Wanda federal consolidated group. The AMC affiliated tax group will not be permitted to file a consolidated return for federal income tax purposes for five years, unless we obtain a waiver from the Internal Revenue Service. It is uncertain whether we will obtain a waiver if we seek one. If we do not obtain a waiver, each member of the AMC affiliated tax group will be required to file a separate federal income tax return, and, as a result, the income (and tax liability) of a member will only be offset by its own tax loss carryforwards (and other tax attributes) and not by tax loss carryforwards, current year losses or other tax attributes of other members of the group. We believe that we should not incur substantial additional federal tax liability if we are not permitted to file a federal consolidated return, because (i) most of our revenues are generated by a single member of the AMC affiliated tax group and most of our tax loss carryforwards are attributable to such member and (ii) there are certain other beneficial aspects of the structure of the AMC affiliated tax group. We cannot assure you, however, that we will not incur substantial additional tax liability if the AMC affiliated tax group is not permitted to file a federal consolidated return for five years.

***Future sales of our Class A common stock could cause the market price for our Class A common stock to decline.***

We cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Sales of substantial amounts of shares of our Class A common stock in the public market, or the perception that those sales will occur, could cause the market price of our Class A common stock to decline. Wanda holds shares of our Class B common stock, all of which constitute "restricted securities" under the Securities Act. The shares of our Class B common stock automatically convert to Class A common stock (1) if transferred to a person other than certain permitted transferees or (2) upon Wanda and its permitted transferees holding less than 30% of all outstanding shares of our Class A and Class B common stock. Provided the holders comply with the applicable volume limits and other conditions prescribed in Rule 144 under the Securities Act, all of these restricted securities are currently freely tradeable. Wanda also has the right, subject to various conditions and limitations, to request that we effect registered offerings of any Class A common stock they hold.



***We have elected to take advantage of the "controlled company" exemption to the corporate governance rules for publicly-listed companies, which could make our Class A common stock less attractive to some investors or otherwise harm our stock price.***

Because we qualify as a "controlled company" under the corporate governance rules for publicly-listed companies, we are not required to have a majority of our board of directors be independent, nor are we required to have a compensation committee or an independent nominating function. In light of our status as a controlled company, our board of directors has determined not to have a majority of our board of directors be independent, have a compensation committee composed solely of independent directors or have an independent nominating function and has chosen to have the full board of directors be directly responsible for nominating members of our board. Accordingly, should the interests of Wanda, as our controlling stockholder, differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for publicly-listed companies. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

***Our controlling shareholder owns more than 91% of the combined voting power of our common stock and has significant influence over our corporate management and affairs.***

Our Class B common stock has three votes per share, and our Class A common stock, which is the publicly traded stock, has one vote per share. As of December 31, 2015, Wanda owns approximately 75,826,927 shares of Class B common stock, or 77.85% of our outstanding common stock, representing approximately 91.34% of the voting power of our outstanding common stock. As such, Wanda has significant influence over our reporting and corporate management and affairs, and, because of the three-to-one voting ratio between our Class B and Class A common stock, Wanda will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval (including election of directors and approval of significant corporate transactions, such as mergers) so long as the shares of Class B common stock owned by Wanda and its permitted transferees represent at least 30% of all outstanding shares of our Class A and Class B common stock. The shares of our Class B common stock automatically convert to shares of Class A common stock upon Wanda and its permitted transferees holding less than 30% of all outstanding shares of our Class A and Class B common stock.

***The super voting rights of our Class B common stock and other anti-takeover protections in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage or prevent a takeover of our Company, even if an acquisition would be beneficial to our stockholders.***

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as amended, as well as provisions of the Delaware General Corporation Law and the supermajority rights of our Class B common stockholder, could delay or make it more difficult to remove incumbent directors or for a third party to acquire us, even if a takeover would benefit our stockholders. These provisions include:

- a dual class common stock structure, which provides Wanda with the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;
- a classified board of directors;
- the sole power of a majority of the board of directors to fix the number of directors;
- limitations on the removal of directors;

- the sole power of the board of directors to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- the ability of our board of directors to designate one or more series of preferred stock and issue shares of preferred stock without stockholder approval; and
- the inability of stockholders to call special meetings.

Our issuance of shares of preferred stock could delay or prevent a change of control of our Company. Our board of directors has the authority to cause us to issue, without any further vote or action by the stockholders, up to 50,000,000 shares of preferred stock, par value \$0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our Company without further action by the stockholders, even where stockholders are offered a premium for their shares.

Our incorporation under Delaware law, the ability of our board of directors to create and issue a new series of preferred stock or a stockholder rights plan and certain other provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as amended, could impede a merger, takeover or other business combination involving Holdings or the replacement of our management or discourage a potential investor from making a tender offer for our Class A common stock, which, under certain circumstances, could reduce the market value of our Class A common stock.

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

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

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

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

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

The following table sets forth the general character and ownership classification of our theatre circuit, excluding non-consolidated joint ventures and managed theatres, as of December 31, 2015:

<u>Property Holding Classification</u>	<u>Theatres</u>	<u>Screens</u>
Owned	18	172
Leased pursuant to ground leases	5	65
Leased pursuant to building leases	359	5,112
Total	<u>382</u>	<u>5,349</u>

Our theatre leases generally have initial terms ranging from 12 to 20 years, with options to extend the lease for up to 20 additional years. The leases typically require escalating minimum annual rent payments and additional rent payments based on a percentage of the leased theatre's revenue above a base amount and require us to pay for property taxes, maintenance, insurance and certain other property-related expenses. In some instances our escalating minimum annual rent payments are contingent upon increases in the consumer price index. In some cases, our rights as tenant are subject and subordinate to the mortgage loans of lenders to our lessors, so that if a mortgage were to be foreclosed, we could lose our lease. Historically, this has never occurred.

We lease our corporate headquarters in Leawood, Kansas.

Currently, the majority of the food and beverage, seating and other equipment required for each of our theatres are owned. The majority of our digital projection equipment is leased from DCIP.

All obligations under the Senior Secured Credit Facility, and the guarantees of those obligations (as well as cash management obligations), are secured by substantially all of AMCE's assets as well as those of each subsidiary guarantor.

Please refer to Narrative Description of Business under Part I Item 1 of this Annual Report on Form 10-K for the geographic locations of our Theatrical Exhibition circuit as of December 31, 2015. See Note 3—Property to the audited Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

**Item 3. Legal Proceedings.**

The information required to be furnished by us under this Part I, Item 3 (Legal Proceedings) is incorporated by reference to the information contained in Note 12—Commitments and Contingencies to the Consolidated Financial Statements included in Part II, Item 8 on this Annual Report on Form 10-K.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****Market Information**

Our common equity consists of Class A and Class B common stock. Our Class A common stock has traded on the New York Stock Exchange since December 18, 2013 under the symbol "AMC." There is no established public trading market for our Class B common stock.

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The following table sets forth the historical high and low sales prices per share of our Class A common stock as reported by the New York Stock Exchange for the calendar periods indicated:

	Calendar 2015	
	High	Low
First Quarter (January 1, 2015 - March 31, 2015)	\$ 35.86	\$ 24.97
Second Quarter (April 1, 2015 - June 30, 2015)	35.38	27.87
Third Quarter (July 1, 2015 - September 30, 2015)	32.90	24.27
Fourth Quarter (October 1, 2015 - December 31, 2015)	27.50	22.91

	Calendar 2014	
	High	Low
First Quarter (January 1, 2014 - March 31, 2014)	\$ 26.68	\$ 19.75
Second Quarter (April 1, 2014 - June 30, 2014)	25.14	20.99
Third Quarter (July 1, 2014 - September 30, 2014)	25.34	22.09
Fourth Quarter (October 1, 2014 - December 31, 2014)	27.08	21.10

### Holders of Common Stock

On February 12, 2016, there were approximately 58 stockholders of record of our Class A common Stock and one stockholder of record of our Class B common Stock.

**Temporary Equity:** Certain members of management have the right to require Holdings to purchase the Class A common stock held by them under certain limited circumstances pursuant to the terms of a stockholders agreement. Beginning on January 1, 2016 and ending on January 1, 2019 (or upon the termination of a management stockholder's employment by us without cause, by the management stockholder for good reason, or due to the management stockholder's death or disability) management shareholders will have the right, in limited circumstances, to require Holdings to purchase shares that are not fully and freely tradeable at a price equal to the price per share paid by such management shareholder with appropriate adjustments for any subsequent events such as dividends, splits, or combinations. The shares of Class A common stock subject to the stockholder agreement are classified as temporary equity, apart from permanent equity, as a result of the contingent redemption feature contained in the stockholder agreement.

During the twelve months ended December 31, 2015, a former employee who held 5,939 shares, relinquished his put right, therefore the related share amount of \$62,000 was reclassified to additional paid-in capital, a component of stockholders' equity. During the twelve months ended December 31, 2014, certain members of management received \$92,000 by tendering shares of Class A common stock to Holdings with an original recorded historical cost of \$43,000. As a result of these transactions, temporary equity declined by \$43,000 and additional paid-in capital increased by \$43,000.

### Dividend Policy

Subject to legally available funds, we intend to pay a quarterly cash dividend at an annual rate initially equal to approximately \$0.80 per share (or a quarterly rate initially equal to approximately \$0.20 per share) of Holdings' Class A and Class B common stock. The payment of future dividends is subject to our Board of Directors' discretion and dependent on many considerations, including limitations imposed by covenants in the agreements governing our indebtedness, operating results, capital requirements, strategic considerations and other factors.

We are a holding company and have no direct operations. We will only be able to pay dividends from our available cash on hand and funds received from our subsidiaries. Their ability to make any payments to us will depend upon many factors, including our operating results, cash flows and the

terms of the Senior Secured Credit Facility and the indentures governing our debt securities. Our ability to pay dividends to our stockholders will also be subject to the terms of the indebtedness. The declaration and payment of any future dividends will be at the sole discretion of our board of directors after taking into account various factors, including legal requirements, our subsidiaries' ability to make payments to us, our financial condition, operating results, cash flow from operating activities, available cash and current and anticipated cash needs. We do not intend to borrow funds to pay the quarterly dividend described above. See the Liquidity and Capital Resources section of Item 7 of Part II hereof for further information regarding the dividend restrictions.

The following is a summary of dividends and dividend equivalents declared to stockholders for the calendar periods indicated:

Calendar 2015				
<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 thousands)(1)</u>
February 3, 2015	March 9, 2015	March 23, 2015	\$ 0.20	\$ 19,637
April 27, 2015	June 8, 2015	June 22, 2015	0.20	19,635
July 28, 2015	September 8, 2015	September 21, 2015	0.20	19,622
October 29, 2015	December 7, 2015	December 21, 2015	0.20	19,654

Calendar 2014				
<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 thousands)(1)</u>
April 25, 2014	June 6, 2014	June 16, 2014	\$ 0.20	\$ 19,576
July 29, 2014	September 5, 2014	September 15, 2014	0.20	19,576
October 27, 2014	December 5, 2014	December 15, 2014	0.20	19,577

(1) Includes amounts related to restricted stock unit and performance stock unit awards that were not paid until such awards vested.

#### Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12 of Part III of this Annual Report on Form 10-K.

#### Unregistered Sales of Equity Securities and Use of Proceeds

##### *Sale of Unregistered Securities*

None.

#### Issuer Purchase of Equity Securities

The Company did not have any repurchases of common stock for the twelve months ended December 31, 2015:

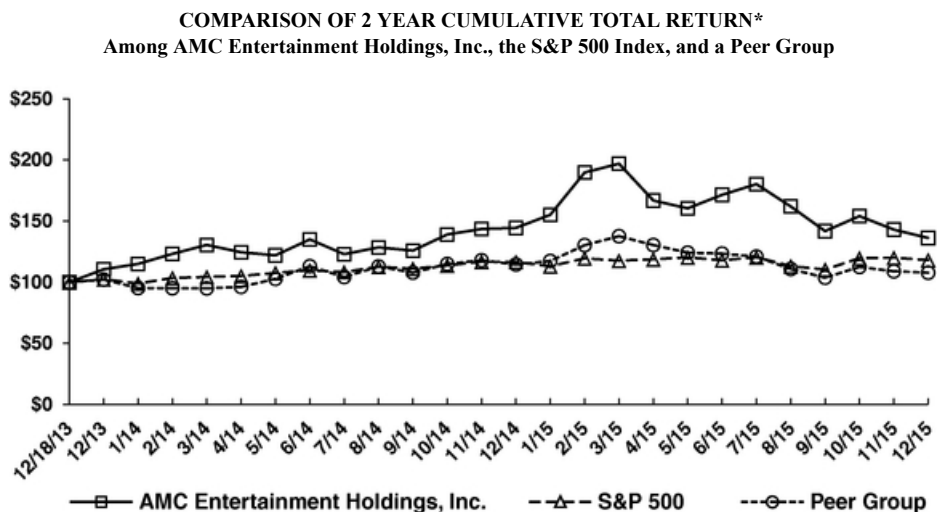
<u>Period</u>	<u>Total Number of Shares Purchased(1)</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</u>
Calendar 2015	—	\$ —	—	—

**Performance Graph**

The following stock price performance graph should not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Exchange Act or the Securities Act of 1933, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such acts.

The following stock performance graph compares, for the period December 18, 2013 through December 31, 2015, the cumulative total stockholder return for AMC Entertainment Holdings, Inc.'s common stock, the Standard & Poor's Corporation Composite 500 Index and a self-determined peer group consisting of Carmike Cinemas, Inc. (CKEC), Cinemark Holdings, Inc. (CNK) and Regal Entertainment Group (RGC). Measurement points are the last trading day for each month ended December 31, 2013 through December 31, 2015. The graph assumes that \$100 was invested on December 18, 2013 in our common stock and in our peer group and on November 30, 2013 in the Standard & Poor's Corporation Composite 500 Index and assumes reinvestment of any dividends.

The stock price performance below is not necessarily indicative of future stock price performance.



\* \$100 invested on 12/18/13 in stock or 11/30/13 in index, including reinvestment of dividends.

	12/18/13	12/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14
AMC	100.00	110.60	115.02	123.20	130.52	124.54	122.01	135.04	122.93	128.52	125.87	139.07	143.56
S&P 500	100.00	102.53	98.99	103.51	104.38	105.16	107.62	109.85	108.33	112.67	111.09	113.80	116.86
Peer Group	100.00	102.20	95.33	95.13	95.02	96.21	102.80	113.11	104.31	112.88	107.89	114.90	117.98

	12/14	1/15	2/15	3/15	4/15	5/15	6/15	7/15	8/15	9/15	10/15	11/15	12/15
AMC	144.46	155.17	189.71	196.96	166.83	160.44	171.47	180.25	161.97	141.82	154.09	143.05	136.21
S&P 500	116.57	113.07	119.57	117.67	118.80	120.33	118.00	120.47	113.21	110.40	119.72	120.07	118.18
Peer Group	114.50	117.39	130.30	137.66	130.41	124.20	123.42	120.98	110.84	103.77	112.54	108.95	107.80

**Item 6. Selected Financial Data.**

	Years Ended(1)					
	12 Months Ended December 31, 2015 (Successor)	12 Months Ended December 31, 2014 (Successor)	12 Months Ended December 31, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)
<b>(In thousands, except operating data)</b>						
<b>Statement of Operations Data:</b>						
Revenues:						
Admissions	\$ 1,892,037	\$ 1,765,388	\$ 1,847,327	\$ 548,632	\$ 816,031	\$ 1,721,295
Food and beverage	910,086	797,735	786,912	229,739	342,130	689,680
Other revenue	144,777	132,267	115,189	33,121	47,911	111,002
Total revenues	<u>2,946,900</u>	<u>2,695,390</u>	<u>2,749,428</u>	<u>811,492</u>	<u>1,206,072</u>	<u>2,521,977</u>
Operating Costs and Expenses:						
Film exhibition costs	1,021,457	934,246	976,912	291,561	436,539	916,054
Food and beverage costs	128,569	111,991	107,325	30,545	47,326	93,581
Operating expense	795,722	733,338	726,641	230,434	297,328	696,783
Rent	467,822	455,239	451,828	143,374	189,086	445,326
General and administrative:						
Merger, acquisition and transactions costs	3,398	1,161	2,883	3,366	4,417	3,958
Management fee	—	—	—	—	2,500	5,000
Other(2)	58,212	64,873	97,288	29,110	27,023	51,495
Depreciation and amortization	232,961	216,321	197,537	71,633	80,971	212,817
Impairment of long-lived assets	1,702	3,149	—	—	—	285
Operating costs and expenses	<u>2,709,843</u>	<u>2,520,318</u>	<u>2,560,414</u>	<u>800,023</u>	<u>1,085,190</u>	<u>2,425,299</u>
Operating income	237,057	175,072	189,014	11,469	120,882	96,678
Other expense (income)(3)	10,684	(8,344)	(1,415)	49	960	1,965
Interest expense:						
Corporate borrowings	96,857	111,072	129,963	45,259	67,614	172,159
Capital and financing lease obligations	9,231	9,867	10,264	1,873	2,390	5,968
Equity in (earnings) losses of non-consolidated entities	(37,131)	(26,615)	(47,435)	2,480	(7,545)	(12,559)
Investment expense (income)(4)	(6,115)	(8,145)	(2,084)	290	(41)	17,619
Earnings (loss) from continuing operations before income taxes	163,531	97,237	99,721	(38,482)	57,504	(88,474)
Income tax provision (benefit)(5)	59,675	33,470	(263,383)	3,500	2,500	2,015
Earnings (loss) from continuing operation	103,856	63,767	363,104	(41,982)	55,004	(90,489)
Gain (loss) from discontinued operations, net of income tax provision(6)	—	313	1,296	(688)	35,153	(3,609)
Net earnings (loss)	<u>\$ 103,856</u>	<u>\$ 64,080</u>	<u>\$ 364,400</u>	<u>\$ (42,670)</u>	<u>\$ 90,157</u>	<u>\$ (94,098)</u>
Basic earnings (loss) per share:						
Earnings (loss) from continuing operations	\$ 1.06	\$ 0.65	\$ 4.74	\$ (0.56)	\$ 0.87	\$ (1.43)
Gain (loss) from discontinued operations	—	0.01	0.02	(0.01)	0.55	(0.06)
Basic earnings (loss) per share	<u>\$ 1.06</u>	<u>\$ 0.66</u>	<u>\$ 4.76</u>	<u>\$ (0.57)</u>	<u>\$ 1.42</u>	<u>\$ (1.49)</u>
Average shares outstanding—Basic	97,963	97,506	76,527	74,988	63,335	63,335
Diluted earnings (loss) per share:						
Earnings (loss) from continuing operations	\$ 1.06	\$ 0.65	\$ 4.74	\$ (0.56)	\$ 0.86	\$ (1.43)
Gain (loss) from discontinued operations	—	0.01	0.02	(0.01)	0.55	(0.06)
Diluted earnings (loss) per share	<u>\$ 1.06</u>	<u>\$ 0.66</u>	<u>\$ 4.76</u>	<u>\$ (0.57)</u>	<u>\$ 1.41</u>	<u>\$ (1.49)</u>
Average shares outstanding—Diluted	98,029	97,700	76,527	74,988	63,715	63,335

(In thousands, except operating data)	Years Ended(1)(2)					
	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013	From Inception August 31, 2012 through December 31, 2012	March 30, 2012 through August 30, 2012	52 Weeks Ended March 29, 2012
	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)	(Predecessor)
<b>Balance Sheet Data (at period end):</b>						
Cash and equivalents	\$ 211,250	\$ 218,206	\$ 546,454	\$ 133,071		\$ 277,605
Corporate borrowings	1,934,561	1,791,005	2,078,811	2,078,675		2,146,534
Other long-term liabilities	462,626	419,717	370,946	433,151		426,829
Capital and financing lease obligations	101,864	109,258	116,199	122,645		62,220
Stockholder's equity	1,538,703	1,512,732	1,507,470	766,774		157,601
Total assets	5,110,085	4,763,732	5,046,724	4,273,838		3,640,267
<b>Other Data:</b>						
Net cash provided by operating activities	\$ 467,557	\$ 297,302	\$ 357,342	\$ 73,892	\$ 76,372	\$ 137,029
Capital expenditures	(333,423)	(270,734)	(260,823)	(72,774)	(40,116)	(139,359)
Screen additions	23	29	12	—	—	12
Screen acquisitions	410	36	37	166	—	—
Screen dispositions	14	33	29	15	31	106
Construction openings (closures), net	60	(48)	(32)	18	(18)	—
Average screens—continuing operations(7)	4,933	4,871	4,859	4,732	4,742	4,811
Number of screens operated	5,426	4,947	4,963	4,975	4,806	4,855
Number of theatres operated	387	346	343	342	331	336
Screens per theatre	14.0	14.3	14.4	14.5	14.5	14.4
Attendance (in thousands)—continuing operations(7)	196,902	187,241	199,270	60,336	90,616	194,205

- (1) On November 15, 2012, the Company announced it had changed its fiscal year to a calendar year so that the calendar year shall begin on January 1st and end on December 31st of each year. Prior to the change, fiscal years refer to the fifty-two weeks, and in some cases fifty-three weeks, ending on the Thursday closest to the last day of March.

On August 30, 2012, Wanda acquired Holdings through a merger between Holdings and Wanda Film Exhibition Co. Ltd. ("Merger Subsidiary"), a wholly-owned indirect subsidiary of Wanda, whereby Merger Subsidiary merged with and into Holdings with Holdings continuing as the surviving corporation and as a then wholly-owned indirect subsidiary of Wanda (the "Merger"). Prior to the Merger, Holdings was privately owned by a group of private equity investors and related funds.

In connection with the change of control due to the Merger, the Company's assets and liabilities were adjusted to fair value on the closing date of the Merger by application of "push down" accounting. As a result of the application of "push down" accounting in connection with the Merger, the Company's financial statement presentations herein distinguish between a predecessor period ("Predecessor"), for periods prior to the Merger, and a successor period ("Successor"), for periods subsequent to the Merger. The Successor applied "push down" accounting and its financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the Merger date. The selected financial data presented herein are those of Successor from its inception on August 31, 2012 through December 31, 2015, and those of Predecessor for all periods prior to the Merger date. As a result of the application of "push down" accounting at the time of the Merger, the selected financial data presented herein are for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable.

- (2) During the twelve months ended December 31, 2015, other general and administrative expense included the annual incentive compensation expense of \$14,759,000 and stock-based compensation expense of \$10,480,000. During the twelve months ended December 31, 2014, other general and administrative expense included the annual incentive compensation expense of \$13,327,000 and stock-based compensation expense of \$11,293,000. During the twelve months ended December 31, 2013, other general and administrative expense included both the annual incentive compensation expense of \$19,563,000 and the management profit sharing plan expense of \$11,300,000 related to improvements in net earnings, an IPO stock award of \$12,000,000 to certain members of management, and early retirement and severance expense of \$3,279,000. During the period of August 31, 2012 through December 31, 2012, other general and administrative expense included both the annual incentive compensation expense of \$11,733,000 and the management profit sharing plan expense of \$2,554,000 related to improvements in net earnings. Other general and administrative expense for the fifty-two weeks ended March 29, 2012 included annual incentive compensation expense of \$8,642,000.
- (3) During the twelve months ended December 31, 2015, AMCE recorded a loss on extinguishment related to the redemption of the Notes due 2020 of approximately \$9,318,000 and a loss on the modification of the Senior Secured Credit Facility of \$1,366,000. During the twelve months ended December 31, 2014, AMCE redeemed its Notes due 2019 resulting in a net gain of \$8,386,000.



- (4) Investment expense (income) includes an impairment loss of \$1,370,000 and \$17,751,000 during the twelve months ended December 31, 2013 and the fifty-two weeks ended March 29, 2012, respectively, related to the Company's investment in a marketable equity security.  
  
Prior to the date of the Merger on August 30, 2012, distributions received under the tax receivable agreement from NCM, Inc. were recorded as additional proceeds received in a similar fashion to the receipt of excess cash distributions from NCM. Following the date of the Merger, the Company recorded an intangible asset of \$20,900,000 as the fair value of the tax receivable agreement. The tax receivable agreement intangible asset is amortized on a straight-line basis against investment income over the remaining life of the Exhibitor Services Agreement ("ESA") and cash proceeds from the tax receivable agreement are recorded to investment income.
- (5) During the twelve months ended December 31, 2013, the Company reversed its recorded valuation allowance for deferred tax assets. The Company generated sufficient earnings in the United States federal and state tax jurisdictions where it had recorded valuation allowances to conclude that it did not need valuation allowances in these tax jurisdictions. This reversal is reflected as a non-cash income tax benefit recorded during the twelve months ended December 31, 2013. See Note 9—Income Taxes to the Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K.
- (6) All fiscal years presented include gains and losses from discontinued operations related to seven theatres in Canada and one theatre in the UK that were sold or closed in the Transition Period. During the period of March 30, 2012 through August 30, 2012, the Company recorded gains, net of lease termination expense, on the disposition of the seven Canada theatres and the one United Kingdom theatre of approximately \$39,382,000, primarily due to the write-off of long-term lease liabilities extinguished in connection with the sales and closure. During the twelve months ended December 31, 2013, we received \$4,666,000 for a sales price adjustment from the sale of theatres located in Canada. The gain from discontinued operations during the twelve months ended December 31, 2013, was partially offset by income taxes, legal and professional fees, and contractual repairs and maintenance expenses.
- (7) Includes consolidated theatres only.

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion relates to the consolidated audited financial statements of Holdings included elsewhere in this Form 10-K. This discussion contains forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements.

### **Overview**

We are one of the world's largest theatrical exhibition companies and an industry leader in innovation and operational excellence. 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 packaged tickets sales, on-line ticketing fees and arcade games located in theatre lobbies. As of December 31, 2015, we owned, operated or had interests in 387 theatres and 5,426 screens.

During the twelve months ended December 31, 2015, we opened 2 new theatres with a total of 23 screens and acquired 40 theatres with 410 screens, which includes the acquisition of SMH Theatres, Inc., permanently closed 1 theatre with 14 screens, and temporarily closed 430 screens and reopened 490 screens to implement our strategy and install consumer experience upgrades. In December 2015, the Company completed the acquisition of SMH Theatres, Inc. ("Starplex Cinemas"). Starplex Cinemas operates 33 theatres with 346 screens in small and mid-size markets in 12 states, which further complements the Company's large market portfolio.

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. We license films 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. 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. The settlement process allows for negotiation based upon how a film actually performs.

Recliner seating is the key feature of theatre renovations. These renovations 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. The renovation process typically involves losing up to two-thirds of a given auditorium's seating capacity. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving, on average, a 75% increase in attendance at these locations. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. The reseated theatres attract more midweek audiences than normal theatres and tend to draw more adults who pay higher ticket prices than teens or young children. We typically do not change ticket prices in the first year after construction, however, in subsequent years we typically increase our ticket prices at our reseated theatres.

Rebalancing of the new supply-demand relationship created by recliner seating presents us two further opportunities to improve customer convenience and maximize operating results: open-source internet ticketing and reserved seating.

*Open-source internet ticketing* makes all our seats (over 880,000) in all our theatres and auditoriums for all our showtimes as available as possible, on as many websites as possible. This is a significant departure from the years prior to 2012, when tickets to any one of our buildings were only available on one website. We believe increased online access is important because it captures customers' purchase intent more immediately and directly than if we had to wait until they showed up at the theatre box office to make a purchase. Once our customers buy a ticket, they are less likely to change their mind. Carefully monitoring internet pre-sales also lets us adjust capacity in real time, moving movies that are poised to overperform to larger capacity or more auditoriums, thereby maximizing yield.

*Reserved seating*, at some of our busiest theatres, allows our customers to choose a specific seat in advance of the movie. We believe that knowing there is a specifically chosen seat waiting for a show that promises to be a sellout is comforting to our customers, and removes anxiety around the experience. We believe reserved seating will become increasingly prevalent to the point of being a pre-requisite in the medium-term future.

We believe the comfort and personal space gains from recliner seating, coupled with the immediacy of demand captured from open-source internet ticketing and the anxiety removal of reserved seating make a powerful economic combination for us that none of our peer set is exploiting as aggressively as we are.

Technical innovation has allowed us to enhance the consumer experience through premium formats such as 3D, IMAX, and other large screen formats. When combined with our major markets' customer base, the operating flexibility of digital technology enhances our capacity utilization and dynamic pricing capabilities. This enables us to achieve higher ticket prices for premium formats and provide incremental revenue from the exhibition of alternative content such as live concerts, sporting events, Broadway shows, opera and other non-traditional programming. Within each of our major markets, we are able to charge a premium for these services relative to our smaller markets. We intend to continue to broaden our content offerings and enhance the customer experience in operating IMAX screens and through the installation of additional Dolby Cinema at AMC Prime screens, our proprietary large format ("PLF") screen concepts, and the presentation of attractive alternative content.

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 counters designed for rapid service and efficiency, including a customer friendly self-serve experience. We design our theatres to have more food and beverage capacity to make it easier to serve larger numbers of customers. Strategic placement of large food and beverage stands within theatres increases their visibility, aids in reducing the length of lines, allows flexibility to introduce new concepts and improves traffic flow around the food and beverage stands.

To address recent consumer trends, we are expanding 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 and other gourmet products. We plan to invest across a spectrum of enhanced food and beverage formats, ranging from simple, less capital-intensive food and beverage design improvements to the development of new dine-in theatre options to rejuvenate theatres approaching the end of their useful lives as traditional movie theatres and, in some of our larger theatres, to more efficiently monetize attendance. The costs of these conversions in some cases are partially covered by investments from the theatre landlord. We currently operate 19 *Dine-In Theatres* that deliver chef-inspired menus with seat-side or delivery service to luxury recliners with tables. Our recent *Dine-In Theatre* concepts are designed to capitalize on the latest food service trend, the fast casual eating experience.

Our revenues are dependent upon the timing and popularity of film releases by distributors. The most marketable films are usually released during the summer and the calendar year-end holiday seasons. Therefore, our business is highly seasonal, with higher attendance and revenues generally occurring during the summer months and holiday seasons. Our results of operations may vary significantly from quarter to quarter and from year to year.

During the 2015 calendar year, films licensed from our seven largest distributors based on revenues accounted for approximately 89% of our U.S. admissions revenues. 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.

During the period from 1990 to 2014, the annual number of first-run films released by distributors in the United States ranged from a low of 370 in 1995 to a high of 707 in 2014, according to Motion Picture Association of America 2014 Theatrical Market Statistics and prior reports. The number of digital 3D films released annually increased to a high of 47 in 2014 from a low of 0 during this same time period.

We continually upgrade the quality of our theatre circuit by adding new screens through new builds (including expansions) and acquisitions, substantial upgrades to seating concepts, expansion of food and beverage offerings, including dine-in theatres, and by disposing of older screens through closures and sales. We are an industry leader in the development and operation of theatres. Typically, our theatres have 12 or more screens and offer amenities to enhance the movie-going experience, such as stadium seating providing unobstructed viewing, digital sound and premium seat design.

As of December 31, 2015, we had 2,643 3D enabled screens, including 152 IMAX, and 13 PLF 3D enabled screens; approximately 49% of our screens were 3D enabled screens, including IMAX 3D enabled screens, and approximately 3% of our screens were IMAX 3D enabled screens. We are the largest IMAX exhibitor in the United States with a 44% market share and each of our IMAX local

installations is protected by geographic exclusivity. The following table identifies the upgrades to our theatre circuit during the periods indicated:

<b>Format</b>	<b>Number of Screens As of December 31, 2015</b>	<b>Number of Screens As of December 31, 2014</b>
Digital	5,426	4,946
3D enabled	2,643	2,413
IMAX (3D enabled)	152	150
Dolby Cinema at AMC Prime	12	—
Other PLF (3D enabled)	13	20
Dine-in theatres	312	265
Premium seating	1,119	598

On April 1, 2011, we launched *AMC Stubs*, a customer frequency program, which allows members to earn rewards, including \$10 for each \$100 spent, 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. Rewards must be redeemed no later than 90 days from the date of issuance. Upon redemption, deferred rewards are recognized as revenues along with associated cost of goods. Rewards not redeemed within 90 days are forfeited and recognized as admissions or food and beverage revenues. Progress rewards (member expenditures toward earned rewards) for expired memberships are forfeited upon expiration of the membership and recognized as admissions or food and beverage revenues. The program's annual membership fee is deferred, net of estimated refunds, and is recognized ratably over the one-year membership period.

As of December 31, 2015, we had 2,553,000 AMC Stubs members. Our AMC Stubs members represented approximately 21% of our attendance during 2015 with an average ticket price 4% lower than our non-members and food and beverage expenditures per patron 9% higher than non-members. The following table reflects AMC Stubs activity for the twelve months ended December 31, 2015:

<b>(In thousands)</b>	<b>AMC Stubs Revenue for Twelve Months Ended December 31, 2015</b>				
	<b>Deferred Membership Fees</b>	<b>Deferred Rewards</b>	<b>Other Theatre Revenues (Membership Fees)</b>	<b>Admissions Revenues</b>	<b>Food and Beverage Revenues</b>
Balance, December 31, 2014	\$ 11,408	\$ 16,129			
Membership fees received	25,157	—	\$ —	\$ —	\$ —
Rewards accumulated, net of expirations:					
Admissions	—	18,376	—	(18,376)	—
Food and beverage	—	27,052	—	—	(27,052)
Rewards redeemed:					
Admissions	—	(18,137)	—	18,137	—
Food and beverage	—	(26,407)	—	—	26,407
Amortization of deferred revenue	(24,423)	—	24,423	—	—
For the period ended or balance as of December 31, 2015	<u>\$ 12,142</u>	<u>\$ 17,013</u>	<u>\$ 24,423</u>	<u>\$ (239)</u>	<u>\$ (645)</u>

The following table reflects AMC Stubs activity for the twelve months ended December 31, 2014:

(In thousands)	AMC Stubs Revenue for Twelve Months Ended December 31, 2014				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, December 31, 2013	\$ 14,258	\$ 17,117			
Membership fees received	23,288	—	\$ —	\$ —	\$ —
Rewards accumulated, net of expirations:					
Admissions	—	16,951	—	(16,951)	—
Food and beverage	—	27,775	—	—	(27,775)
Rewards redeemed:					
Admissions	—	(17,593)	—	17,593	—
Food and beverage	—	(28,121)	—	—	28,121
Amortization of deferred revenue	(26,138)	—	26,138	—	—
For the period ended or balance as of December 31, 2014	<u>\$ 11,408</u>	<u>\$ 16,129</u>	<u>\$ 26,138</u>	<u>\$ 642</u>	<u>\$ 346</u>

The following table reflects AMC Stubs activity for the twelve months ended December 31, 2013:

(In thousands)	AMC Stubs Revenue for Twelve Months Ended December 31, 2013				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, December 31, 2012	\$ 10,596	\$ 15,819			
Membership fees received	28,092	—	\$ —	\$ —	\$ —
Rewards accumulated, net of expirations:					
Admissions	—	13,811	—	(13,811)	—
Food and beverage	—	36,495	—	—	(36,495)
Rewards redeemed:					
Admissions	—	(15,262)	—	15,262	—
Food and beverage	—	(33,746)	—	—	33,746
Amortization of deferred revenue	(24,430)	—	24,430	—	—
For the period ended or balance as of December 31, 2013	<u>\$ 14,258</u>	<u>\$ 17,117</u>	<u>\$ 24,430</u>	<u>\$ 1,451</u>	<u>\$ (2,749)</u>

#### Significant Events

**Carmike Cinemas.** On March 3, 2016, we, along with Carmike Cinemas, Inc. ("Carmike"), announced our entry into a definitive merger agreement pursuant to which we will acquire all of the outstanding shares of Carmike for \$30.00 per share in cash or approximately \$757 million. We entered into a debt financing commitment letter in connection with the merger agreement which provides senior secured incremental term loans in an aggregate amount of up to \$560 million and a senior subordinated bridge loan in an aggregate amount of up to \$300 million to fund the acquisition and to backstop the change of control put option in the existing Carmike indebtedness. There can be no assurance that we will be successful in completing the debt financing on favorable terms as it involves matters outside of our control. The merger is subject to customary closing conditions, including regulatory approval and approval by Carmike's shareholders. Carmike is a U.S. leader in digital cinema.

3D cinema deployments and alternative programming and is one of the nation's largest motion picture exhibitors. Carmike operates 276 theatres and 2,954 screens in 41 states focused primarily in mid-sized communities.

**Starplex Cinemas.** In December 2015, the Company completed the acquisition of Starplex Cinemas for cash. The purchase price for Starplex Cinemas was \$172,853,000, net of cash acquired, and is subject to working capital and other purchase price adjustments as described in the stock purchase agreement. Starplex Cinemas operates 33 theatres with 346 screens in small and mid-size markets in 12 states, which further complements the Company's large market portfolio. The Company expects to realize synergies and cost savings related to this acquisition as a result of purchasing and procurement economies of scale and general and administrative expense savings, particularly with respect to the consolidation of corporate related functions and elimination of redundancies. In January 2016, we divested of two Starplex Cinemas theatres with 22 screens, as required by the Antitrust Division of the United States Department of Justice. We received proceeds from the divestiture of approximately \$5,390,000.

#### **Corporate Borrowings.**

**Senior Secured Credit Agreement.** On April 30, 2013, AMCE entered into a \$925,000,000 Senior Secured Credit Facility pursuant to which it borrowed term loans (the "Term Loan due 2020"), and used the proceeds to fund the redemption of the former Senior Secured Credit Facility terms loans. The Senior Secured Credit Facility was comprised of a \$150,000,000 Revolving Credit Facility, which matured on April 30, 2018, and a \$775,000,000 term loan, which matured on April 30, 2020. The Term Loan due 2020 required repayments of principal of 0.25% of the original principal amount, or \$1,937,500, per quarter, with the remaining principal payable upon maturity. The term loan was issued at a 0.25% discount. We capitalized deferred financing costs of approximately \$6,909,000 related to the issuance of the Revolving Credit Facility and approximately \$2,217,000 related to the issuance of the Term Loan due 2020. We recorded a net gain of approximately \$130,000 in other expense (income), which consisted of a premium write-off, partially offset by the third-party costs incurred in connection with the repurchase due to the former Senior Secured Credit Facility term loans during the twelve months ended December 31, 2013.

On December 11, 2015, AMCE entered into a first amendment to its Senior Secured Credit Agreement dated April 30, 2013 ("First Amendment"). The First Amendment provides for the incurrence of \$125,000,000 incremental term loans ("Incremental Term Loan"). In addition, the First Amendment, among other things, (a) extends the maturity date with respect to (i) the existing Term Loan due 2020 and the Incremental Term Loan (together "Term Loan due 2022") to December 15, 2022 and (ii) the Revolving Credit Facility from April 30, 2018 to December 15, 2020 and (b) increases the applicable margin for the Term Loan due 2022 from 1.75% with respect to base rate borrowings to 2.25% and 2.75% with respect to LIBOR borrowings to 3.25%. We capitalized deferred financing costs of approximately \$6,545,000 related to the modification of the Revolving Credit Facility and approximately \$3,329,000 related to the modification of the term loans under the Senior Secured Credit Facility. The proceeds of the Incremental Term Loan were used by AMCE to pay expenses related to the First Amendment transactions and the Starplex Cinemas acquisition. We recorded a loss of approximately \$1,366,000 in other expense (income) during the twelve months ended December 31, 2015, which consisted of third-party costs, deferred financing costs, and discount write-off incurred in connection with the modification of the Senior Secured Credit Facility. At December 31, 2015, the aggregate principal balance of the Term Loan due 2022 was \$880,625,000 and borrowings under the Revolving Credit Facility were \$75,000,000. As of December 31, 2015, AMCE had approximately \$62,059,000 available for borrowing, net of letters of credit, under its Revolving Credit Facility.

**Notes due 2025.** On June 5, 2015, AMCE issued \$600,000,000 aggregate principal amount of its Notes due 2025 in a private offering. AMCE capitalized deferred financing costs of approximately

\$11,378,000, related to the issuance of the Notes due 2025. The Notes due 2025 mature on June 15, 2025. AMCE will pay interest on the Notes due 2025 at 5.75% per annum, semi-annually in arrears on June 15th and December 15th, commencing on December 15, 2015. AMCE may redeem some or all of the Notes due 2025 at any time on or after June 15, 2020 at 102.875% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after June 15, 2023, plus accrued and unpaid interest to the redemption date. Prior to June 15, 2020, AMCE may redeem the Notes due 2025 at par plus a make-whole premium. AMCE used the net proceeds from the Notes due 2025 private offering and cash on hand, to pay the consideration for the tender offer for the 9.75% Senior Subordinated Notes due 2020 ("Notes due 2020"), plus any accrued and unpaid interest and related transaction fees and expenses.

On June 5, 2015, in connection with the issuance of the Notes due 2025, AMCE entered into a registration rights agreement. Subject to the terms of the registration rights agreement, AMCE filed a registration statement on June 19, 2015 pursuant to the Securities Act of 1933, as amended, relating to an offer to exchange the original Notes due 2025 for exchange Notes due 2025 registered pursuant to an effective registration statement; the registration statement was declared effective on June 29, 2015, and AMCE commenced the exchange offer. The exchange notes have terms substantially identical to the original notes except that the exchange notes do not contain terms with respect to transfer restrictions and registration rights and additional interest payable for the failure to consummate the exchange offer within 210 days after the issue date. After the exchange offer expired on July 27, 2015, all of the original Notes due 2025 were exchanged.

*Notes due 2022.* On February 7, 2014, AMCE completed an offering of \$375,000,000 aggregate principal amount of its Senior Subordinated Notes due 2022 (the "Notes due 2022") in a private offering. AMCE capitalized deferred financing costs of approximately \$7,748,000, related to the issuance of the Notes due 2022. The Notes due 2022 mature on February 15, 2022. AMCE will pay interest on the Notes due 2022 at 5.875% per annum, semi-annually in arrears on February 15th and August 15th, commencing on August 15, 2014. AMCE may redeem some or all of the Notes due 2022 at any time on or after February 15, 2017 at 104.406% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after February 15, 2020, plus accrued and unpaid interest to the redemption date. Prior to February 15, 2017, AMCE may redeem the Notes due 2022 at par plus a make-whole premium. AMCE used the net proceeds from the Notes due 2022 private offering, together with a portion of the net proceeds from the Holdings' IPO, to pay the consideration and consent payments for the tender offer for the 8.75% Senior Fixed Rate Notes due 2019 ("Notes due 2019"), plus any accrued and unpaid interest and related transaction fees and expenses.

AMCE filed a registration statement on April 1, 2014 pursuant to the Securities Act of 1933, as amended, relating to an offer to exchange the original Notes due 2022 for exchange Notes due 2022. The registration statement was declared effective on April 9, 2014. After the exchange offer expired on May 9, 2014, all the original Notes due 2022 were exchanged.

*Notes due 2020.* On May 26, 2015, AMCE launched a cash tender offer for any and all of its outstanding Notes due 2020 at a purchase price of \$1,093 for each \$1,000 principal amount of Notes due 2020 validly tendered and accepted by AMCE on or before June 2, 2015 (the "Expiration Date"). Holders of \$581,324,000, or approximately 96.9%, of the Notes due 2020 validly tendered and did not withdraw their Notes due 2020 on or prior to the Expiration Date. On October 30, 2015, AMCE gave notice of its intention to redeem any and all of the remaining \$18,676,000 principal amount of the Notes due 2020 on December 1, 2015 at 104.875% of the principal amount, plus accrued and unpaid interest to the redemption date. AMCE completed the redemption of all of its outstanding Notes due 2020 on December 1, 2015. We recorded a loss on extinguishment related to the redemptions of the Notes due 2020 of approximately \$9,318,000 in other expense (income) during the twelve months ended December 31, 2015.

**Notes due 2019.** On January 15, 2014, AMCE launched a cash tender offer and consent solicitation for any and all of its outstanding Notes due 2019 at a purchase price of \$1,038.75 plus a \$30.00 consent fee for each \$1,000 principal amount of Notes due 2019 validly tendered and accepted by AMCE on or before the consent payment deadline on January 29, 2014 (the "Consent Date"). Holders of \$463,950,000, or approximately 77.33%, of the Notes due 2019 validly tendered (or defective tender waived by AMCE) and did not withdraw their Notes due 2019 prior to the expiration of the Consent Date. An additional \$14,000 of Notes due 2019 was tendered from the Consent Date to the expiration date of the tender offer. On February 7, 2014, AMCE accepted for purchase \$463,950,000 aggregate principal amount, plus accrued and unpaid interest of the Notes due 2019, at a purchase price of \$1,038.75 plus a \$30.00 consent fee for each \$1,000 principal amount of Notes due 2019 validly tendered (or defective tender waived by AMCE), and, on February 14, 2014, AMCE accepted for purchase the additional \$14,000 of Notes due 2019 tendered after the Consent Date, plus accrued and unpaid interest, at a purchase price of \$1,038.75 for each \$1,000 principal amount of Notes due 2019 validly tendered. On April 22, 2014, AMCE gave notice for redemption of all outstanding Notes due 2019 on a redemption date of June 1, 2014 (the "Redemption Date") at a redemption price of 104.375% of the principal amount together with accrued and unpaid interest to the Redemption Date. The aggregate principal amount of the Notes due 2019 outstanding on April 22, 2014 was \$136,036,000. AMCE completed the redemption of all of its outstanding Notes due 2019 on June 2, 2014. We recorded a gain on extinguishment related to the cash tender offer and redemption of the Notes due 2019 of approximately \$8,544,000 in other expense (income), partially offset by other expenses of \$158,000 during the twelve months ended December 31, 2014.

**Postretirement Medical Plan Termination.** On January 12, 2015, the Compensation Committee and the Board of Directors of Holdings, adopted resolutions to terminate the AMC Postretirement Medical Plan with an effective date of March 31, 2015. During the three months ended March 31, 2015, we notified eligible associates that their retiree medical coverage under the plan will terminate after March 31, 2015. Payments to eligible associates were approximately \$4,300,000 during the twelve months ended December 31, 2015. We recorded net periodic benefit credits of \$18,118,000, including curtailment gains, settlement gains, amortization of unrecognized prior service credits and amortization of actuarial gains recorded in accumulated other comprehensive income related to the termination and settlement of the plan during the twelve months ended December 31, 2015.

**NCM.** On May 5, 2014, NCM, Inc., the sole manager of NCM LLC, announced that it had entered into a merger agreement to acquire Screenvision, LLC for \$375,000,000, consisting of cash and NCM, Inc. common stock. Consummation of the transaction was subject to regulatory approvals and other customary closing conditions. On November 3, 2014, the U.S. Department of Justice filed an antitrust lawsuit seeking to enjoin the transaction. On March 16, 2015, NCM, Inc. and Screenvision, LLC decided to terminate the merger agreement. The termination of the merger agreement was effective upon NCM, Inc.'s payment of a \$26,840,000 termination payment. The estimated legal and other transaction expenses were approximately \$14,990,000. NCM LLC, of which AMC was an approximate 15.05% owner at March 31, 2015, had agreed to indemnify NCM, Inc. and bear a pro rata portion of the termination fee and other transaction expenses. Accordingly, we recorded expense of approximately \$6,300,000 in equity in earnings of non-consolidated entities associated with these transaction expenses recorded by NCM LLC during the twelve months ended December 31, 2015.



**Dividends.** 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 thousands)</u>
February 3, 2015	March 9, 2015	March 23, 2015	\$ 0.20	\$ 19,637
April 27, 2015	June 8, 2015	June 22, 2015	0.20	19,635
July 28, 2015	September 8, 2015	September 21, 2015	0.20	19,622
October 29, 2015	December 7, 2015	December 21, 2015	0.20	19,654
April 25, 2014	June 6, 2014	June 16, 2014	0.20	19,576
July 29, 2014	September 5, 2014	September 15, 2014	0.20	19,576
October 27, 2014	December 5, 2014	December 15, 2014	0.20	19,577

During the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014, we paid dividends and dividend equivalents of \$78,608,000 and \$58,504,000, respectively. At December 31, 2015 and December 31, 2014, we accrued \$165,000 and \$225,000, respectively, for the remaining unpaid dividends.

On February 25, 2016, Holdings' Board of Directors declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, payable on March 21, 2016 to stockholders of record on March 7, 2016.

**Dolby Cinema™ at AMC Prime®.** On April 9, 2015, we, along with Dolby Laboratories, Inc., announced Dolby Cinema at AMC Prime, a premium cinema offering for moviegoers that combines spectacular image and sound technologies with design and comfort. Dolby Cinema at AMC Prime includes Dolby Vision™ laser projection and Dolby Atmos® sound, as well as AMC Prime power reclining seats with seat transducers that vibrate with the action on screen. As of December 31, 2015, we have 12 fully operational Dolby Cinema at AMC Prime screens and we expect to have an additional 30 to 35 screens in operation by the end of 2016. We intend to expand to operating 100 Dolby Cinema at AMC Prime locations by December 2024.

**Executive Officers.** On July 17, 2015, Mr. Gerardo I. Lopez provided us with notice of his resignation from his positions as Chief Executive Officer, President and Director, effective August 6, 2015. Holdings' Board of Directors appointed Mr. Craig R. Ramsey, Holdings' current Executive Vice President and Chief Financial Officer, to serve in the additional capacities of Interim Chief Executive Officer and Interim President of Holdings, which he did until January 4, 2016. The Board hired Mr. Adam M. Aron as the Chief Executive Officer, President, and Director of the Company, effective as of January 4, 2016. Mr. Ramsey will continue to serve as the Company's Executive Vice President and Chief Financial Officer.

**Valuation Allowance.** On December 31, 2013, we reversed \$265,600,000 of our recorded valuation allowance for deferred tax assets which significantly contributed to our recorded income tax benefit of \$263,383,000 for the twelve months ended December 31, 2013. We generated sufficient earnings in the United States federal and state tax jurisdictions where we had recorded valuation allowances to conclude that we did not need valuation allowances in these tax jurisdictions.

**Initial Public Offering of Holdings.** On December 23, 2013, Holdings completed the IPO of 18,421,053 shares of Class A common stock at a price of \$18.00 per share. In connection with the IPO, the underwriters exercised in full their option to purchase an additional 2,631,579 shares of Class A common stock. As a result, the total IPO size was 21,052,632 shares of Class A common stock and the net proceeds were approximately \$355,299,000 after deducting underwriting discounts and commissions and offering expenses. The net proceeds of the IPO, after deducting offering expenses, were contributed to AMCE. Wanda holds approximately 77.85% of Holdings' outstanding common stock and

91.34% of the combined voting power of Holdings' outstanding common stock as of December 31, 2015.

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

Our Consolidated Financial Statements are prepared in accordance with GAAP. In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our Consolidated Financial Statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. We have identified several policies as being critical because they require management to make particularly difficult, subjective and complex judgments about matters that are inherently uncertain, and there is a likelihood that materially different amounts would be reported under different conditions or using different assumptions. See Note 11—Income Taxes of the Notes to Consolidated Financial Statements in Item 8 of Part II in our Annual Report on Form 10-K for the twelve months ended December 31, 2013 for further information and in particular our reversal of recorded valuation allowance for the twelve months ended December 31, 2013.

All of our significant accounting policies are discussed in Note 1 to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

*Impairments.* We evaluate goodwill and other indefinite lived intangible assets for impairment annually or more frequently as specific events or circumstances dictate. We have invested material amounts of capital in goodwill and other intangible assets in addition to other long-lived assets. 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 not uncommon for us to closely monitor certain locations where operating performance may not meet our expectations.

We review long-lived assets, including definite-lived intangibles, investments in non-consolidated equity method investees, marketable equity securities and internal use software for impairment 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 review internal management reports on a quarterly basis as well as monitor current and potential future competition in the markets where we operate for indicators of triggering events or circumstances that indicate potential impairment of individual theatre assets. 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. We perform our impairment analysis during the last quarter of the year. Under these analyses, if the sum of the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount of the asset group, an impairment loss is recognized in the amount by which the carrying value of the asset exceeds its estimated 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 impairment evaluation is based on the estimated cash flows from continuing use until the expected disposal date for the fair value of furniture, fixtures and equipment. The expected disposal date does not exceed the remaining lease period unless it is probable existing renewal options will be exercised and may be less than the remaining lease period when we do not expect to operate the theatre to the end of its lease term. 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. The fair value of furniture,

fixtures and equipment has been determined using similar asset sales, in some instances with the assistance of third party valuation studies and using management judgment.

We have recorded impairment charges primarily related to long-lived assets of \$1,702,000, \$3,149,000 and \$1,370,000 during the twelve months ended December 31, 2015, December 31, 2014 and December 31, 2013, 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 revenues, cash flows, capital expenditures, and the cost of capital, among others. We believe we have used reasonable and appropriate business judgments. There is considerable management judgment with respect to cash flow estimates and appropriate multiples and 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 also 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.

Our recorded goodwill was \$2,406,691,000 and \$2,289,800,000 as of December 31, 2015 and December 31, 2014, respectively. We evaluate goodwill and our indefinite-lived trademarks for impairment annually during our 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. Our goodwill is recorded in our Theatrical Exhibition operating segment, which is also the reporting unit for purposes of evaluating recorded goodwill for impairment. If the carrying value of the reporting unit exceeds its fair value, we are required to reallocate the fair value of the reporting unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit.

At December 31, 2015 and December 31, 2014, we assessed qualitative factors and reached a determination that it is not more likely than not that the fair value of our reporting unit is less than its carrying value and therefore the two step method, as described in ASC 350-20, is not necessary. Factors considered in determining this conclusion include but are not limited to the excess fair value of our equity as determined by Holdings' closing stock price on December 31, 2015 over our carrying value as of December 31, 2015 and our Adjusted EBITDA improvement from calendar 2014. At December 31, 2015, the fair value of our total stockholders' equity exceeded the carrying value by more than 10%.

There was no goodwill impairment as of December 31, 2015 and December 31, 2014.

*Film Exhibition Costs.* We have agreements with film companies who provide the content we make available to our customers. We are required to routinely make estimates and judgments about box office receipts for certain films and for films provided by specific film distributors in closing our books each period. These estimates are subject to adjustments based upon final settlements and determinations of final amounts due to our content providers that are typically based on a film's box office receipts and how well it performs. Licenses that we enter into typically state that rental fees are based on aggregate terms established prior to the opening of the film. In certain circumstances and less frequently, our rental fees are based on a mutually agreed settlement upon the conclusion of the film. We rely upon our industry experience, industry expectations of how well a film will perform and professional judgment in determining amounts to fairly record these obligations at any given point in time. The accruals made for film costs have historically been material and we expect they will continue to be so into the future. During the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, our film exhibition costs totaled \$1,021,457,000, \$934,246,000, and \$976,912,000, respectively.

*Income and operating taxes.* Income and operating taxes are inherently difficult to estimate and record. This is due to the complex nature of the U.S. tax code and also because our returns are

routinely subject to examination by government tax authorities, including federal, state and local officials. Most of these examinations take place a few years after we have filed our tax returns. Our tax audits in many instances raise questions regarding our tax filing positions, the timing and amount of deductions claimed and the allocation of income among various tax jurisdictions. At December 31, 2015, our federal income tax loss carry forward of approximately \$542,102,000, which will begin to expire in 2017, and our state income tax loss carryforwards of \$321,105,000, which may be used over various periods ranging from 1 to 20 years, requires us to estimate the amount of carry forward losses that we can reasonably be expected to realize. Future changes in conditions and in the tax code may change these strategies and thus change the amount of carry forward losses that we expect to realize and the amount of valuation allowances we have recorded. Accordingly future reported results could be materially impacted by changes in tax matters, positions, rules and estimates and these changes could be material.

*Theatre and Other Closure Expense.* Theatre and other closure expense is primarily related to payments made or received or expected to be made or received to or from landlords to terminate leases on certain of our closed theatres, other vacant space and theatres where development has been discontinued. Theatre and other closure expense is recognized at the time the theatre or auditorium closes, space becomes vacant or development is discontinued. Expected payments to or from landlords are based on actual or discounted contractual amounts. We estimate theatre closure expense based on contractual lease terms and our estimates of taxes and utilities. The discount rate we use to estimate theatre and other closure expense is based on estimates of our borrowing costs at the time of closing. Our theatre and other closure liabilities have been measured using a discount rate of approximately 6.0% to 9.0%. We have recorded theatre and other closure expense, which is included in operating expense in the Consolidated Statements of Operations, of \$5,028,000, \$9,346,000 and \$5,823,000 during the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively.

*Gift card and packaged ticket income.* As noted in our significant accounting policies for revenue, we defer 100% of these items and recognize these amounts as they are redeemed by customers or as income related to non-redeemed amounts is recognized. A vast majority of gift cards are used or partially used. However a portion of the gift cards and packaged tickets we sell to our customers are not redeemed and not used in whole or in part. We are required to estimate income related to non-redeemed and partially redeemed cards and do so based upon our historical redemption patterns. Our history indicates that if a card or packaged ticket is not used for 18 months or longer, its likelihood of being used past this 18 month period is remote. We recognize income for non-redeemed or partially redeemed gift cards using the Proportional Method, pursuant to which we apply a non-redemption rate for our five gift card sales channels which range from 15% to 21% of our current month sales, and we recognize that total amount of income for that current month's sales as income over the next 24 months in proportion to the pattern of actual redemptions. We have determined our non-redemption rates and redemption patterns using data accumulated over ten years on a company-wide basis. Income for non-redeemed packaged tickets continues to be recognized as the redemption of these items is determined to be remote, that is if a ticket has not been used within 18 months after being purchased. During the twelve months ended December 31, 2015, December 31, 2014 and December 31, 2013, we recognized \$22,879,000, \$21,347,000 and \$19,510,000 of income, respectively, related to the derecognition of gift card liabilities, which was recorded in other theatre revenues in the Consolidated Statements of Operations. During the twelve months ended December 31, 2015, December 31, 2014 and December 31, 2013, we recognized \$12,079,000, \$11,710,000 and \$0 of income, respectively, related to the derecognition of package ticket liabilities, which was recorded in other theatre revenues in the Consolidated Statements of Operations. As a result of fair value accounting due to Wanda acquiring Holdings on August 30, 2012, we did not recognize any income on packaged tickets until 18 months after August 30, 2012.

## Operating Results

The following table sets forth our revenues, operating costs and expenses attributable to our theatrical exhibition operations. Reference is made to Note 15—Operating Segment to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for additional information therein:

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
<b>Revenues</b>			
Theatrical exhibition			
Admissions	\$ 1,892,037	\$ 1,765,388	\$ 1,847,327
Food and beverage	910,086	797,735	786,912
Other theatre	144,777	132,267	115,189
Total revenues	<u>2,946,900</u>	<u>2,695,390</u>	<u>2,749,428</u>
<b>Operating costs and expenses</b>			
Theatrical exhibition			
Film exhibition costs	1,021,457	934,246	976,912
Food and beverage costs	128,569	111,991	107,325
Operating expense	795,722	733,338	726,641
Rent	467,822	455,239	451,828
General and administrative expense:			
Merger, acquisition and transaction costs	3,398	1,161	2,883
Other	58,212	64,873	97,288
Depreciation and amortization	232,961	216,321	197,537
Impairment of long-lived assets	1,702	3,149	—
Operating costs and expenses	<u>2,709,843</u>	<u>2,520,318</u>	<u>2,560,414</u>
Operating income	237,057	175,072	189,014
Other expense (income)			
Other expense (income)	10,684	(8,344)	(1,415)
Interest expense:			
Corporate borrowings	96,857	111,072	129,963
Capital and financing lease obligations	9,231	9,867	10,264
Equity in earnings of non-consolidated entities	(37,131)	(26,615)	(47,435)
Investment income	(6,115)	(8,145)	(2,084)
Total other expense	<u>73,526</u>	<u>77,835</u>	<u>89,293</u>
Earnings from continuing operations before income taxes	163,531	97,237	99,721
Income tax provision (benefit)	59,675	33,470	(263,383)
Earnings from continuing operations	103,856	63,767	363,104
Gain from discontinued operations, net of income taxes	—	313	1,296
Net earnings	<u>\$ 103,856</u>	<u>\$ 64,080</u>	<u>\$ 364,400</u>

	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
<b>Operating Data—Continuing Operations:</b>			
Screen additions	23	29	12
Screen acquisitions	410	36	37
Screen dispositions	14	33	29
Construction openings (closures), net	60	(48)	(32)
Average screens—continuing operations(1)	4,933	4,871	4,859
Number of screens operated	5,426	4,947	4,963
Number of theatres operated	387	346	343
Screens per theatre	14.0	14.3	14.5
Attendance (in thousands)—continuing operations(1)	196,902	187,241	199,270

(1) Includes consolidated theatres only.

We present Adjusted EBITDA as a supplemental measure of our performance that is commonly used in our industry. We define Adjusted EBITDA as earnings (loss) from continuing operations 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 any cash distributions of earnings from our 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.

The following table sets forth our reconciliation of Adjusted EBITDA:

**Reconciliation of Adjusted EBITDA  
(unaudited)**

<u>(In thousands)</u>	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Earnings from continuing operations	\$ 103,856	\$ 63,767	\$ 363,104
Plus:			
Income tax provision (benefit)(1)	59,675	33,470	(263,383)
Interest expense	106,088	120,939	140,227
Depreciation and amortization	232,961	216,321	197,537
Impairment of long-lived assets	1,702	3,149	—
Certain operating expenses(2)	16,773	21,686	13,913
Equity in earnings of non-consolidated entities	(37,131)	(26,615)	(47,435)
Cash distributions from non-consolidated entities	34,083	35,243	31,501
Investment income	(6,115)	(8,145)	(2,084)
Other expense (income)(3)	10,684	(8,344)	(127)
General and administrative expense—unallocated:			
Merger, acquisition and transaction costs	3,398	1,161	2,883
Stock-based compensation expense(4)	10,480	11,293	12,000
Adjusted EBITDA	<u>\$ 536,454</u>	<u>\$ 463,925</u>	<u>\$ 448,136</u>

- (1) During the twelve months ended December 31, 2013, we reversed our recorded valuation allowance for deferred tax assets. We generated sufficient earnings in the United States federal and state tax jurisdictions where we had recorded valuation allowances to allow us to conclude that we did not need valuation allowances in these tax jurisdictions. This reversal is reflected as a non-cash income tax benefit recorded during the twelve months ended December 31, 2013.
- (2) Amounts represent preopening expense, theatre and other closure expense, deferred digital equipment rent expense, and disposition of assets and other gains included in operating expenses.
- (3) Other expense for the twelve months ended December 31, 2015 was due to a net loss on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2020 and modification of our Senior Secured Credit Agreement. Other income for the twelve months ended December 31, 2014 was due to net gains on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2019.
- (4) 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 or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with 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 liquidity, estimate our value and evaluate our ability to service debt.

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 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.

Free Cash Flow is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to cash flows from operating activities as a measure of liquidity (as determined in accordance with U.S. GAAP). We define free cash flow as adjusted EBITDA minus the sum of cash distributions from non-consolidated entities, cash taxes, cash interest, capital expenditures (excluding change in construction payables) net of landlord contributions, mandatory payments of principal under any credit facility and payments under capital lease obligations and financing lease obligations. This non-GAAP financial measure may not be comparable to similarly titled measures reported by other companies. We have included Free Cash Flow as we believe it provides a useful measure of cash flows generated by our operations, and because it is used by management to assess the liquidity of our Company. The following table sets forth our reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow:

**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow  
(unaudited)**

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Net cash provided by operating activities	\$ 467,557	\$ 297,302	\$ 357,342
Plus:			
Equity in earnings from equity method investees	(27,528)	(26,513)	(27,824)
Deferred rent (excluding digital equipment rent)	24,227	19,340	12,271
Net periodic benefit costs	18,208	3,418	(973)
Change in working capital, accruals and other	(4,667)	75,317	(58,869)
General and administrative expense: merger, acquisition and transaction costs	3,398	1,161	2,883
Investment income	(6,115)	(8,145)	(2,084)
Gain from discontinued operations	—	(313)	(1,296)
Capital expenditures (excluding change in construction payables)	(338,813)	(275,090)	(270,884)
Principal payments under Term Loan	(5,813)	(7,750)	(7,813)
Principal payments under capital and financing lease obligations	(7,840)	(6,941)	(6,446)
Principal payments under promissory note	(1,389)	(1,389)	—
Free Cash Flow	<u>\$ 121,225</u>	<u>\$ 70,397</u>	<u>\$ (3,693)</u>



The following table sets forth our reconciliation of Adjusted EBITDA to Free Cash Flow:

**Reconciliation of Adjusted EBITDA to Free Cash Flow**  
(unaudited)

(In thousands)	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Adjusted EBITDA	\$ 536,454	\$ 463,925	\$ 448,136
Minus:			
Cash distributions from non-consolidated entities	34,083	35,243	31,501
Income taxes, net	5,351	1,084	1,646
Cash interest expense	105,286	125,549	151,629
Capital expenditures (excluding change in construction payables)	338,813	275,090	270,884
Landlord contributions	(83,346)	(59,518)	(18,090)
Principal payments under Term Loan	5,813	7,750	7,813
Principal payments under capital and financing lease obligations	7,840	6,941	6,446
Principal payments under promissory note	1,389	1,389	—
Free Cash Flow	<u>\$ 121,225</u>	<u>\$ 70,397</u>	<u>\$ (3,693)</u>

**Results of Operations—For the Twelve Months Ended December 31, 2015 and the Twelve Months Ended December 31, 2014**

**Revenues.** Total revenues increased 9.3%, or \$251,510,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014. Admissions revenues increased 7.2%, or \$126,649,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, primarily due to a 5.2% increase in attendance and a 1.9% increase in average ticket price. The increase in attendance was primarily due to the popularity of film product during the current period and our comfort and convenience theatre renovation initiatives during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014. Total admissions revenues were increased (decreased) by rewards redeemed, net of deferrals, of (\$239,000) and \$642,000 related to rewards accumulated under AMC Stubs during the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014, respectively. The rewards accumulated under AMC Stubs are deferred and recognized in future periods upon redemption or expiration of customer rewards. The increase in average ticket price was primarily due to an increase related to tickets purchased for IMAX and 3D premium format film product.

Food and beverage revenues increased 14.1%, or \$112,351,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, primarily due to an 8.5% increase in food and beverage revenues per patron and the increase in attendance. The increase in food and beverage revenues per patron reflects increased prices associated with converting from tax inclusive pricing to tax on top pricing effective at the start of the fourth quarter of calendar 2014 and the contribution of our food and beverage strategic initiatives, partially offset by refunds of sales taxes paid in prior periods recorded as food and beverage revenue during the fourth quarter of calendar 2014. Total food and beverage revenues were increased (decreased) by rewards redeemed, net of deferrals, of \$(645,000) and \$346,000 related to rewards accumulated under AMC Stubs during the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014, respectively.

Total other theatre revenues increased 9.5%, or \$12,510,000 during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, primarily due to increases in income from internet ticket fees related to our comfort and convenience initiatives and popularity of film product, gift card sales, advertising revenues, and theatre meeting rentals, partially offset by decreases in income from AMC Stubs membership fees earned.

**Operating costs and expenses.** Operating costs and expenses increased 7.5%, or \$189,525,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014. Film exhibition costs increased 9.3%, or \$87,211,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, primarily due to the increase in admissions revenues and the increase in film exhibition costs as a percentage of admission revenues. As a percentage of admissions revenues, film exhibition costs were 54.0% for the twelve months ended December 31, 2015 and 52.9% for the twelve months ended December 31, 2014 due to a change in mix to higher grossing film product carrying higher percentage film rent.

Food and beverage costs increased 14.8%, or \$16,578,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014. As a percentage of food and beverage revenues, food and beverage costs were 14.1% for the twelve months ended December 31, 2015 and 14.0% for the twelve months ended December 31, 2014. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues. Our food and beverage costs as a percentage of food and beverage revenues benefited during the prior year from refunds of sales taxes paid in prior periods recorded as food and beverage revenue during the fourth quarter of 2014. Food and beverage gross profit per patron increased 8.5%, and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 27.0% for the twelve months ended December 31, 2015 as compared to 27.2% for the twelve months ended December 31, 2014, primarily due to the increase in attendance and a decrease in theatre closure expense and NCM beverage advertising expense, partially offset by increases in salaries, IMAX and 3D format and licensing fees, credit card expense and supplies. In May 2014, one theatre in Canada was permanently closed, which resulted in approximately \$4,200,000 of expense in the prior year. Rent expense increased 2.8%, or \$12,583,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, primarily from the increase in the number of theatres operated and increases in percentage rent due to revenue increases, partially offset by declines in rent-related sales tax.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$3,398,000 during the twelve months ended December 31, 2015 compared to \$1,161,000 during the twelve months ended December 31, 2014, primarily due to an increase in legal and professional and consulting costs and increased merger and acquisition activity.

**Other.** Other general and administrative expense decreased 10.3%, or \$6,661,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, due primarily to the net periodic benefit credit of \$18,118,000 related to the termination and settlement of the AMC Postretirement Medical Plan and declines in stock-based compensation expense, partially offset by an increase in expense related to legal costs, salaries, annual incentive compensation, theatre support center rent, and professional and consulting fees. See Note 11—Employee Benefit Plans of the Notes to Consolidated Financial Statements in Item 1 of Part I of this Form 10-K for further information regarding the components of net periodic benefit credit, including recognition of the prior service credits and net actuarial gains recorded in accumulated other comprehensive income, curtailment gains, and settlement gains.

**Depreciation and amortization.** Depreciation and amortization increased 7.7%, or \$16,640,000, during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, primarily due to the increase in depreciable assets resulting from capital expenditures of \$333,423,000 and \$270,734,000, during the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014, respectively.

**Impairment of long-lived assets.** We recognized non-cash impairment losses of \$1,702,000 on three theatres with 15 screens (in New York, Maryland, and Washington D.C.), which was related to property, net, of \$863,000 and intangible assets, net of \$839,000, during the twelve months ended December 31, 2015. During the twelve months ended December 31, 2014, we recognized non-cash impairment losses of \$3,149,000 on eight theatres with 94 screens (in the District of Columbia, Florida, Georgia, Maryland, Michigan, New York and Oklahoma) in property, net.

**Other Expense (Income):**

**Other expense (income).** Other expense (income) during the twelve months ended December 31, 2015 was due to a loss on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2020 of \$9,318,000 and loss on modification of our Senior Secured Credit Facility of \$1,366,000. Other expense (income) during the twelve months ended December 31, 2014 was due to a gain on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2019 of \$8,544,000, partially offset by other expenses of \$158,000.

**Interest expense.** Interest expense decreased 12.3%, or \$14,851,000, for the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014, primarily due to the decrease in interest rates for corporate borrowings and a decrease in aggregate average principal amounts outstanding during the year. In June 2015, AMCE completed an offering of \$600,000,000 principal amount of its 5.75% Senior Subordinated Notes due 2025 and extinguished \$581,324,000 principal amount of its 9.75% Senior Subordinated Notes due 2020. In December 2015, AMCE extinguished the remaining \$18,676,000 principal amount of its 9.75% Senior Subordinated Notes due 2020, issued additional term loans due 2022 of \$125,000,000 under its Senior Secured Credit Agreement and borrowed \$75,000,000 on its Revolving Credit Facility. In February 2014, AMCE completed an offering of \$375,000,000 principal amount of its 5.875% Senior Subordinated Notes due 2022 and in February 2014 and June 2014, extinguished \$463,964,000 and the remaining outstanding principal of \$136,036,000, respectively of its 8.75% Senior Notes due 2019.

**Equity in earnings of non-consolidated entities.** Equity in earnings of non-consolidated entities were \$37,131,000 for the twelve months ended December 31, 2015 compared to \$26,615,000 for the twelve months ended December 31, 2014. The increase in equity in earnings of non-consolidated entities of \$10,516,000 was primarily due to decreases in equity in losses from Open Road Films and increases in equity in earnings from DCIP. During the twelve months ended December 31, 2015, we suspended equity method accounting for our investment in Open Road Films when the negative investment in Open Road Films reached our commitment of \$10,000,000. The cash distributions from non-consolidated entities were \$34,083,000 during the twelve months ended December 31, 2015, and \$35,243,000 during the twelve months ended December 31, 2014, which includes payments related to the NCM tax receivable agreement recorded in investment income. See Note 5—Investments and Note 12—Commitments and Contingencies of the Notes to Consolidated Financial Statements in Item 1 of Part I of this Form 10-K for further information.

**Investment income.** Investment income was \$6,115,000 for the twelve months ended December 31, 2015 compared to investment income of \$8,145,000 for the twelve months ended December 31, 2014. Investment income for the twelve months ended December 31, 2015 includes payments received of \$6,554,000 related to the NCM tax receivable agreement compared to payments received of \$8,730,000 during the twelve months ended December 31, 2014.

**Income tax provision.** The income tax provision from continuing operations was \$59,675,000 for the twelve months ended December 31, 2015 and \$33,470,000 for the twelve months ended December 31, 2014. See Note 9—Income Taxes of the Notes to Consolidated Financial Statements in Item 1 of Part I of this Form 10-K for further information.

**Gain from discontinued operations, net of income taxes.** Gain from discontinued operations was \$0 and \$313,000 during the twelve months ended December 31, 2015 and December 31, 2014, respectively.

**Net earnings.** Net earnings were \$103,856,000 and \$64,080,000 during the twelve months ended December 31, 2015 and December 31, 2014, respectively. Net earnings during the twelve months ended December 31, 2015 compared to the twelve months ended December 31, 2014 were positively impacted by the increase in attendance, food and beverage revenue per patron and average ticket price, the decrease in interest expense, the increase in equity in earnings of non-consolidated entities, the decrease in general and administrative: other expense, and the decrease in theatre and other closure expense. Net earnings were negatively impacted by the increase in income tax provision, the extinguishment of indebtedness related to the cash tender offers, and the increase in depreciation expense.

#### **Results of Operations—For the Twelve Months Ended December 31, 2014 and the Twelve Months Ended December 31, 2013**

**Revenues.** Total revenues decreased 2.0%, or \$54,038,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013. Admissions revenues decreased 4.4%, or \$81,939,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, primarily due to a 6.0% decrease in attendance, partially offset by a 1.7% increase in average ticket price. Total admissions revenues were increased by redemptions, net of deferrals, of \$642,000 and \$1,451,000, related to rewards accumulated under AMC Stubs, during the twelve months ended December 31, 2014 and the twelve months ended December 31, 2013, respectively. The rewards accumulated under AMC Stubs are deferred and recognized in future periods upon redemption or expiration of customer rewards. The increase in average ticket price was primarily due to an increase in ticket prices for traditional film product, an increase in tickets purchased for alternative film content and an increase related to tickets purchased for 3D premium format film product, partially offset by declines in AMC Stubs redemptions net of deferrals and decreases in tickets purchased for IMAX premium format film product, due to the popularity of IMAX product.

Food and beverage revenues increased 1.4%, or \$10,823,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, primarily due to a 7.8% increase in food and beverage revenues per patron, partially offset by the decline in attendance. The increase in food and beverage revenues per patron reflects the popularity of family-oriented film product during the twelve months ended December 31, 2014, the contribution of our food and beverage strategic initiatives, increased prices associated with converting from tax inclusive pricing to tax on top pricing effective at the start of the fourth quarter of calendar 2014 and refunds of sales taxes paid in prior periods recorded as food and beverage revenue during the fourth quarter of calendar 2014. The increase in total food and beverage revenues also benefited from rewards redeemed, net of deferrals of \$346,000 during the twelve months ended December 31, 2014 related to rewards accumulated under AMC Stubs compared to a decrease of \$2,749,000, during the twelve months ended December 31, 2013 for revenue deferrals, net of rewards redeemed.

Other theatre revenues increased 14.8%, or \$17,078,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, primarily due to increases in income from package ticket sales, internet ticket fees related to our comfort and convenience initiatives and our recently launched AMC Online E-commerce website, income from gift card sales and AMC Stubs membership fees earned. The increase in income on packaged tickets of \$11,710,000 was due to fair value accounting as a result of Wanda acquiring Holdings on August 30, 2012. We did not recognize any income on packaged ticket sales until 18 months after August 30, 2012. We began recognizing income on packaged tickets in March of 2014 and expect to continue recording income prospectively.

**Operating costs and expenses.** Operating costs and expenses decreased 1.6%, or \$40,096,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013. Film exhibition costs decreased 4.4%, or \$42,666,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, primarily due to the decrease in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 52.9% for the twelve months ended December 31, 2014 and December 31, 2013.

Food and beverage costs increased 4.3%, or \$4,666,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013 due to the increase in food and beverage costs as a percentage of food and beverage revenues and the increase in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 14.0% for the twelve months ended December 31, 2014 and 13.6% for the twelve months ended December 31, 2013, this increase was primarily due to food and beverage cost increases and a shift in product mix to premium items that generate higher sales at lower profit margin percentages. Our food and beverage costs as a percentage of food and beverage revenues benefited during the year from increased prices associated with converting from tax inclusive pricing to tax on top pricing effective at the start of the fourth quarter of calendar 2014 and refunds of sales taxes paid in prior periods recorded as food and beverage revenue during the fourth quarter of calendar 2014.

As a percentage of revenues, operating expense was 27.2% during the twelve months ended December 31, 2014 as compared to 26.4% in the prior period, primarily due to increases in preopening expense related to our theatre renovation initiatives, theatre and other closure expense resulting from a permanent closure of one theatre in Canada, utility expenses due to colder weather during the three months ended March 31, 2014, partially offset by decreases in deferred digital equipment rent. Rent expense increased 0.8%, or \$3,411,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, primarily from increases in common area maintenance and other expenses associated with snow removal.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$1,161,000 during the twelve months ended December 31, 2014 compared to \$2,883,000 during the twelve months ended December 31, 2013, primarily due to a decrease in professional and consulting costs related to the Merger and the acquisition of 10 theatres and 156 screens from Rave Review Cinemas, LLC and Rave Digital Media, LLC recorded during the twelve months ended December 31, 2013.

**Other.** Other general and administrative expense decreased 33.3%, or \$32,415,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, due primarily to decreases in expenses related to a discontinued cash-based management profit sharing plan, annual incentive compensation expense related to declines in operating performance compared to target, net periodic benefit costs for our pension and postretirement medical plans, legal expenses, theatre support center rent, and expenses related to abandoned projects.

**Depreciation and amortization.** Depreciation and amortization increased 9.5%, or \$18,784,000, during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, primarily due to the increase in depreciable assets resulting from capital expenditures of \$270,734,000 and \$260,823,000, during the twelve months ended December 31, 2014 and the twelve months ended December 31, 2013, respectively.

**Impairment of long-lived assets.** During the twelve months ended December 31, 2014, we recognized non-cash impairment losses of \$3,149,000 on eight theatres with 94 screens (in the District of Columbia, Florida, Georgia, Maryland, Michigan, New York and Oklahoma) in property, net.

**Other Expense (Income):**

**Other expense (income).** Other income increased \$6,929,000 for the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013, due to a gain on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2019 of \$8,544,000, partially offset by other expenses of \$158,000 recorded during the twelve months ended December 31, 2014. Other income of \$1,415,000 recorded during the twelve months ended December 31, 2013 was primarily comprised of business interruption insurance recoveries.

**Interest expense.** Interest expense decreased 13.8%, or \$19,288,000, for the twelve months ended December 31, 2014, compared to the twelve months ended December 31, 2013, primarily due to the decrease in interest rates for corporate borrowings and the decrease in aggregate principal amounts of borrowings. In February 2014, AMCE completed an offering of \$375,000,000 principal amount of its 5.875% Senior Subordinated Notes due 2022. In February 2014, AMCE extinguished \$463,964,000 of its 8.75% Senior Fixed Rate Notes due 2019 and in June 2014, extinguished the remaining outstanding principal of \$136,036,000 of its 8.75% Senior Fixed Rate Notes due 2019.

**Equity in earnings of non-consolidated entities.** Equity in earnings of non-consolidated entities were \$26,615,000 during the twelve months ended December 31, 2014 compared to \$47,435,000 during the twelve months ended December 31, 2013. The decrease in equity in earnings of non-consolidated entities was primarily due to increases in equity in losses from Open Road Releasing, LLC and decreases in equity in earnings from NCM, partially offset by increases in equity in earnings from DCIP and AC JV LLC. The increase in equity in losses from Open Road Releasing, LLC was primarily due to higher cost of revenues resulting from timing and structure of theatrical releases and film participation costs during the twelve months ended December 31, 2014 compared to the same period for the prior year. The decrease in equity in earnings from NCM was primarily due to a decrease in advertising revenues primarily caused by an increasingly competitive advertising environment during the twelve months ended December 31, 2014 compared to the same period for the prior year. Cash distributions from non-consolidated entities were \$35,243,000 during the twelve months ended December 31, 2014 and \$31,501,000 during the twelve months ended December 31, 2013 and include payments related to the NCM tax receivable agreement recorded in investment income. See Note 5—Investments of the Notes to Consolidated Financial Statements in Item 1 of Part 1 for further information.

**Investment income.** Investment income was \$8,154,000 for the twelve months ended December 31, 2014 compared to \$2,084,000 for the twelve months ended December 31, 2013. The investment income for the twelve months ended December 31, 2014 includes payments received of \$8,730,000 related to the NCM tax receivable agreement compared to payments received of \$3,677,000 during the twelve months ended December 31, 2013.

**Income tax provision (benefit).** The income tax provision from continuing operations was \$33,470,000 for the twelve months ended December 31, 2014 and a benefit of \$(263,383,000) for the twelve months ended December 31, 2013. We reversed our recorded valuation allowance for deferred

tax assets during the twelve months ended December 31, 2013. See Note 9—Income Taxes of the Notes to Consolidated Financial Statements in Item 1 of Part I for further information.

**Gain from discontinued operations, net of income taxes.** In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. The results of operations of the 7 Canada theatres and the one UK theatre have been classified as discontinued operations for all periods presented. During the twelve months ended December 31, 2013, we received \$4,666,000 for a sales price adjustment from the sale of theatres located in Canada. The sales price adjustment was related to tax attributes of the theatres sold in Canada which were not determinable or probable of collection at the date of the sale. We completed our tax returns, for periods prior to the date of sale, during the twelve months ended December 31, 2013, at which time the buyer was able to determine amounts due pursuant to the sales price adjustment and remit payment to us. We recorded the additional gain on sale at the time the gain was realizable. The gain from discontinued operations was partially offset by income taxes, legal and professional fees, and contractual repairs and maintenance expenses.

**Net earnings.** Net earnings were \$64,080,000 and \$364,400,000 for the twelve months ended December 31, 2014 and the twelve months ended December 31, 2013, respectively. Net earnings during the twelve months ended December 31, 2014 compared to the twelve months ended December 31, 2013 were negatively impacted by the increase in income tax provision as a result of the reversal of valuation allowance during the twelve months ended December 31, 2013, the decrease in attendance, the decrease in equity in earnings of non-consolidated entities, the increase in depreciation and amortization, the increase in preopening expense, the decrease in gain from discontinued operations and the increase in theatre closure expense. Net earnings were positively impacted by the decrease in interest expense, the decrease in general and administrative: other expense, the increase in income from packaged tickets and gift card sales, the net gain on extinguishment of Notes due 2019, and the increase in payments received from NCM related to the tax receivable agreement.

### **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 as of December 31, 2015 and December 31, 2014 of \$(297,787,000) and \$(234,576,000), respectively. Working capital includes \$221,679,000 and \$213,882,000 of deferred revenue as of December 31, 2015 and December 31, 2014, respectively. We have the ability to borrow under the Senior Secured Credit Facility to meet obligations as they come due (subject to limitations on the incurrence of indebtedness in our various debt instruments) and had approximately \$62,059,000 under our Senior Secured Revolving Credit Facility available to meet these obligations as of December 31, 2015. The applicable rate for borrowings under the Term Loan due 2022 at December 31, 2015 was 4.0% based on LIBOR (3.25% margin plus 0.75% minimum LIBOR rate). Reference is made to Note 7—Corporate Borrowings and Capital and Financing Lease Obligations to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for information about our outstanding indebtedness.

We believe that cash generated from operations and existing cash and equivalents and "float" will be sufficient to fund operations and planned capital expenditures currently and for at least the next

12 months and enable us to maintain compliance with covenants related to the Senior Secured Credit Facility, and our Notes due 2022 and Notes due 2025.

Each indenture relating to AMCE's notes (Notes due 2022 and Notes due 2025) allows it to incur specified permitted indebtedness (as defined therein) without restriction. Each indenture also allows AMCE to incur any amount of additional debt as long as it can satisfy the coverage ratio of each indenture, after giving effect to the indebtedness on a pro forma basis. Under the indentures for the Notes due 2022 and 2025, at December 31, 2015 AMCE could borrow approximately \$2,537,700,000 (assuming an interest rate of 7.0% per annum on the additional indebtedness) in addition to specified permitted indebtedness. If AMCE cannot satisfy the coverage ratios of the indentures, generally it can borrow an additional amount under its Senior Secured Credit Facility.

As of December 31, 2015, AMCE was in compliance with all financial covenants relating to the Senior Secured Credit Facility, the Notes due 2022, and the Notes due 2025.

#### ***Holdings Company Status***

Holdings is a holding company with no operations of its own and has no ability to service interest or principal on its indebtedness or pay dividends other than through any dividends it may receive from its subsidiaries. Under certain circumstances, AMCE is restricted from paying dividends to Holdings by the terms of the indentures relating to its notes and its Senior Secured Credit Facility. AMCE's Senior Secured Credit Facility and note indentures contain provisions which limit the amount of dividends and advances which it may pay or make to Holdings. Under the most restrictive of these provisions, set forth in the note indentures for the Notes due 2022 and Notes due 2025, the amount of loans and dividends which AMCE could make to Holdings may not exceed approximately \$1,218,246,000 in the aggregate as of December 31, 2015. Under the note indentures, a loan to Holdings would have to be on terms no less favorable to AMCE than could be obtained in a comparable transaction on an arm's length basis with an unaffiliated third party and be in the best interest of AMCE. Provided no event of default has occurred or would result, the Senior Secured Credit Facility also permits AMCE to pay cash dividends to Holdings for specified purposes, including indemnification claims, taxes, up to \$4,000,000 annually for operating expenses, repurchases of equity awards to satisfy tax withholding obligations, specified management fees, fees and expenses of permitted equity and debt offerings and to pay for the repurchase of stock from employees, directors and consultants under benefit plans up to specified amounts. Depending on the net senior secured leverage ratio, as defined in the Senior Secured Credit Facility, AMCE may also pay Holdings a portion of net cash proceeds from specified assets sales.

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

Cash flows provided by operating activities, as reflected in the Consolidated Statements of Cash Flows, were \$467,557,000, \$297,302,000 and \$357,342,000 during the twelve months ended December 31, 2015, the twelve months ended December 31, 2014, and the twelve months ended December 31, 2013, respectively. The increase in cash flow provided by operating activities during 2015 compared to 2014 was primarily due to increases in net earnings, decreases in payments for film and other accounts payable, decreases in payments for bonuses and other accrued liabilities, and increases in landlord contributions. The decrease in cash flow provided by operating activities during 2014 compared to 2013 was primarily due to decreases in net earnings, film payables, accrued bonuses, equity in earnings of non-consolidated entities, deferred revenues for packaged tickets, and accrued payroll, partially offset by increases in landlord contributions and accounts payable.



***Cash Flows from Investing Activities***

Cash used in investing activities, as reflected in the Consolidated Statement of Cash Flows, were \$509,436,000, \$271,691,000, and \$268,784,000 during the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively. Cash outflows from investing activities include capital expenditures during the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, of \$333,423,000, \$270,734,000, and \$260,823,000, respectively. Our capital expenditures primarily consisted of strategic growth initiatives and remodels, maintaining our theatre circuit, and technology upgrades. We expect that our gross cash outflows for capital expenditures will be approximately \$390,000,000 to \$410,000,000 for calendar 2016, before giving effect to expected landlord contributions of approximately \$120,000,000 to \$140,000,000.

In December 2015, we paid \$172,853,000 for our acquisition of Starplex Cinemas, net of cash acquired.

During the twelve months ended December 31, 2013, we received \$4,666,000 for a sales price adjustment from the sale of theatres located in Canada, proceeds of \$305,000 for the disposition of other long-term assets, and paid legal and professional fees of \$1,091,000.

During the twelve months ended December 31, 2013, we paid \$1,128,000 for the purchase of the Rave theatres, net of cash acquired. The amounts paid included working capital and other purchase price adjustments.

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 may decide to own the real estate assets of new theatres and, following construction, sell and leaseback the real estate assets pursuant to long-term non-cancelable operating leases.

***Cash Flows from Financing Activities***

Cash flows provided by (used in) financing activities, as reflected in the Consolidated Statement of Cash Flows, were \$35,286,000, \$(353,864,000), and \$324,928,000 during the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively.

On June 5, 2015, AMCE issued \$600,000,000 aggregate principal amount of its Notes due 2025 and used the net proceeds to pay for the tender offer for the Notes due 2020, plus any accrued and unpaid interest and related transaction fees and expenses. The deferred financing costs paid related to the issuance of the Notes due 2025 were \$11,378,000, during the twelve months ended December 31, 2015. AMCE repaid principal and recorded premium related to 100% of the Notes due 2020 during the twelve months ended December 31, 2015 of \$645,701,000, comprised of \$600,000,000 principal amount and \$45,701,000 recorded premium. On December 11, 2015 AMCE issued \$125,000,000 principal amount of additional term loans due 2022 at a discount under its amended Senior Secured Credit Agreement and borrowed \$75,000,000 on its revolving credit facility on December 16, 2015. Deferred financing costs paid related to the amendment to the Senior Secured Credit Agreement were \$9,874,000. See Note 7—Corporate Borrowings and Capital and Financing Lease Obligations of the Notes to Consolidated Financial Statements in Item 1 of Part I for further information.

On February 7, 2014, AMCE issued \$375,000,000 aggregate principal amount of its Notes due 2022 and used the net proceeds, together with a portion of the net proceeds from the IPO, to pay the consideration and consent payments for the tender offer for the Notes due 2019, plus any accrued and unpaid interest and related transaction fees and expenses. The deferred financing costs paid related to the issuance of the Notes due 2022 were \$7,748,000, during the twelve months ended December 31, 2014. AMCE repurchased the Notes due 2019 during the twelve months ended December 31, 2014 for

\$639,728,000. See Note 7—Corporate Borrowings and Capital and Financing Lease Obligations and Note 1—The Company and Significant Accounting Policies of the Notes to Consolidated Financial Statements in Item 1 of Part I for further information.

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 thousands)</u>
February 3, 2015	March 9, 2015	March 23, 2015	\$ 0.20	\$ 19,637
April 27, 2015	June 8, 2015	June 22, 2015	0.20	19,635
July 28, 2015	September 8, 2015	September 21, 2015	0.20	19,622
October 29, 2015	December 7, 2015	December 21, 2015	0.20	19,654
April 25, 2014	June 6, 2014	June 16, 2014	0.20	19,576
July 29, 2014	September 5, 2014	September 15, 2014	0.20	19,576
October 27, 2014	December 5, 2014	December 15, 2014	0.20	19,577

During the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014, we paid dividends and dividend equivalents of \$78,608,000 and \$58,504,000, respectively. At December 31, 2015 and December 31, 2014, we accrued \$165,000 and \$225,000, respectively, for the remaining unpaid dividends.

On February 25, 2016, Holdings' Board of Directors declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, payable on March 21, 2016 to stockholders of record on March 7, 2016.

On April 30, 2013, AMCE entered into a \$925,000,000 Senior Secured Credit Facility pursuant to which it borrowed the Term Loan due 2020, and used the proceeds to fund the redemption of both the former Senior Secured Credit Facility Term Loan due 2016 and the former Senior Secured Credit Facility Term Loan due 2018. The Senior Secured Credit Facility was comprised of a \$150,000,000 Revolving Credit Facility, which matured in 2018, and a \$775,000,000 term loan, which matured in 2020. Proceeds from the issuance of Term Loan due 2020 were \$773,063,000 and deferred financing costs paid related to the issuance of the new Senior Secured Credit Facility were \$9,126,000 during the twelve months ended December 31, 2013. We repurchased the principal balance on both our Term Loan due 2016 of \$464,088,000 and our Term Loan due 2018 of \$296,250,000 during the twelve months ended December 31, 2013.

On December 11, 2015, AMCE entered into a first amendment to its Senior Secured Credit Agreement dated April 30, 2013 ("First Amendment"). The First Amendment provides for the incurrence of \$125,000,000 incremental term loans ("Incremental Term Loan"). Proceeds from the issuance of Term Loan due 2022 were \$124,375,000. We capitalized deferred financing costs of approximately \$6,545,000 related to the modification of the Revolving Credit Facility and approximately \$3,329,000 related to the modification of the term loans under the Senior Secured Credit Facility, during the twelve months ended December 31, 2015. See Note 7—Corporate Borrowings and Capital and Financing Lease Obligations to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further information.

On December 23, 2013, Holdings completed its IPO and contributed the net proceeds to AMCE of \$355,580,000, after deducting underwriting discounts and commissions and other paid offering expenses.

During the twelve months ended December 31, 2013, AMCE used cash on hand to make a dividend distribution to us to purchase treasury stock of \$588,000. As a result of the IPO, members of management incurred a tax liability associated with Holdings' common stock owned since the date of

August 30, 2012, when Wanda acquired Holdings. Management elected to satisfy \$588,000 of tax withholding obligation by tendering shares of Class A common stock to us.

### Commitments and Contingencies

Minimum annual cash payments required under existing capital and financing lease obligations, maturities of corporate borrowings, future minimum rental payments under existing operating leases, committed capital expenditures, investments and betterments, including furniture, fixtures, equipment and leasehold betterments and ADA related betterments and pension funding that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2015 are as follows:

(In thousands) Calendar Year	Minimum Capital and Financing Lease Payments	Principal Amount of Corporate Borrowings(1)	Interest Payments on Corporate Borrowings(2)	Minimum Operating Lease Payments	Capital Related Betterments(3)	Pension Funding(4)	Total Commitments
2016	\$ 17,082	\$ 10,195	\$ 93,962	\$ 451,830	\$ 42,436	\$ —	\$ 615,505
2017	17,090	10,195	93,540	451,787	—	—	572,612
2018	17,193	10,195	93,119	418,384	—	—	538,891
2019	15,530	10,195	92,697	382,343	—	—	500,765
2020	15,559	83,806	92,186	350,342	—	—	541,893
Thereafter	65,482	1,811,594	243,397	1,822,552	—	—	3,943,025
<b>Total</b>	<b>\$ 147,936</b>	<b>\$ 1,936,180</b>	<b>\$ 708,901</b>	<b>\$ 3,877,238</b>	<b>\$ 42,436</b>	<b>\$ —</b>	<b>\$ 6,712,691</b>

- (1) Represents cash requirements for the payment of principal on corporate borrowings. Total amount does not equal carrying amount due to unamortized discounts.
- (2) Interest expense on our Senior Secured Credit Facility was estimated at 4.0% on the term loan portion and 2.8445% on the revolving credit portion based upon the interest rates in effect as of December 31, 2015.
- (3) Includes committed capital expenditures, investments, and betterments to our circuit. Does not include planned, but non-committed capital expenditures.
- (4) We fund our pension plan such that the plan is in compliance with Employee Retirement Income Security Act ("ERISA") and the plan is not considered "at risk" as defined by ERISA guidelines. The plan has been frozen effective December 31, 2006. We do not expect to contribute to the pension plan during 2016.

As discussed in Note 9—Income Taxes to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, we adopted accounting for uncertainty in income taxes per the guidance in ASC 740, *Income Taxes*, ("ASC 740"). As of December 31, 2015, our recorded obligation for unrecognized benefits is \$30,100,000. There are currently unrecognized tax benefits which we anticipate will be resolved in the next 12 months; however, we are unable at this time to estimate what the impact on our effective tax rate will be. Any amounts related to these items are not included in the table above.

### Investment in NCM

We hold an investment of 17.66% in NCM and 200,000 common shares of NCM, Inc. accounted for following the equity method as of December 31, 2015. The fair market value of our investment in NCM and NCM, Inc. is approximately \$378,030,000 as of December 31, 2015, based upon the closing price of NCM, Inc. common stock. We have little tax basis in our investment in NCM and NCM, Inc. therefore, the sale of this investment would require us to report taxable income of approximately \$452,183,000, including distributions received from NCM that were previously deferred. Our investment in NCM and NCM, Inc. is a source of liquidity for us and we expect that any sales we may make would be made in such a manner to most efficiently manage any related tax liability. We have available net operating loss carryforwards which could reduce any related tax liability.

### **Impact of Inflation**

Historically, the principal impact of inflation and changing prices upon us has been to increase the costs of the construction of new theatres, the purchase of theatre equipment, rent and the utility and labor costs incurred in connection with continuing theatre operations. Film exhibition costs, our largest cost of operations, are customarily paid as a percentage of admissions revenues and hence, while the film exhibition costs may increase on an absolute basis, the percentage of admissions revenues represented by such expense is not directly affected by inflation. Except as set forth above, inflation and changing prices have not had a significant impact on our total revenues and results of operations during the last three years.

### **Off-Balance Sheet Arrangements**

Other than the operating leases detailed above in this Annual Report on Form 10-K, under the heading "Commitments and Contingencies," we have no other off-balance sheet arrangements.

### **New Accounting Pronouncements**

See Note 1—The Company and Significant Accounting Policies to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for information regarding recently issued accounting standards.

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to interest rate market risk.

**Market risk on variable-rate financial instruments.** At December 31, 2015, AMCE maintained a Senior Secured Credit Facility comprised of a \$150,000,000 revolving credit facility and \$900,000,000 of Senior Secured Term Loans due 2022. The Senior Secured Credit Facility provides for borrowings at a rate equal to an applicable margin plus, at our option, either a base rate or LIBOR, with a minimum base rate of 1.75% and a minimum rate for LIBOR borrowings of 0.75%. The rate in effect at December 31, 2015 for the outstanding Senior Secured Term Loan due 2022 was a LIBOR-based rate of 4.0% per annum. See Note 7—Corporate Borrowings and Capital and Financing Lease Obligations of the Notes to the Consolidated Financial Statements in Item II of Part 8 hereof for additional information. 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 December 31, 2015, AMCE had variable-rate borrowings under its revolving credit facility of \$75,000,000 and had an aggregate principal balance of \$880,625,000 outstanding under the Senior Secured Term Loan due 2022. A 100 basis point change in market interest rates would have increased or decreased interest expense on the Senior Secured Credit Facility by \$8,018,000 during the twelve months ended December 31, 2015.

**Market risk on fixed-rate financial instruments.** Included in long-term corporate borrowings at December 31, 2015 were principal amounts of \$600,000,000 of AMCE's Notes due 2025 and \$375,000,000 of AMCE's Notes due 2022. Increases in market interest rates would generally cause a decrease in the fair value of the Notes due 2025 and Notes due 2022 and a decrease in market interest rates would generally cause an increase in fair value of the Notes due 2025 and Notes due 2022.

**Item 8. Financial Statements and Supplementary Data**

**MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

**AMC Entertainment Holdings, Inc.**

**TO THE STOCKHOLDERS OF AMC ENTERTAINMENT HOLDINGS, INC.**

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13a-15(f) of the Exchange Act. With management's participation, an evaluation of the effectiveness of internal control over financial reporting was conducted as of December 31, 2015, based on the framework and criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company acquired SMH Theatres, Inc. in December 2015. Due to the timing of the acquisition, and in accordance with SEC requirements, management excluded SMH Theatres, Inc. from its assessment of the effectiveness of the internal control over financial reporting as of December 31, 2015. The internal control over SMH Theatres, Inc.'s financial reporting is associated with total assets of \$194.4 million and total revenues of \$7.9 million included in the consolidated financial statements of AMC Entertainment Holdings, Inc. as of and for the year ended December 31, 2015. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2015. The effectiveness of our internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report that follows this report.

/s/ ADAM M. ARON

\_\_\_\_\_  
*Chief Executive Officer, Director and President*

/s/ CRAIG R. RAMSEY

\_\_\_\_\_  
*Executive Vice President and Chief Financial Officer*

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders  
AMC Entertainment Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of AMC Entertainment Holdings, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AMC Entertainment Holdings, Inc. as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), AMC Entertainment Holdings Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 8, 2016, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. AMC Entertainment Holdings, Inc. acquired SMH Theatres, Inc. during 2015, and management excluded SMH Theatres, Inc. from its assessment of the effectiveness of the internal control over financial reporting as of December 31, 2015. SMH Theatres, Inc.'s internal control over financial reporting is associated with total assets of \$194.4 million and total revenues of \$7.9 million included in the consolidated financial statements of AMC Entertainment Holdings, Inc. as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting also excluded an evaluation of the internal control over financial reporting of SMH Theatres, Inc.

As discussed in Note 1 to the consolidated financial statements, the Company has retrospectively changed the classification of deferred income taxes in the consolidated balance sheets to reflect the adoption of the Financial Accounting Standards Board's Accounting Standards Update No. 2015-17, *Balance Sheet Classification of Deferred Taxes*.

/s/ KPMG LLP

Kansas City, Missouri  
March 8, 2016

## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
AMC Entertainment Holdings, Inc.:

We have audited AMC Entertainment Holdings, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). AMC Entertainment Holdings, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, AMC Entertainment Holdings, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

AMC Entertainment Holdings, Inc. acquired SMH Theatres, Inc. during 2015, and management excluded SMH Theatres, Inc. from its assessment of the effectiveness of the internal control over financial reporting as of December 31, 2015. SMH Theatres, Inc.'s internal control over financial reporting is associated with total assets of \$194.4 million and total revenues of \$7.9 million included in the consolidated financial statements of AMC Entertainment Holdings, Inc. as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting also excluded an evaluation of the internal control over financial reporting of SMH Theatres, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of AMC Entertainment Holdings, Inc.

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as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated March 8, 2016 expressed in a unqualified opinion on those consolidated financial statements.

As discussed in Note 1 to the consolidated financial statements, the Company has retrospectively changed the classification of deferred income taxes in the consolidated balance sheets to reflect the adoption of the Financial Accounting Standards Board's Accounting Standards Update No. 2015-17, *Balance Sheet Classification of Deferred Taxes*.

/s/ KPMG LLP

Kansas City, Missouri  
March 8, 2016



**AMC ENTERTAINMENT HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

<u>(In thousands, except per share data)</u>	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
<b>Revenues</b>			
Admissions	\$ 1,892,037	\$ 1,765,388	\$ 1,847,327
Food and beverage	910,086	797,735	786,912
Other theatre	144,777	132,267	115,189
Total revenues	<u>2,946,900</u>	<u>2,695,390</u>	<u>2,749,428</u>
<b>Operating costs and expenses</b>			
Film exhibition costs	1,021,457	934,246	976,912
Food and beverage costs	128,569	111,991	107,325
Operating expense	795,722	733,338	726,641
Rent	467,822	455,239	451,828
General and administrative:			
Merger, acquisition and transaction costs	3,398	1,161	2,883
Other	58,212	64,873	97,288
Depreciation and amortization	232,961	216,321	197,537
Impairment of long-lived assets	1,702	3,149	—
Operating costs and expenses	<u>2,709,843</u>	<u>2,520,318</u>	<u>2,560,414</u>
Operating income	237,057	175,072	189,014
Other expense (income):			
Other expense (income)	10,684	(8,344)	(1,415)
Interest expense:			
Corporate borrowings	96,857	111,072	129,963
Capital and financing lease obligations	9,231	9,867	10,264
Equity in earnings of non-consolidated entities	(37,131)	(26,615)	(47,435)
Investment income	(6,115)	(8,145)	(2,084)
Total other expense	<u>73,526</u>	<u>77,835</u>	<u>89,293</u>
Earnings from continuing operations before income taxes	163,531	97,237	99,721
Income tax provision (benefit)	59,675	33,470	(263,383)
Earnings from continuing operations	103,856	63,767	363,104
Gain from discontinued operations, net of income taxes	—	313	1,296
Net earnings	<u>\$ 103,856</u>	<u>\$ 64,080</u>	<u>\$ 364,400</u>
<b>Basic earnings per share:</b>			
Earnings from continuing operations	\$ 1.06	\$ 0.65	\$ 4.74
Gain from discontinued operations	—	0.01	0.02
Basic earnings per share	<u>\$ 1.06</u>	<u>\$ 0.66</u>	<u>\$ 4.76</u>
Average shares outstanding—Basic	97,963	97,506	76,527
<b>Diluted earnings per share:</b>			
Earnings from continuing operations	\$ 1.06	\$ 0.65	\$ 4.74
Gain from discontinued operations	—	0.01	0.02
Diluted earnings per share	<u>\$ 1.06</u>	<u>\$ 0.66</u>	<u>\$ 4.76</u>
Average shares outstanding—Diluted	98,029	97,700	76,527
Dividends declared per basic and diluted common share	<u>\$ 0.80</u>	<u>\$ 0.60</u>	<u>\$ —</u>

See Notes to Consolidated Financial Statements.

AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>(In thousands)</u>	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Net earnings	\$ 103,856	\$ 64,080	\$ 364,400
Unrealized foreign currency translation adjustment, net of tax	1,372	978	179
Pension and other benefit adjustments:			
Net gain (loss) arising during the period, net of tax	166	(13,543)	4,510
Prior service credit arising during the period, net of tax	746	—	9,271
Amortization of net (gain) loss reclassified into general and administrative: other, net of tax	(1,679)	(844)	(78)
Amortization of prior service credit reclassified into general and administrative: other, net of tax	(1,762)	(1,016)	—
Curtailment gain reclassified into general and administrative: other, net of tax	(7,239)	—	—
Settlement gain reclassified into general and administrative: other, net of tax	(196)	—	—
Marketable securities:			
Unrealized holding gain (loss) arising during the period, net of tax	(1,056)	2,627	(1,622)
Realized net (gain) loss reclassified into investment expense (income), net of tax	(156)	(31)	925
Equity method investees' cash flow hedge:			
Unrealized net holding gain (loss) arising during the period, net of tax	(693)	(59)	2,085
Realized net (gain) loss reclassified to equity in earnings of non-consolidated entities, net of tax	457	528	(510)
Other comprehensive income (loss)	(10,040)	(11,360)	14,760
Total comprehensive income	<u>\$ 93,816</u>	<u>\$ 52,720</u>	<u>\$ 379,160</u>

See Notes to Consolidated Financial Statements.

**AMC ENTERTAINMENT HOLDINGS, INC.**

**CONSOLIDATED BALANCE SHEETS**

<u>(In thousands, except share data)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 211,250	\$ 218,206
Receivables, net	105,509	99,252
Other current assets	97,608	84,343
Total current assets	414,367	401,801
Property, net	1,401,928	1,247,230
Intangible assets, net	237,376	225,515
Goodwill	2,406,691	2,289,800
Deferred tax asset	126,198	181,782
Other long-term assets	523,525	417,604
Total assets	<u>\$ 5,110,085</u>	<u>\$ 4,763,732</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 313,025	\$ 262,635
Accrued expenses and other liabilities	158,664	136,262
Deferred revenues and income	221,679	213,882
Current maturities of corporate borrowings and capital and financing lease obligations	18,786	23,598
Total current liabilities	712,154	636,377
Corporate borrowings	1,924,366	1,775,132
Capital and financing lease obligations	93,273	101,533
Exhibitor services agreement	377,599	316,815
Other long-term liabilities	462,626	419,717
Total liabilities	<u>3,570,018</u>	<u>3,249,574</u>
Commitments and contingencies		
Class A common stock (temporary equity) (\$.01 par value, 167,211 shares issued and 130,442 shares outstanding as of December 31, 2015; 173,150 shares issued and 136,381 shares outstanding as of December 31, 2014)	1,364	1,426
Stockholders' equity:		
Class A common stock (\$.01 par value, 524,173,073 shares authorized; 21,445,090 shares issued and outstanding as of December 31, 2015; 21,423,839 shares issued and outstanding as of December 31, 2014)	214	214
Class B common stock (\$.01 par value, 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of December 31, 2015 and December 31, 2014)	758	758
Additional paid-in capital	1,183,218	1,172,515
Treasury stock (36,769 shares as of December 31, 2015 and December 31, 2014, at cost)	(680)	(680)
Accumulated other comprehensive income	2,804	12,844
Accumulated earnings	352,389	327,081
Total stockholders' equity	<u>1,538,703</u>	<u>1,512,732</u>
Total liabilities and stockholders' equity	<u>\$ 5,110,085</u>	<u>\$ 4,763,732</u>

See Notes to Consolidated Financial Statements.

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

<b>(In thousands)</b>	<b>12 Months Ended December 31, 2015</b>	<b>12 Months Ended December 31, 2014</b>	<b>12 Months Ended December 31, 2013</b>
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 103,856	\$ 64,080	\$ 364,400
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	232,961	216,321	197,537
Deferred income taxes	51,660	32,430	(266,598)
Impairment of long-lived assets	1,702	3,149	—
Gain on extinguishment and modification of debt	(44)	(8,544)	(422)
Amortization of discount (premium) on corporate borrowings	808	832	(12,687)
Impairment of marketable equity security investment	—	—	1,370
Theatre and other closure expense	5,028	9,346	5,823
Stock-based compensation	10,480	11,293	12,000
(Gain) loss on dispositions	281	(630)	(2,876)
Equity in earnings and losses from non-consolidated entities, net of distributions	(9,603)	(102)	(19,611)
Landlord contributions	83,346	59,518	18,090
Deferred rent	(24,533)	(18,056)	(6,333)
Net periodic benefit cost (credit)	(18,208)	(3,418)	973
Change in assets and liabilities, excluding acquisitions:			
Receivables	(1,428)	308	(3,365)
Other assets	(2,835)	(4,282)	(8,915)
Accounts payable	41,362	(13,692)	64,215
Accrued expenses and other liabilities	(8,690)	(52,603)	14,822
Other, net	1,414	1,352	(1,081)
Net cash provided by operating activities	<u>467,557</u>	<u>297,302</u>	<u>357,342</u>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(333,423)	(270,734)	(260,823)
Acquisition of Starplex Cinemas, net of cash acquired	(172,853)	—	—
Acquisition of Rave theatres	—	—	(1,128)
Proceeds from disposition of long-term assets	604	238	3,880
Investments in non-consolidated entities	(1,915)	(1,522)	(3,265)
Other, net	(1,849)	327	(7,448)
Net cash used in investing activities	<u>(509,436)</u>	<u>(271,691)</u>	<u>(268,784)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of Senior Subordinated Notes due 2025	600,000	—	—
Proceeds from extension and modification of Term Loan due 2022	124,375	—	—
Proceeds from issuance of Senior Subordinated Notes due 2022	—	375,000	—
Repurchase of Senior Subordinated Notes due 2020	(645,701)	—	—
Borrowings under Revolving Credit Facility	75,000	—	—
Repurchase of Senior Notes due 2019	—	(639,728)	—
Proceeds from issuance of Term Loan due 2020	—	—	773,063
Net proceeds (disbursements) from IPO	—	(281)	355,580
Repayment of Term Loan due 2016	—	—	(464,088)
Repayment of Term Loan due 2018	—	—	(296,250)
Principal payments under Term Loan	(5,813)	(7,750)	(7,813)
Principal payments under capital and financing lease obligations	(7,840)	(6,941)	(6,446)
Principal payments under promissory note	(1,389)	(1,389)	—
Principal amount of coupon payment under Senior Subordinated Notes due 2020	(3,486)	(6,227)	—
Increase in deferred financing costs	(21,252)	(7,952)	(9,126)
Payment of construction payables	—	—	(19,404)
Cash used to pay dividends	(78,608)	(58,504)	—
Purchase of treasury stock	—	(92)	(588)
Net cash provided by (used in) financing activities	<u>35,286</u>	<u>(353,864)</u>	<u>324,928</u>
Effect of exchange rate changes on cash and equivalents	(363)	5	(103)
<b>Net increase (decrease) in cash and equivalents</b>	<b>(6,956)</b>	<b>(328,248)</b>	<b>413,383</b>
<b>Cash and equivalents at beginning of period</b>	<b>218,206</b>	<b>546,454</b>	<b>133,071</b>
<b>Cash and equivalents at end of period</b>	<b><u>\$ 211,250</u></b>	<b><u>\$ 218,206</u></b>	<b><u>\$ 546,454</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>			
<b>Cash paid during the period for:</b>			
Interest (including amounts capitalized of \$203, \$315 and \$511)	\$ 103,913	\$ 113,578	\$ 152,220
Income taxes, net	5,351	1,084	1,646
<b>Schedule of non-cash investing and financing activities:</b>			
Investment in NCM (See Note 5—Investments)	\$ 76,101	\$ 2,137	\$ 26,315
Investment in AC JV, LLC. (See Note 5—Investments)	—	—	8,333
See Note 2—Acquisition for non-cash activities related to acquisition			

See Notes to Consolidated Financial Statements.

**AMC ENTERTAINMENT HOLDINGS, INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(In thousands, 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	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance December 31, 2012	—	\$ —	75,826,927	\$ 758	\$ 799,242	\$ —	\$ 9,444	\$ (42,670)	\$ 766,774
Net earnings	—	—	—	—	—	—	—	364,400	364,400
Other comprehensive income	—	—	—	—	—	—	14,760	—	14,760
Net proceeds from IPO	21,052,632	211	—	—	355,088	—	—	—	355,299
Stock-based compensation	360,172	3	—	—	6,480	—	—	—	6,483
Purchase shares for treasury	—	—	—	—	342	(588)	—	—	(246)
Balance December 31, 2013	21,412,804	214	75,826,927	758	1,161,152	(588)	24,204	321,730	1,507,470
Net earnings	—	—	—	—	—	—	—	64,080	64,080
Other comprehensive loss	—	—	—	—	—	—	(11,360)	—	(11,360)
Dividends declared	—	—	—	—	—	—	—	(58,729)	(58,729)
Tax benefit for dividend equivalents paid on RSUs	—	—	—	—	27	—	—	—	27
Stock-based compensation	11,035	—	—	—	11,293	—	—	—	11,293
Purchase shares for treasury	—	—	—	—	43	(92)	—	—	(49)
Balance December 31, 2014	21,423,839	214	75,826,927	758	1,172,515	(680)	12,844	327,081	1,512,732
Net earnings	—	—	—	—	—	—	—	103,856	103,856
Other comprehensive loss	—	—	—	—	—	—	(10,040)	—	(10,040)
Dividends declared	—	—	—	—	—	—	—	(78,548)	(78,548)
Tax benefit for dividend equivalents paid on RSUs and PSUs	—	—	—	—	268	—	—	—	268
RSUs surrendered to pay for payroll taxes	—	—	—	—	(107)	—	—	—	(107)
Stock-based compensation	15,312	—	—	—	10,480	—	—	—	10,480
Reclassification from temporary equity	5,939	—	—	—	62	—	—	—	62
Balance December 31, 2015	21,445,090	\$ 214	75,826,927	\$ 758	\$ 1,183,218	\$ (680)	\$ 2,804	\$ 352,389	\$ 1,538,703

See Notes to Consolidated Financial Statements

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES**

AMC Entertainment Holdings, Inc. ("Holdings"), through its direct and indirect subsidiaries, including AMC Entertainment® Inc. ("AMCE"), American Multi-Cinema, Inc. ("OpCo") 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 primarily located in the United States. Holdings is an indirect subsidiary of Dalian Wanda Group Co., Ltd. ("Wanda"), a Chinese private conglomerate.

As of December 31, 2015, Wanda owned approximately 77.85% of Holdings' outstanding common stock and 91.34% 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 extraordinary transactions.

**Initial Public Offering of Holdings:** On December 23, 2013, Holdings completed its initial public offering ("IPO") of 18,421,053 shares of Class A common stock at a price of \$18.00 per share. In connection with the IPO, the underwriters exercised in full their option to purchase an additional 2,631,579 shares of Class A common stock. As a result, the total IPO size was 21,052,632 shares of Class A common stock and the net proceeds to Holdings were approximately \$355,299,000 after deducting underwriting discounts, commissions and offering expenses. The net IPO proceeds of approximately \$355,299,000, were contributed by Holdings to AMCE.

**Use of Estimates:** The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to: (1) Impairments, (2) Film exhibition costs, (3) Income and operating taxes, (4) Theatre and other closure expense, and (5) Gift card and packaged ticket income. Actual results could differ from those estimates.

**Principles of Consolidation:** The consolidated financial statements include the accounts of Holdings and all subsidiaries, as discussed above. All significant intercompany balances and transactions have been eliminated in consolidation. There are no noncontrolling (minority) interests in the Company's consolidated subsidiaries; consequently, all of its stockholders' equity, net earnings and comprehensive income for the periods presented are attributable to controlling interests. As of December 31, 2015, December 31, 2014, and December 31, 2013, the Company managed its business under one reportable segment called Theatrical Exhibition.

**Discontinued Operations:** The results of operations for the Company's discontinued operations have been eliminated from the Company's continuing operations and classified as discontinued operations for each period presented within the Company's Consolidated Statements of Operations.

**Revenues:** Revenues are recognized when admissions and food and beverage sales are received at the theatres and are reported net of sales tax. The Company defers 100% of the revenue associated with the sales of gift cards and packaged tickets until such time as the items are redeemed or income from non-redemption is recorded. The Company recognizes income from non-redeemed or partially redeemed gift cards using the Proportional Method where it applies a non-redemption rate for its five

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

gift card sales channels, which ranges from 13% to 21% of the current month sales, and the Company recognizes the total amount of income for that current month's sales as income over the next 24 months in proportion to the pattern of actual redemptions. The Company has determined its non-redeemed rates and redemption patterns using data accumulated over ten years on a company-wide basis. Income for non-redeemed packaged tickets continues to be recognized as the redemption of these items is determined to be remote, that is if a ticket has not been used within 18 months after being purchased. During the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, the Company recognized \$22,879,000, \$21,347,000, and \$19,510,000 of income, respectively, related to the derecognition of gift card liabilities, which was recorded in other theatre revenues in the Consolidated Statements of Operations. During the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, the Company recognized \$12,079,000, \$11,710,000, and \$0 of income, respectively, related to the derecognition of package ticket liabilities, which was recorded in other theatre revenues in the Consolidated Statements of Operations.

**Film Exhibition Costs:** Film exhibition costs are accrued based on the applicable box office receipts and estimates of the final settlement to the film licenses. Film exhibition costs include certain advertising costs. As of December 31, 2015 and December 31, 2014, the Company recorded film payables of \$131,690,000 and \$95,847,000, respectively, which are included in accounts payable in the accompanying Consolidated Balance Sheets.

**Food and Beverage Costs:** The Company records payments from vendors as a reduction of food and beverage costs when earned.

**Screen Advertising:** On March 29, 2005, the Company and Regal Entertainment Group ("Regal") combined their respective cinema screen advertising businesses into a joint venture company called National CineMedia, LLC ("NCM") and on July 15, 2005, Cinemark Holdings, Inc. ("Cinemark") joined NCM. The Company, Regal and Cinemark are known as the "Founding Members." NCM engages in the marketing and sale of cinema advertising and promotions products, business communications and training services. The Company records its share of on-screen advertising revenues generated by NCM in other theatre revenues.

**Customer Frequency Program:** On April 1, 2011, the Company launched *AMC Stubs*, a customer frequency program, which allows members to earn rewards, including \$10 for each \$100 spent, 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. Rewards must be redeemed no later than 90 days from the date of issuance. Upon redemption, deferred rewards are recognized as revenues along with associated cost of goods. Rewards not redeemed within 90 days are forfeited and recognized as admissions or food and beverage revenues. Progress rewards (member expenditures toward earned rewards) for expired membership are forfeited upon expiration of the membership and recognized as admissions or food and beverage revenues. The program's annual membership fee is deferred, net of estimated refunds, and is recognized ratably over the one-year membership period.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Advertising Costs:** The Company expenses advertising costs as incurred and does not have any direct-response advertising recorded as assets. Advertising costs were \$10,316,000, \$10,317,000, and \$9,684,000 for the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively, and are recorded in operating expense in the accompanying Consolidated Statements of Operations.

**Cash and Equivalents:** All highly liquid debt instruments and investments purchased with an original maturity of three months or less are classified as cash equivalents.

**Intangible Assets:** Intangible assets are recorded at cost or fair value, in the case of intangible assets resulting from the acquisition of Holdings by Wanda on August 30, 2012 and other theatre acquisitions, and are comprised of amounts assigned to theatre leases acquired under favorable terms, management contracts, a contract with an equity method investee, and a non-compete agreement, each of which are being amortized on a straight-line basis over the estimated remaining useful lives of the assets, and trademark and trade names, which are considered indefinite lived intangible assets and therefore are not amortized but rather evaluated for impairment annually.

The Company first assesses the qualitative factors to determine whether the existence of events and circumstances indicate that it is more likely than not the fair value of an indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative impairment test. For the twelve months ended December 31, 2015, the Company recorded an intangible asset impairment charge of \$839,000 related to a favorable lease for one theatre with six screens. There were no intangible asset impairment charges incurred during the twelve months ended December 31, 2014 and the twelve months ended December 31, 2013.

**Investments:** The Company accounts for its investments in non-consolidated entities using either the cost or equity methods of accounting as appropriate, and has recorded the investments within other long-term assets in its Consolidated Balance Sheets. Equity earnings and losses are recorded when the Company's ownership interest provides the Company with significant influence. The Company follows the guidance in ASC 323-30-35-3, which prescribes the use of the equity method for investments where the Company has significant influence. The Company classifies gains and losses on sales of and changes of interest in equity method investments within equity in earnings of non-consolidated entities or in separate line items on the face of the Consolidated Statements of Operations when material, and classifies gains and losses on sales of investments or impairments accounted for using the cost method in investment income. Gains and losses on cash sales are recorded using the weighted average cost of all interests in the investments. Gains and losses related to non-cash negative common unit adjustments are recorded using the weighted average cost of those units in NCM. See Note 5—Investments for further discussion of the Company's investments in NCM. As of December 31, 2015, the Company holds equity method investments comprised of a 17.66% interest in NCM, a joint venture that markets and sells cinema advertising and promotions; a 32% interest in AC JV, LLC ("AC JV"), a joint venture that owns Fathom Events offering alternative content for motion picture screens; a 29% interest in Digital Cinema Implementation Partners LLC ("DCIP"), a joint venture charged with implementing digital cinema in the Company's theatres; a 15.45% interest in Digital Cinema Distribution Coalition, LLC ("DCDC"), a satellite distribution network for feature films and other digital cinema content; a 50% ownership interest in two U.S. motion picture theatres and one IMAX screen; and a



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

50% ownership interest in Open Road Releasing, LLC, operator of Open Road Films, LLC ("Open Road Films"), a motion picture distribution and production company.

The Company's investment in RealD Inc. is an available-for-sale marketable equity security and is carried at fair value (Level 1). Unrealized gains and losses on available-for-sale securities are included in the Company's Consolidated Balance Sheets as a component of accumulated other comprehensive loss. See Note 5—Investments for further discussion of the Company's investment in RealD Inc.

**Goodwill:** Goodwill represents the excess of purchase price over fair value of net tangible and identifiable intangible assets related to the acquisition of Holdings by Wanda on August 30, 2012 and subsequent theatre acquisitions. The Company is not required to amortize goodwill as a charge to earnings; however, the Company is required to conduct an annual review of goodwill for impairment.

The Company's recorded goodwill was \$2,406,691,000 and \$2,289,800,000 as of December 31, 2015 and December 31, 2014, respectively. The Company evaluates goodwill and its indefinite-lived trademark and trade names for impairment annually as of the beginning of the fourth quarter or more frequently as specific events or circumstances dictate. The Company's goodwill is recorded in its Theatrical Exhibition operating segment, which is also the reporting unit for purposes of evaluating recorded goodwill for impairment.

The Company performed its annual impairment analysis during the fourth quarter of calendar 2015 and the fourth quarter of calendar 2014, and reached a determination that there was no goodwill or trademark and trade name impairment. According to ASC 350-20, the Company has an option to first assess the qualitative factors to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. During the fourth quarter of calendar 2015 and the fourth quarter of calendar 2014, the Company assessed qualitative factors and reached a determination that it is not more likely than not that the fair value of the Company's reporting unit is less than its carrying value, and therefore, no impairment charge was incurred.

**Other Long-term Assets:** Other long-term assets are comprised principally of investments in partnerships and joint ventures, costs incurred in connection with the issuance of debt securities, which are being amortized to interest expense using the effective interest rate method over the respective lives of the issuances, and capitalized computer software, which is amortized over the estimated useful life of the software. See Note 6—Supplemental Balance Sheet Information.

**Accounts Payable:** Under the Company's cash management system, checks issued but not presented to banks frequently result in book overdraft balances for accounting purposes and are classified within accounts payable in the balance sheet. The change in book overdrafts are reported as a component of operating cash flows for accounts payable as they do not represent bank overdrafts. The amount of these checks included in accounts payable as of December 31, 2015 and December 31, 2014 was \$42,751,000 and \$43,692,000, respectively.

**Leases:** The majority of the Company's operations are conducted in premises occupied under lease agreements with initial base terms ranging generally from 12 to 15 years, with certain leases containing options to extend the leases for up to an additional 20 years. The Company does not believe that exercise of the renewal options are reasonably assured at the inception of the lease agreements

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 not to exceed certain specified amounts and contingent rentals based on revenues.

The Company records rent expense for its operating leases on a straight-line basis over the initial base lease term commencing with the date the Company has "control and access" to the leased premises, which is generally a date prior to the "lease commencement date" in the lease agreement. Rent expense related to any "rent holiday" is recorded as operating expense, until construction of the leased premises is complete and the premises are ready for their intended use. Rent charges upon completion of the leased premises subsequent to the date the premises are ready for their intended use are expensed as a component of rent expense.

The Company often receives contributions from landlords for renovations at existing locations. The Company records the amounts received from landlords as deferred rent and amortizes the balance as a reduction to rent expense over the base term of the lease agreement.

The Company evaluates the classification of its leases following the guidance in ASC 840-10-25. Leases that qualify as capital leases are recorded at the present value of the future minimum rentals over the base term of the lease using the Company's incremental borrowing rate. Capital lease assets are assigned an estimated useful life at the inception of the lease that generally corresponds with the base term of the lease.

Occasionally, the Company is responsible for the construction of new leased theatres and for paying project costs that are in excess of an agreed upon amount to be reimbursed from the developer. ASC 840-40-05-5 requires the Company to be considered the owner (for accounting purposes) of these types of projects during the construction period and therefore it is required to account for these projects as sale and leaseback transactions. As a result, the Company has recorded financing lease obligations for failed sale leaseback transactions of \$74,898,000 and \$80,645,000 in its Consolidated Balance Sheets related to these types of projects as of December 31, 2015 and December 31, 2014, respectively.

**Sale and Leaseback Transactions:** The Company accounts for the sale and leaseback of real estate assets in accordance with ASC 840-40. Losses on sale leaseback transactions are recognized at the time of sale if the fair value of the property sold is less than the net book value of the property. Gains on sale and leaseback transactions are deferred and amortized over the remaining lease term.

**Impairment of Long-lived Assets:** The Company reviews long-lived assets, including definite-lived intangibles, investments in non-consolidated equity method investees, marketable equity securities and internal use software for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable. The Company identifies impairments related to internal use software when management determines that the remaining carrying value of the software will not be realized through future use. The Company reviews internal management reports on a quarterly basis as well as monitors current and potential future competition in the markets where it operates for indicators of triggering events or circumstances that indicate potential impairment of individual theatre assets. The Company evaluates theatres using historical and projected data of theatre level cash flow as its primary indicator of potential impairment and considers the seasonality of its

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

business when making these evaluations. The Company performs its impairment analysis during the last quarter of the year. Under these analyses, if the sum of the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount of the asset group, an impairment loss is recognized in the amount by which the carrying value of the asset exceeds its estimated 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 impairment evaluation is based on the estimated cash flows from continuing use until the expected disposal date for the fair value of furniture, fixtures and equipment. The expected disposal date does not exceed the remaining lease period unless it is probable existing renewal options will be exercised and may be less than the remaining lease period when the Company does not expect to operate the theatre to the end of its lease term. 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. The fair value of furniture, fixtures and equipment has been determined using similar asset sales, in some instances with the assistance of third party valuation studies and using management judgment.

There is considerable management judgment necessary to determine the estimated future cash flows and fair values of the Company's theatres and other long-lived assets, and, accordingly, actual results could vary significantly from such estimates, which fall under Level 3 within the fair value measurement hierarchy, see Note 14—Fair Value Measurements.

Impairment losses in the Consolidated Statements of Operations are included in the following captions:

<u>(In thousands)</u>	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Impairment of long-lived assets	\$ 1,702	\$ 3,149	\$ —
Investment expense (income)	—	—	1,370
Total impairment losses	<u>\$ 1,702</u>	<u>\$ 3,149</u>	<u>\$ 1,370</u>

During calendar 2015, the Company recognized an impairment loss of \$1,702,000 on three theatres with 15 screens, which was related to property, net of \$863,000, and intangible assets, net of \$839,000. During calendar 2014, the Company recognized an impairment loss of \$3,149,000 on 8 theatres with 94 screens, which was related to property, net. During calendar 2013, the Company recognized non-cash impairment losses of \$1,370,000 related to a marketable equity security when it was determined that its decline in value was other than temporary.

**Foreign Currency Translation:** Operations outside the United States are generally measured using the local currency as the functional currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date. Income and expense items are translated at average rates of exchange. The resultant translation adjustments are included in foreign currency translation adjustment, a separate component of accumulated other comprehensive income. Gains and losses from foreign currency transactions, except those intercompany transactions of a long-term investment nature, are included in net earnings. If the Company substantially liquidates its investment in a foreign entity, any

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

gain or loss on currency translation balance recorded in accumulated other comprehensive income is recognized as part of a gain or loss on disposition.

**Income and Operating Taxes:** The Company accounts for income taxes in accordance with ASC 740-10. Under ASC 740-10, deferred income tax effects of transactions reported in different periods for financial reporting and income tax return purposes are recorded by the asset and liability method. This method gives consideration to the future tax consequences of deferred income or expense items and recognizes changes in income tax laws in the period of enactment. The statement of operations effect is generally derived from changes in deferred income taxes on the balance sheet. During the twelve months ended December 31, 2013, the Company reversed \$265,600,000 (\$3.47 per share) of valuation allowance which increased its net earnings.

Holdings and its subsidiaries file a consolidated federal income tax return and combined income tax returns in certain state jurisdictions. Income taxes are allocated based on separate Company computations of income or loss. Tax sharing arrangements are in place and utilized when tax benefits from affiliates in the consolidated group are used to offset what would otherwise be taxable income generated by Holdings or another affiliate.

**Casualty Insurance:** The Company is self-insured for general liability up to \$1,000,000 per occurrence and carries a \$500,000 deductible limit per occurrence for workers compensation claims. The Company utilizes actuarial projections of its ultimate losses to calculate its reserves and expense. The actuarial method includes an allowance for adverse developments on known claims and an allowance for claims which have been incurred but which have not yet been reported. As of December 31, 2015 and December 31, 2014, the Company recorded casualty insurance reserves of \$19,973,000 and \$17,197,000, respectively, net of estimated insurance recoveries. The Company recorded expenses related to general liability and workers compensation claims of \$18,487,000, \$16,329,000, and \$16,332,000 for the twelve months ended December 31, 2015, the twelve months ended December 31, 2014, and the twelve months ended December 31, 2013, respectively.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>(In thousands)</u>	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Gain on redemption of 8.75% Senior Fixed Rate Notes due 2019	\$ —	\$ (8,386)	\$ —
Loss on modification of Senior Secured Credit Facility-Term Loan 2022	1,366	—	—
Gain on redemption and modification of Senior Secured Credit Facility-Term Loan 2020	—	—	(130)
Loss on redemption of 9.75% Senior Subordinated Notes due 2020	9,318	—	—
Business interruption insurance recoveries	—	—	(1,285)
Other expense	—	42	—
Other expense (income)	<u>\$ 10,684</u>	<u>\$ (8,344)</u>	<u>\$ (1,415)</u>

**Policy for Consolidated Statements of Cash Flows:** The Company considers the amount recorded for corporate borrowings issued or acquired at a premium above the stated principal balance to be part of the amount borrowed and classifies the related cash inflows and outflows up to but not exceeding the borrowed amount as financing activities in its Consolidated Statements of Cash Flows. For amounts borrowed in excess of the stated principal amount, a portion of the semi-annual coupon payment is considered to be a repayment of the amount borrowed and the remaining portion of the semi-annual coupon payment is an interest payment flowing through operating activities based on the level yield to maturity of the debt.

**Presentation:** In the Consolidated Statements of Cash Flows, certain line items within operating activities have been presented separately from the "other, net" line item in the current year presentation, with conforming reclassifications made for the prior period presentation.

**New Accounting Pronouncements:** In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. This standard requires a lessee to record on the balance sheet the assets and liabilities for the rights and obligations created by lease terms of more than 12 months. This standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact the adoption of ASU 2016-02 will have on the its consolidated financial position, results of operations or cash flows.

In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740)—Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). The standard amends the current requirement for entities to present deferred tax assets and liabilities as current and noncurrent in a consolidated balance sheet by jurisdiction. Instead, entities will be required to classify all deferred tax assets and

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 1—THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

liabilities as noncurrent by jurisdiction. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2016, with early adoption permitted. The Company elected to early adopt this pronouncement retrospectively, as permitted. As such, certain prior period amounts have been reclassified to conform to the current period presentation. In the Consolidated Balance Sheet as of December 31, 2014, the Company reclassified the current deferred tax asset of \$107,938,000 to long-term deferred tax asset.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805)—Simplifying the Accounting for Measurement-Period Adjustments ("ASU 2015-16"). The standard requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. ASU 2015-16 eliminates the requirement to retrospectively account for those adjustments. ASU 2015-16 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The Company elected to early adopt this pronouncement and the adoption did not impact the Company's consolidated financial position, results of operations or cash flows.

In April 2015, the FASB issued ASU No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30)—Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this standard. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. The Company will adopt ASU 2015-03 as of the beginning of 2016 and will change the presentation of the debt issuance costs for its term loan and senior subordinated notes by reclassifying the amounts from other long-term assets to corporate borrowings in the Consolidated Balance Sheets.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles when it becomes effective. On July 9, 2015, the FASB decided to delay the effective date of ASU 2014-09 by one year. The new standard is effective for the Company on January 1, 2018. Companies may elect to adopt this application as of the original effective date for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures and has not yet selected a transition method.

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, ("ASU 2014-08"). This amendment changes the requirements for reporting discontinued operations and includes enhanced disclosures about discontinued operations. Under the amendment, only those disposals of components of an entity that represent a strategic shift that has a major effect on an entity's operations and financial results will be reported as discontinued operations in the financial statements. ASU 2014-08 was effective prospectively for annual periods beginning on or after December 15, 2014, and interim reporting periods within those years. Early adoption was permitted. The Company adopted ASU 2014-08 as of the beginning of 2015 and the adoption did not impact the Company's consolidated financial position, results of operations or cash flows.

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 2—ACQUISITION

In December 2015, the Company completed the acquisition of SMH Theatres, Inc. ("Starplex Cinemas") for cash. The purchase price for Starplex Cinemas was \$172,853,000, net of cash acquired, and is subject to working capital and other purchase price adjustments as described in the stock purchase agreement. Starplex Cinemas operates 33 theatres with 346 screens in small and mid-size markets in 12 states, which further complements the Company's large market portfolio. The Company expects to realize synergies and cost savings related to this acquisition as a result of purchasing and procurement economies of scale and general and administrative expense savings, particularly with respect to the consolidation of corporate related functions and elimination of redundancies.

The acquisition is being treated as a purchase in accordance with Accounting Standards Codification, ("ASC") 805, *Business Combinations*, which requires allocation of the purchase price to the estimated fair values of assets and liabilities acquired in the transaction. The allocation of purchase price is based on management's judgment after evaluating several factors, including bid prices from potential buyers and a preliminary valuation assessment. The allocation of purchase price is preliminary and subject to changes as an appraisal of both tangible and intangible assets and liabilities is finalized, working capital and other purchase price adjustments are completed and additional information regarding the tax bases of assets and liabilities becomes available. The following is a summary of a preliminary allocation of the purchase price:

<u>(In thousands)</u>	<u>Total</u>
Cash	\$ 2,119
Receivables	2,001
Other current assets	4,806
Property(1)	50,810
Intangible assets(2)	21,080
Goodwill(3)	116,891
Other long-term assets	290
Accounts payable	(4,211)
Accrued expenses and other liabilities	(4,689)
Deferred revenues and income	(2,295)
Deferred tax liability	(10,610)
Other long-term liabilities(4)	(1,220)
Total estimated purchase price	<u>\$ 174,972</u>

- (1) Amounts recorded for property includes land, buildings, leasehold improvements, furniture, fixtures and equipment.
- (2) Amounts recorded for intangible assets includes favorable leases, a non-compete agreement and trade name.
- (3) Amounts recorded for goodwill are generally not expected to be deductible for tax purposes.
- (4) Amounts recorded for other long-term liabilities consist of an unfavorable lease.

The fair value measurement of tangible and intangible assets and liabilities were based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value measurement hierarchy. Level 3 fair market values were determined using a variety of information, including estimated future cash flows, appraisals, and market comparables.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 2—ACQUISITION (Continued)**

During the twelve months ended December 31, 2015, the Company incurred acquisition-related costs for Starplex Cinemas of approximately \$1,534,000, which were included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations. The Company's operating results for the twelve months ended December 31, 2015 were not materially impacted by this acquisition.

In connection with the acquisition of Starplex Cinemas, the Company classified two Starplex Cinemas theatres with 22 screens as held for sale during the twelve months ended December 31, 2015, that were divested in January 2016 as required by the Antitrust Division of the United States Department of Justice. Assets held for sale of approximately \$5,390,000 were classified as other current assets in the Company's Consolidated Balance Sheets.

**NOTE 3—PROPERTY**

A summary of property is as follows:

<u>(In thousands)</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Property owned:		
Land	\$ 47,899	\$ 45,448
Buildings and improvements	217,885	211,947
Leasehold improvements	775,322	627,259
Furniture, fixtures and equipment	929,543	745,280
	<u>1,970,649</u>	<u>1,629,934</u>
Less: accumulated depreciation and amortization	578,687	394,008
	<u>1,391,962</u>	<u>1,235,926</u>
Property leased under capital leases:		
Building and improvements	14,381	14,381
Less: accumulated depreciation and amortization	4,415	3,077
	<u>9,966</u>	<u>11,304</u>
	<u>\$ 1,401,928</u>	<u>\$ 1,247,230</u>

Property is recorded at cost or fair value, in the case of property resulting from acquisitions. The Company uses the straight-line method in computing depreciation and amortization for financial reporting purposes. The estimated useful lives for leasehold improvements reflect the shorter of the expected useful lives of the assets or the base terms of the corresponding lease agreements plus renewal options expected to be exercised for these leases for assets placed in service subsequent to the lease inception. The estimated useful lives are as follows:

Buildings and improvements	5 to 40 years
Leasehold improvements	1 to 20 years
Furniture, fixtures and equipment	1 to 10 years



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 3—PROPERTY (Continued)**

Expenditures for additions (including interest during construction) and betterments are capitalized, and expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation and amortization are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are included in operating expense in the accompanying Consolidated Statements of Operations.

Depreciation expense was \$210,326,000, \$194,930,000, and \$176,998,000 for the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively.

**NOTE 4—GOODWILL AND OTHER INTANGIBLE ASSETS**

Activity of goodwill is presented below:

<u>(In thousands)</u>	<u>Total</u>
Balance as of December 31, 2013	\$ 2,289,800
Balance as of December 31, 2014	2,289,800
Acquisition of Starplex Cinemas	116,891
Balance as of December 31, 2015	<u>\$ 2,406,691</u>

Detail of other intangible assets is presented below:

<u>(In thousands)</u>	<u>Remaining Useful Life</u>	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
		<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
<b>Amortizable Intangible Assets:</b>					
Favorable leases	3 to 43 years	\$ 122,831	\$ (20,592)	\$ 112,251	\$ (13,781)
Management contracts	2 to 5 years	4,540	(2,399)	4,540	(1,676)
Non-compete agreement	5 year	2,300	—	3,800	(2,951)
NCM tax receivable agreement	21 years	20,900	(2,804)	20,900	(1,968)
Total, amortizable		<u>\$ 150,571</u>	<u>\$ (25,795)</u>	<u>\$ 141,491</u>	<u>\$ (20,376)</u>
<b>Unamortized Intangible Assets:</b>					
AMC trademark		\$ 104,400		\$ 104,400	
Starplex trade name		8,200		—	
Total, unamortizable		<u>\$ 112,600</u>		<u>\$ 104,400</u>	

Amortization expense associated with the intangible assets noted above is as follows:

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Recorded amortization	\$ 8,380	\$ 8,804	\$ 9,011

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 4—GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

Estimated annual amortization for the next five calendar years for intangible assets is projected below:

<u>(In thousands)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Projected annual amortization	\$ 8,738	\$ 8,621	\$ 8,352	\$ 7,177	\$ 7,000

Additional information for Starplex Cinemas intangible assets acquired on December 16, 2015 is presented below:

<u>(In thousands)</u>	<u>Weighted Average Amortization Period</u>	<u>Gross Carrying Amount</u>
Acquired Intangible Assets:		
Amortizable Intangible Assets:		
Favorable leases	18 years	\$ 10,580
Non-compete agreement	5 years	2,300
Total, amortizable	15.7 years	<u>\$ 12,880</u>
Unamortizable Intangible Assets:		
Starplex Cinemas trade name		<u>\$ 8,200</u>

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 Consolidated Balance Sheets in other long-term assets. Investments in non-consolidated affiliates as of December 31, 2015, include interests in NCM of 17.66%, DCIP of 29%, DCDC of 15.45%, Open Road Films of 50%, and AC JV, owner of Fathom Events, of 32%. The Company also has partnership interests in two U.S. motion picture theatres and one IMAX screen of 50% ("Theatre Partnerships"). Indebtedness held by equity method investees is non-recourse to the Company.

At December 31, 2015, the Company's recorded investments are less than its proportional ownership of the underlying equity in these entities by approximately \$16,876,000, excluding NCM and Open Road Films.

Amounts payable to Theatre Partnerships were \$2,897,000 and \$6,194,000 as of December 31, 2015 and December 31, 2014, respectively.

*RealD Inc. Common Stock*

The Company holds an investment in RealD Inc. common stock, which is accounted for as an equity security, available for sale, and is recorded in the Consolidated Balance Sheets in other long-term assets at fair value (Level 1). Under its RealD Inc. motion picture license agreement, the Company received a ten-year option to purchase 1,222,780 shares of RealD Inc. common stock at approximately \$0.00667 per share. The stock options vested in 3 tranches upon the achievement of screen installation targets and were valued at the underlying stock price at the date of vesting. At the

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 5—INVESTMENTS (Continued)**

dates of exercise, the fair value of the RealD Inc. common stock was recorded in other long-term assets with an offsetting entry recorded to other long-term liabilities as a deferred lease incentive. The unamortized deferred lease incentive is being amortized on a straight-line basis over the remaining contract life of approximately 5 years as of December 31, 2015, to reduce RealD license expense recorded in the consolidated statements of operations under operating expense. As of December 31, 2015, the unamortized deferred lease incentive balance included in other long-term liabilities was \$13,408,000. Fair value adjustments for RealD Inc. common stock are recorded to other long-term assets with an offsetting entry to accumulated other comprehensive income.

*NCM Transactions*

On March 29, 2005, the Company along with Regal combined their screen advertising operations to form NCM. On July 15, 2005, Cinemark joined the NCM joint venture by contributing its screen advertising business. The Company, Regal and Cinemark are the "Founding Members" of NCM. On February 13, 2007, National CineMedia, Inc. ("NCM, Inc."), a newly formed entity that now serves as the sole manager of NCM, closed its initial public offering, or IPO, of 42,000,000 shares of its common stock at a price of \$21.00 per share.

As of December 31, 2015, the Company owns a 17.66% interest in NCM. As a Founding Member, the Company has the ability to exercise significant influence over the governance of NCM, and, accordingly accounts for its investment following the equity method. All of the Company's NCM membership units are redeemable for, at the option of NCM, Inc., cash or shares of common stock of NCM, Inc. on a share-for-share basis. In December 2015, the Company elected to exchange 200,000 NCM membership units for 200,000 common shares of NCM, Inc. No gain or loss was recorded on the exchange and the common stock investment in NCM, Inc. follows the equity method of accounting. The fair value of the 23,862,988 units in National CineMedia, LLC and the 200,000 shares of NCM, Inc. was approximately \$378,030,000 based on a price for shares of NCM, Inc. on December 31, 2015 of \$15.71 per share.

Pursuant to the Company's Common Unit Adjustment Agreement, from time to time common units of NCM held by the Founding Members will be adjusted up or down through a formula ("Common Unit Adjustment"), primarily based on increases or decreases in the number of theatre screens operated and theatre attendance generated by each Founding Member. The common unit adjustment is computed annually, except that an earlier common unit adjustment will occur for a Founding Member if its acquisition or disposition of theatres, in a single transaction or cumulatively since the most recent common unit adjustment, will cause a change of 2% or more in the total annual attendance of all of the Founding Members. In the event that a common unit adjustment is determined to be a negative number, the Founding Member shall cause, at its election, either (a) the transfer and surrender to NCM of a number of common units equal to all or part of such Founding Member's common units adjustment or (b) pay to NCM an amount equal to such Founding Member's common unit adjustment calculated in accordance with the Common Unit Adjustment Agreement.

In March 2013, the Company received 1,728,988 common membership units of NCM from the annual Common Unit Adjustment, primarily due to the increase in screens from the Rave theatre acquisitions in December 2012. The Company recorded the additional units received at a fair value of \$26,315,000, based on a price for shares of NCM, Inc. on March 14, 2013, of \$15.22 per share, and as a

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 5—INVESTMENTS (Continued)**

new investment (Tranche 2 Investment), with an offsetting adjustment to the Exhibitor Services Agreement to be amortized to revenues over the remaining term of the ESA following the units-of-revenue method. The Rave theatre screens were under a contract with another screen advertising provider and the Company will continue to receive its share of the advertising revenues. During the remainder of the Rave screen contract, the Company will pay a screen integration fee to NCM in an amount that approximates the EBITDA that NCM would have generated if it had been able to sell advertising on the Rave theatre screens. In March 2014, the Company received 141,731 membership units recorded at a fair value of \$2,137,000 (\$15.08 per unit), in March 2015, the Company received 469,163 membership units recorded at a fair value of \$6,812,000 (\$14.52 per unit), and in December 2015, the Company received 4,399,324 membership units recorded at a fair value of \$69,289,000 (\$15.75 per unit), primarily due to the increase in screens from the Starplex Cinemas acquisition in December 2015.

The NCM, Inc. IPO and related transactions have the effect of reducing the amounts NCM, Inc. would otherwise pay in the future to various tax authorities as a result of an increase in its proportionate share of tax basis in NCM's tangible and intangible assets. On the IPO date, NCM, Inc. and the Founding Members entered into a tax receivable agreement. Under the terms of this agreement, NCM, Inc. will make cash payments to the Founding Members in amounts equal to 90% of NCM, Inc.'s actual tax benefit realized from the tax amortization of the NCM intangible assets. For purposes of the tax receivable agreement, cash savings in income and franchise tax will be computed by comparing NCM, Inc.'s actual income and franchise tax liability to the amount of such taxes that NCM, Inc. would have been required to pay had there been no increase in NCM, Inc.'s proportionate share of tax basis in NCM's tangible and intangible assets and had the tax receivable agreement not been entered into. The tax receivable agreement shall generally apply to NCM, Inc.'s taxable years up to and including the 30<sup>th</sup> anniversary date of the NCM, Inc. IPO and related transactions. As a result of Wanda acquiring Holdings on August 30, 2012, the Company recorded an intangible asset of \$20,900,000 as the fair value of the tax receivable agreement. The tax receivable agreement intangible asset is amortized on a straight-line basis against investment income over the remaining life of the ESA. Cash receipts from NCM, Inc. for the tax receivable agreement are recorded to the investment expense (income) account.

During the twelve months ended December 31, 2015, the twelve months ended December 31, 2014, and the twelve months ended December 31, 2013, payments received of \$6,555,000, \$8,730,000, \$3,677,000, related to the NCM tax receivable agreement were recorded in investment expense (income), net of related amortization, respectively, for the NCM tax receivable agreement intangible asset.

The Company's recorded investment in NCM exceeds its proportional ownership in the equity of NCM by approximately \$732,788,000 as of December 31, 2015.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 5—INVESTMENTS (Continued)

The Company recorded the following related party transactions with NCM:

<u>(In thousands)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Due from NCM for on-screen advertising revenue	\$ 2,406	\$ 2,072
Due to NCM for Exhibitor Services Agreement	1,226	1,784
Promissory note payable to NCM	5,555	6,944

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
<i>Other theatre revenues:</i>			
Net NCM screen advertising revenues	\$ 35,893	\$ 34,523	\$ 33,790
<i>Operating expense:</i>			
NCM beverage advertising expense	8,256	12,226	13,809

**DCIP Transactions.** The Company will make capital contributions to DCIP for projector and installation costs in excess of an agreed upon cap (\$68,000 per system for digital conversions and as of December 31, 2015, \$39,000 for new build locations). The Company pays equipment rent monthly and records the equipment rental expense on a straight-line basis over 12 years.

The Company recorded the following related party transactions with DCIP:

<u>(In thousands)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Due from DCIP for equipment and warranty purchases	\$ 1,460	\$ 1,048
Deferred rent liability for digital projectors	8,725	9,031

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
<i>Operating expense:</i>			
Digital equipment rental expense	\$ 4,963	\$ 6,639	\$ 11,077
Warranty reimbursements from DCIP	5,241	3,651	2,166

**Open Road Films Transactions.** Open Road Films was launched by the Company and Regal in March 2011, as an acquisition-based domestic theatrical distribution company that concentrates on wide-release movies. Open Road titles are also distributed in the pay-TV and home entertainment markets. The Company has a remaining commitment to invest up to an additional \$10,000,000, in the event additional capital is required.

For the twelve months ended December 31, 2015, the Company suspended equity method accounting for its investment in Open Road Films when the negative investment in Open Road Films reached the Company's capital commitment of \$10,000,000. The Company's share of cumulative losses from Open Road Films in excess of the Company's capital commitment was \$14,422,000 as of

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 5—INVESTMENTS (Continued)

December 31, 2015. The Company's recorded investment in Open Road Films exceeds its proportional ownership in the equity of Open Road Films by approximately \$19,840,000 as of December 31, 2015.

The Company recorded the following related party transactions with Open Road Films:

<u>(In thousands)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Due from Open Road Films	\$ 2,472	\$ 2,560
Film rent payable to Open Road Films	1,061	709

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
<u>Film exhibition costs:</u>			
Gross exhibition cost on Open Road Films	\$ 6,380	\$ 13,300	\$ 12,700

AC JV Transactions

On December 26, 2013, the Company amended and restated its existing Exhibitor Services Agreement ("ESA") with NCM in connection with the spin-off by NCM of its Fathom Events business to AC JV, a newly-formed company owned 32% by each of the Founding Members and 4% by NCM. In consideration for the spin-off, NCM received a total of \$25,000,000 in promissory notes from its Founding Members (approximately \$8,333,000 from each Founding Member). Interest on the promissory note is at a fixed rate of 5% per annum, compounded annually. Interest and principal payments are due annually in six equal installments commencing on the first anniversary of the closing. Cinemark and Regal also amended and restated their respective ESAs with NCM in connection with the spin-off. The ESAs were modified to remove those provisions addressing the rights and obligations related to digital programming services of the Fathom Events business. Those provisions are now contained in the Amended and Restated Digital Programming Exhibitor Services Agreements (the "Digital ESAs") that were entered into on December 26, 2013 by NCM and each of the Founding Members. These Digital ESAs were then assigned by NCM to AC JV as part of the Fathom spin-off. There were no significant operations from the closing date until December 31, 2013.

The Company recorded the following related party transactions with AC JV:

<u>(In thousands)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Due to AC JV for Fathom Events programming	\$ 445	\$ 333

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
<u>Film exhibition costs:</u>			
Gross exhibition cost on Fathom Events programming	\$ 8,511	\$ 6,898	\$ —

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 5—INVESTMENTS (Continued)

Summary Financial Information

Investments in non-consolidated affiliates accounted for under the equity method as of December 31, 2015, include interests in NCM, DCIP, Open Road Films, AC JV, DCDC, two U.S. motion picture theatres and one IMAX screen, and other immaterial investments.

Condensed financial information of the Company's non-consolidated equity method investments is shown below and amounts are presented under GAAP for the periods of ownership by the Company:

(In thousands)	December 31, 2015					Total
	NCM	DCIP	Open Road	AC JV	Other	
Current assets	\$ 159,500	\$ 48,833	\$ 48,954	\$ 9,967	\$ 9,083	\$ 276,337
Noncurrent assets	623,100	955,924	52,359	21,502	29,470	1,682,355
Total assets	782,600	1,004,757	101,313	31,469	38,553	1,958,692
Current liabilities	113,100	32,533	65,076	3,802	4,867	219,378
Noncurrent liabilities	936,000	642,659	95,916	—	—	1,674,575
Total liabilities	1,049,100	675,192	160,992	3,802	4,867	1,893,953
Stockholders' equity (deficit)	(266,500)	329,565	(59,679)	27,667	33,686	64,739
Liabilities and stockholders' equity (deficit)	782,600	1,004,757	101,313	31,469	38,553	1,958,692
The Company's recorded investment(1)	\$ 327,471	\$ 85,710	\$ (10,000)	\$ 5,605	\$ 10,886	\$ 419,672

(In thousands)	December 31, 2014					Total
	NCM	DCIP	Open Road	AC JV	Other	
Current assets	\$ 134,900	\$ 53,229	\$ 44,498	\$ 10,993	\$ 11,649	\$ 255,269
Noncurrent assets	546,200	1,044,417	12,260	22,948	25,296	1,651,121
Total assets	681,100	1,097,646	56,758	33,941	36,945	1,906,390
Current liabilities	106,500	24,036	41,080	4,238	3,538	179,392
Noncurrent liabilities	892,000	821,282	45,582	—	—	1,758,864
Total liabilities	998,500	845,318	86,662	4,238	3,538	1,938,256
Stockholders' equity (deficit)	(317,400)	252,328	(29,904)	29,703	33,407	(31,866)
Liabilities and stockholders' equity (deficit)	681,100	1,097,646	56,758	33,941	36,945	1,906,390
The Company's recorded investment(1)	\$ 265,839	\$ 62,236	\$ (9,570)	\$ 6,255	\$ 7,680	\$ 332,440

- (1) Certain differences in the Company's recorded investments, and its proportional ownership share resulting from the acquisition of Holdings by Wanda on August 30, 2012, where the investments were recorded at fair value, are amortized to equity in (earnings) losses of non-consolidated entities over the estimated useful lives of the underlying assets and liabilities. Other non-amortizing differences are considered to represent goodwill and are evaluated for impairment annually.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 5—INVESTMENTS (Continued)

Condensed financial information of the Company's non-consolidated equity method investments is shown below and amounts are presented under GAAP for the periods of ownership by the Company:

(In thousands)	12 Months Ended December 31, 2015					
	NCM	DCIP	Open Road	AC JV	Other	Total
Revenues	\$ 446,500	\$ 172,256	\$ 119,227	\$ 53,371	\$ 30,637	\$ 821,991
Operating costs and expenses	359,000	93,001	149,002	50,600	27,634	679,237
Net earnings (loss)	\$ 87,500	\$ 79,255	\$ (29,775)	\$ 2,771	\$ 3,003	\$ 142,754

(In thousands)	12 Months Ended December 31, 2014					
	NCM	DCIP	Open Road	AC JV	Other	Total
Revenues	\$ 394,000	\$ 170,724	\$ 175,374	\$ 42,102	\$ 26,887	\$ 809,087
Operating costs and expenses	297,700	109,430	190,602	37,669	26,072	661,473
Net earnings (loss)	\$ 96,300	\$ 61,294	\$ (15,228)	\$ 4,433	\$ 815	\$ 147,614

(In thousands)	12 Months Ended December 31, 2013					
	NCM	DCIP	Open Road	AC JV	Other	Total
Revenues	\$ 462,800	\$ 182,659	\$ 140,350	\$ —	\$ 18,517	\$ 804,326
Operating costs and expenses	299,900	133,700	130,628	—	18,546	582,774
Net earnings (loss)	\$ 162,900	\$ 48,959	\$ 9,722	\$ —	\$ (29)	\$ 221,552

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

(In thousands)	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
National CineMedia, LLC	\$ 11,194	\$ 11,311	\$ 23,196
Digital Cinema Implementation Partners, LLC	24,522	20,929	18,660
Open Road Releasing, LLC	(430)	(7,650)	4,861
AC JV, LLC	950	1,470	—
Other	895	555	718
The Company's recorded equity in earnings	\$ 37,131	\$ 26,615	\$ 47,435



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 5—INVESTMENTS (Continued)

The Company recorded the following changes in the carrying amount of its investment in NCM and equity in earnings of NCM during the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013:

<u>(In thousands)</u>	<u>Investment in NCM(1)</u>	<u>Exhibitor Services Agreement(2)</u>	<u>Other Comprehensive (Income)</u>	<u>Cash Received</u>	<u>Equity in (Earnings) Losses</u>	<u>Advertising (Revenue)</u>
Ending balance at December 31, 2012	\$ 245,047	\$ (318,154)	\$ (797)			
Receipt of common units	26,315	(26,315)	—	\$ —	\$ —	\$ —
Receipt of excess cash distributions	(27,453)	—	—	27,453	—	—
Amortization of ESA	—	14,556	—	—	—	(14,556)
Unrealized gain from cash flow hedge	1,485	—	(1,485)	—	—	—
Adjust carrying value of AC JV, LLC(3)	3,817	—	—	—	—	—
Change in interest gain(4)	5,012	—	—	—	(5,012)	—
Equity in earnings(5)	21,149	—	—	—	(21,149)	—
Equity in loss from amortization of basis difference(6)	(2,965)	—	—	—	2,965	—
Ending balance at December 31, 2013	<u>\$ 272,407</u>	<u>\$ (329,913)</u>	<u>\$ (2,282)</u>	<u>\$ 27,453</u>	<u>\$ (23,196)</u>	<u>\$ (14,556)</u>
Receipt of common units	2,137	(2,137)	—	—	—	—
Receipt of excess cash distributions	(21,514)	—	—	21,514	—	—
Amortization of ESA	—	15,235	—	—	—	(15,235)
Unrealized gain from cash flow hedge	1,498	—	(1,498)	—	—	—
Equity in earnings(5)	14,446	—	—	—	(14,446)	—
Equity in loss from amortization of basis difference(6)	(3,135)	—	—	—	3,135	—
Ending balance at December 31, 2014	<u>\$ 265,839</u>	<u>\$ (316,815)</u>	<u>\$ (3,780)</u>	<u>\$ 21,514</u>	<u>\$ (11,311)</u>	<u>\$ (15,235)</u>
Receipt of common units	76,101	(76,101)	—	—	—	—
Exchange of common units	(3,156)	—	—	—	—	—
Receipt of excess cash distributions	(22,741)	—	—	22,741	—	—
Amortization of ESA	—	15,317	—	—	—	(15,317)
Unrealized gain from cash flow hedge	234	—	(234)	—	—	—
Equity in earnings(5)	14,435	—	—	—	(14,435)	—
Equity in loss from amortization of basis difference(6)	(3,241)	—	—	—	3,241	—
Ending balance at December 31, 2015	<u>\$ 327,471</u>	<u>\$ (377,599)</u>	<u>\$ (4,014)</u>	<u>\$ 22,741</u>	<u>\$ (11,194)</u>	<u>\$ (15,317)</u>

(1) The following table represents AMC's investment in common membership units including units received under the Common Unit Adjustment Agreement dated as of February 13, 2007:

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 5—INVESTMENTS (Continued)

	Common Membership Units	
	Tranche 1	Tranche 2(a)
Beginning balance at December 31, 2012	17,323,782	—
Additional units received in March 2013	—	1,728,988
Additional units received in March 2014	—	141,731
Additional units received in March 2015	—	469,163
Additional units received in December 2015	—	4,399,324
Units exchanged for NCM, Inc. shares in December 2015	—	(200,000)
Ending balance at December 31, 2015	<u>17,323,782</u>	<u>6,539,206</u>

- (a) The additional units received in March 2013, March 2014, March 2015, and December 2015 were measured at fair value (Level 1) using NCM, Inc.'s stock price of \$15.22, \$15.08, \$14.52, and \$15.75 respectively.
- (2) Represents the unamortized portion of the ESA with NCM. Such amounts are being amortized to other theatre revenues over the remainder of the 30 year term of the ESA ending in 2036, using a units-of-revenue method, as described in ASC 470-10-35 (formerly EITF 88-18, *Sales of Future Revenues*).
- (3) On December 26, 2013, NCM spun-off its Fathom Events business to a newly formed limited liability company, AC JV, LLC which is owned 32% by each founding member and 4% by NCM. In consideration for the sale, each of the three founding members issued promissory notes of approximately \$8,333,000 to NCM. The Company's share of the gain recorded by NCM, as a result of the spin-off, has been excluded from equity in earnings and has been applied as a reduction in the carrying value of AC JV, LLC investment.
- (4) Non-cash gains were recorded in 2013 to adjust the Company's investment balance due to NCM's issuance of 8,688,078 common membership units to other founding members, at a price per share in excess of the Company's average carrying amount per share.
- (5) Represents equity in earnings on both Tranche 1 and Tranche 2 Investments.
- (6) Certain differences between the Company's carrying value and the Company's share of NCM's membership equity have been identified and are amortized to equity in (earnings) losses in non-consolidated entities over the respective lives of the assets and liabilities.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 6—SUPPLEMENTAL BALANCE SHEET INFORMATION

Other assets and liabilities consist of the following:

<u>(In thousands)</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<b>Other current assets:</b>		
Prepaid rent	\$ 41,805	\$ 39,021
Income taxes receivable	570	3,029
Prepaid insurance and other	17,810	16,512
Merchandise inventory	13,992	10,516
Assets held for sale	5,390	—
Other	18,041	15,265
	<u>\$ 97,608</u>	<u>\$ 84,343</u>
<b>Other long-term assets:</b>		
Investments in real estate	\$ 10,309	\$ 11,300
Deferred financing costs	31,453	13,129
Investments in equity method investees	419,672	332,440
Computer software	41,378	38,619
Investment in RealD Inc. common stock	12,900	14,429
Other	7,813	7,687
	<u>\$ 523,525</u>	<u>\$ 417,604</u>
<b>Accrued expenses and other liabilities:</b>		
Taxes other than income	\$ 53,924	\$ 47,988
Interest	12,050	13,649
Payroll and vacation	12,934	10,901
Current portion of casualty claims and premiums	8,591	9,211
Accrued bonus	19,584	16,771
Theatre and other closure	7,537	7,709
Accrued licensing and percentage rent	20,763	14,399
Current portion of pension and other benefits liabilities	152	781
Other	23,129	14,853
	<u>\$ 158,664</u>	<u>\$ 136,262</u>
<b>Other long-term liabilities:</b>		
Unfavorable lease obligations	\$ 140,440	\$ 165,073
Deferred rent	206,265	120,184
Pension and other benefits	42,196	48,436
RealD deferred lease incentive	13,408	16,047
Casualty claims and premiums	13,194	10,327
Theatre and other closure	35,436	45,126
Other	11,687	14,524
	<u>\$ 462,626</u>	<u>\$ 419,717</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 7—CORPORATE BORROWINGS AND CAPITAL AND FINANCING LEASE OBLIGATIONS

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

<u>(In thousands)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Senior Secured Credit Facility-Term Loan due 2022 (4.0% as of December 31, 2015)	\$ 879,006	\$ —
Senior Secured Credit Facility-Term Loan due 2020	—	760,018
Senior Secured Credit Facility-Revolving Credit Facility due 2020 (2.8445% as of December 31, 2015)	75,000	—
5% Promissory Note payable to NCM due 2019	5,555	6,944
9.75% Senior Subordinated Notes due 2020	—	649,043
5.875% Senior Subordinated Notes due 2022	375,000	375,000
5.75% Senior Subordinated Notes due 2025	600,000	—
Capital and financing lease obligations, 6.0% - 11.5%	101,864	109,258
	<u>2,036,425</u>	<u>1,900,263</u>
Less: current maturities	(18,786)	(23,598)
	<u>\$ 2,017,639</u>	<u>\$ 1,876,665</u>

The carrying amount of the Term Loan due 2022 includes unamortized net discount of \$1,619,000 as of December 31, 2015.

Minimum annual payments required under existing capital and financing lease obligations (net present value thereof) and maturities of corporate borrowings as of December 31, 2015 are as follows:

<u>(In thousands)</u>	<u>Capital and Financing Lease Obligations</u>			<u>Principal Amount of Corporate Borrowings</u>	<u>Total</u>
	<u>Minimum Lease Payments</u>	<u>Less Interest</u>	<u>Principal</u>		
2016	\$ 17,082	\$ 8,491	\$ 8,591	\$ 10,195	\$ 18,786
2017	17,090	7,680	9,410	10,195	19,605
2018	17,193	6,783	10,410	10,195	20,605
2019	15,530	5,852	9,678	10,195	19,873
2020	15,559	4,916	10,643	83,806	94,449
Thereafter	65,482	12,350	53,132	1,811,594	1,864,726
Total	<u>\$ 147,936</u>	<u>\$ 46,072</u>	<u>\$ 101,864</u>	<u>\$ 1,936,180</u>	<u>\$ 2,038,044</u>

AMCE's Senior Secured Credit Facility

The Senior Secured Credit Facility is with a syndicate of banks and other financial institutions. The Senior Secured Credit Facility also provides for a Revolving Credit Facility, including a borrowing capacity which is available for letters of credit and for swingline borrowings on same-day notice.

**Senior Secured Credit Facility.** On April 30, 2013, AMCE entered into a \$925,000,000 Senior Secured Credit Facility pursuant to which AMCE borrowed term loans and used the proceeds to fund

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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NOTE 7—CORPORATE BORROWINGS AND CAPITAL AND FINANCING LEASE OBLIGATIONS (Continued)

the redemption of the former Senior Secured Credit Facility term loans. The Senior Secured Credit Facility was comprised of a \$150,000,000 Revolving Credit Facility, which matured on April 30, 2018 (the "Revolving Credit Facility"), and a \$775,000,000 term loan, which matured on April 30, 2020 (the "Term Loan due 2020"). The Term Loan due 2020 required repayments of principal of 0.25% of the original principal amount, or \$1,937,500, per quarter, with the remaining principal payable upon maturity. The term loan was issued at a 0.25% discount, which was amortized to interest expense over the term of the loan. AMCE capitalized deferred financing costs of approximately \$6,909,000 related to the issuance of the Revolving Credit Facility and approximately \$2,217,000 related to the issuance of the Term Loan due 2020. Concurrently with the Term Loan due 2020 borrowings on April 30, 2013, AMCE redeemed all of the outstanding former Senior Secured Credit Facility at a redemption price of 100% of the outstanding aggregate principal balance of \$760,338,000, plus accrued and unpaid interest. The Company recorded a net gain of approximately \$130,000 in other expense (income), which consisted of a premium write-off, partially offset by the third-party costs incurred in connection with the repurchase due to the former Senior Secured Credit Facility term loans, during the twelve months ended December 31, 2013.

**First Amendment.** On December 11, 2015, AMCE entered into a first amendment to its Senior Secured Credit Agreement dated April 30, 2013 ("First Amendment"). The First Amendment provides for the incurrence of \$125,000,000 incremental term loans ("Incremental Term Loan"). In addition, the First Amendment, among other things, (a) extends the maturity date with respect to (i) the existing Term Loan due 2020 and the Incremental Term Loan (together "Term Loan due 2022") to December 15, 2022 and (ii) the Revolving Credit Facility from April 30, 2018 to December 15, 2020 and (b) increases the applicable margin for the Term Loan due 2022 from 1.75% with respect to base rate borrowings to 2.25% and 2.75% with respect to LIBOR borrowings to 3.25%. AMCE capitalized additional deferred financing costs of approximately \$6,545,000 related to the modification of the Revolving Credit Facility and approximately \$3,329,000 related to the modification of the term loans under the Senior Secured Credit Facility. The proceeds of the Incremental Term Loan were used by AMCE to pay expenses related to the First Amendment transactions and the Starplex Cinemas acquisition. The Company recorded a loss of approximately \$1,366,000 in other expense (income) during the twelve months ended December 31, 2015, which consisted of third-party costs, deferred financing costs, and discount write-off incurred in connection with the modification of the Senior Secured Credit Facility. At December 31, 2015, the aggregate principal balance of the Term Loan due 2022 was \$880,625,000 and borrowings under the Revolving Credit Facility were \$75,000,000. As of December 31, 2015, AMCE had approximately \$62,059,000 available for borrowing, net of letters of credit, under its Revolving Credit Facility.

Borrowings under the Senior Secured Credit Facility bear interest at a rate equal to an applicable margin plus, at the Company's option, either a base rate or LIBOR. The minimum rate for base rate borrowings is 1.75% and the minimum rate for LIBOR-based borrowings is 0.75%. The applicable margin for the Term loan due 2022 is 2.25% for base rate borrowings and 3.25% for LIBOR based loans. The applicable margin for the Revolving Credit Facility ranges from 1.25% to 1.5% for base rate borrowings and from 2.25% to 2.5% for LIBOR based borrowings. The Revolving Credit Facility also provides for an unused commitment fee of 0.50% per annum and for letter of credit fees of up to 0.25% per annum plus the applicable margin for LIBOR-based borrowings on the undrawn amount of

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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**NOTE 7—CORPORATE BORROWINGS AND CAPITAL AND FINANCING LEASE OBLIGATIONS (Continued)**

the letter of credit. The applicable rate for borrowings under the Term Loan due 2022 at December 31, 2015 was 4.0% based on LIBOR (3.25% margin plus 0.75% minimum LIBOR rate). Prior to redemption, the applicable rate for borrowings under the Term Loan due 2020 at December 10, 2015 was 3.5% based on LIBOR (2.75% margin plus 0.75% minimum LIBOR rate). The Term Loan due 2022 requires repayments of principal of 0.25% of the original principal amount, or \$2,201,500 per quarter, with any remaining balance due on December 15, 2022. AMCE may voluntarily repay outstanding loans under the Senior Secured Credit Facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

The Senior Secured Credit Facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of AMCE and its subsidiaries, to sell assets; incur additional indebtedness; prepay other indebtedness (including the notes); pay dividends and distributions or repurchase their capital stock; create liens on assets; make investments; make acquisitions; engage in mergers or consolidations; engage in transactions with affiliates; amend constituent documents and material agreements governing subordinated indebtedness, including the 5.875% Senior Subordinated Notes due 2022 and the 5.75% Senior Subordinated Notes due 2025; change the business conducted by it and its subsidiaries; and enter into agreements that restrict dividends from subsidiaries. In addition, the Senior Secured Credit Facility requires AMCE and its subsidiaries to maintain, on the last day of each fiscal quarter, a net senior secured leverage ratio, as defined in the Senior Secured Credit Facility, of no more than 3.25 to 1 as long as the commitments under the Revolving Credit Facility remain outstanding. The Senior Secured Credit Facility also contains certain customary affirmative covenants and events of default, including the occurrence of (i) a change in control, as defined in the Senior Secured Credit Facility, (ii) defaults under other indebtedness of AMCE, any guarantor or any significant subsidiary having a principal amount of \$25,000,000 or more, and (iii) one or more uninsured judgments against the AMCE, any guarantor, or any significant subsidiary for an aggregate amount exceeding \$25,000,000 with respect to which enforcement proceedings are brought or a stay of enforcement is not in effect for any period of 60 consecutive days.

All obligations under the Senior Secured Credit Facility are guaranteed by each of AMCE's wholly-owned domestic subsidiaries. All obligations under the Senior Secured Credit Facility, and the guarantees of those obligations (as well as cash management obligations), are secured by substantially all of AMCE's assets as well as those of each subsidiary guarantor. Holdings is not a party to the Senior Secured Credit Agreement and is not a guarantor of the obligations thereunder.

**AMCE's Notes Due 2019**

On June 9, 2009, AMCE issued \$600,000,000 aggregate principal amount of 8.75% Senior Notes due 2019 (the "Notes due 2019") issued under an indenture with U.S. Bank, National Association, as trustee. The Notes due 2019 bear interest at a rate of 8.75% per annum, payable on June 1 and December 1 of each year (commencing on December 1, 2009), and have a maturity date of June 1, 2019.

On January 15, 2014, AMCE launched a cash tender offer and consent solicitation for any and all of its outstanding Notes due 2019 at a purchase price of \$1,038.75 plus a \$30.00 consent fee for each

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 7—CORPORATE BORROWINGS AND CAPITAL AND FINANCING LEASE OBLIGATIONS (Continued)**

\$1,000 principal amount of Notes due 2019 validly tendered and accepted by AMCE on or before the consent payment deadline on January 29, 2014 (the "Consent Date"). Holders of \$463,950,000, or approximately 77.33%, of the Notes due 2019 validly tendered (or defective tender waived by AMCE) and did not withdraw their Notes due 2019 prior to the expiration of the Consent Date. An additional \$14,000 of Notes due 2019 was tendered from the Consent Date to the expiration date of the tender offer. The consents received exceeded the amount needed to approve the proposed amendments to the indenture under which the Notes due 2019 were issued.

On February 7, 2014, AMCE accepted for purchase \$463,950,000 aggregate principal amount, plus accrued and unpaid interest of the Notes due 2019, at a purchase price of \$1,038.75 plus a \$30.00 consent fee for each \$1,000 principal amount of Notes due 2019 validly tendered (or defective tender waived by AMCE), and, on February 14, 2014, AMCE accepted for purchase the additional \$14,000 of Notes due 2019 tendered after the Consent Date, plus accrued and unpaid interest, at a purchase price of \$1,038.75 for each \$1,000 principal amount of Notes due 2019 validly tendered.

On April 22, 2014, AMCE gave notice for redemption of all outstanding Notes due 2019 on a redemption date of June 1, 2014 (the "Redemption Date") at a redemption price of 104.375% of the principal amount together with accrued and unpaid interest to the Redemption Date. The aggregate principal amount of the Notes due 2019 outstanding on April 22, 2014 was \$136,036,000. AMCE completed the redemption of all of its outstanding Notes due 2019 on June 2, 2014.

The Company recorded a gain on extinguishment related to the cash tender offer and redemption of the Notes due 2019 of approximately \$8,544,000 in other expense (income), partially offset by other expenses of \$158,000 during the twelve months ended December 31, 2014.

**AMCE's Notes Due 2020**

On December 15, 2010, AMCE completed the offering of \$600,000,000 aggregate principal amount of its 9.75% Senior Subordinated Notes due 2020 ("Notes due 2020"). The Notes due 2020 mature on December 1, 2020, pursuant to an indenture dated as of December 15, 2010, among AMCE, the Guarantors named therein and U.S. Bank National Association, as trustee. AMCE will pay interest on the Notes due 2020 at 9.75% per annum, semi-annually in arrears on June 1 and December 1, commencing on June 1, 2011.

On May 26, 2015, AMCE launched a cash tender offer for any and all of its outstanding Notes due 2020 at a purchase price of \$1,093 for each \$1,000 principal amount of Notes due 2020 validly tendered and accepted by AMCE on or before June 2, 2015 (the "Expiration Date"). Holders of \$581,324,000, or approximately 96.9%, of the Notes due 2020 validly tendered and did not withdraw their Notes due 2020 on or prior to the Expiration Date.

On October 30, 2015, AMCE gave notice of its intention to redeem any and all of the remaining \$18,676,000 principal amount of the Notes due 2020 on December 1, 2015 at 104.875% of the principal amount, plus accrued and unpaid interest to the redemption date. AMCE completed the redemption of all of its outstanding Notes due 2020 on December 1, 2015.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 7—CORPORATE BORROWINGS AND CAPITAL AND FINANCING LEASE OBLIGATIONS (Continued)**

The Company recorded a loss on extinguishment related to the redemptions of the Notes due 2020 of approximately \$9,318,000 in other expense (income) during the twelve months ended December 31, 2015.

**AMCE's Notes Due 2022**

On February 7, 2014, AMCE completed an offering of \$375,000,000 aggregate principal amount of its Senior Subordinated Notes due 2022 (the "Notes due 2022") in a private offering. AMCE capitalized deferred financing costs of approximately \$7,748,000, related to the issuance of the Notes due 2022. The Notes due 2022 mature on February 15, 2022. AMCE will pay interest on the Notes due 2022 at 5.875% per annum, semi-annually in arrears on February 15th and August 15th, commencing on August 15, 2014. AMCE may redeem some or all of the Notes due 2022 at any time on or after February 15, 2017 at 104.406% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after February 15, 2020, plus accrued and unpaid interest to the redemption date. Prior to February 15, 2017, AMCE may redeem the Notes due 2022 at par plus a make-whole premium. AMCE used the net proceeds from the Notes due 2022 private offering, together with a portion of the net proceeds from the Holdings' IPO, to pay the consideration and consent payments for the tender offer for the Notes due 2019, plus any accrued and unpaid interest and related transaction fees and expenses.

The Notes due 2022 are general unsecured senior subordinated obligations of AMCE and are fully and unconditionally guaranteed on a joint and several unsecured senior subordinated basis by all of its existing and future domestic restricted subsidiaries that guarantee its other indebtedness. The Notes due 2022 are not guaranteed by Holdings. The indenture governing the Notes due 2022 contains covenants limiting other indebtedness, dividends, purchases or redemptions of stock, transactions with affiliates and mergers and sales of assets.

AMCE filed a registration statement on April 1, 2014 pursuant to the Securities Act of 1933, as amended, relating to an offer to exchange the original Notes due 2022 for exchange Notes due 2022. The registration statement was declared effective on April 9, 2014. After the exchange offer expired on May 9, 2014, all of the original Notes due 2022 were exchanged.

**AMCE's Notes due 2025**

On June 5, 2015, AMCE issued \$600,000,000 aggregate principal amount of its 5.75% Senior Subordinated Notes due 2025 (the "Notes due 2025") in a private offering. AMCE capitalized deferred financing costs of approximately \$11,378,000, related to the issuance of the Notes due 2025. The Notes due 2025 mature on June 15, 2025. AMCE will pay interest on the Notes due 2025 at 5.75% per annum, semi-annually in arrears on June 15th and December 15th, commencing on December 15, 2015. AMCE may redeem some or all of the Notes due 2025 at any time on or after June 15, 2020 at 102.875% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after June 15, 2023, plus accrued and unpaid interest to the redemption date. Prior to June 15, 2020, AMCE may redeem the Notes due 2025 at par plus a make-whole premium. AMCE used the net proceeds from the Notes due 2025 private offering and cash on hand, to pay the consideration for the



**AMC ENTERTAINMENT HOLDINGS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013**

**NOTE 7—CORPORATE BORROWINGS AND CAPITAL AND FINANCING LEASE OBLIGATIONS (Continued)**

tender offer for the Notes due 2020, plus any accrued and unpaid interest and related transaction fees and expenses.

The Notes due 2025 are general unsecured senior subordinated obligations of AMCE and are fully and unconditionally guaranteed on a joint and several senior subordinated unsecured basis by all of its existing and future domestic restricted subsidiaries that guarantee its other indebtedness. The Notes due 2025 are not guaranteed by Holdings.

The indenture governing the Notes due 2025 contains covenants limiting other indebtedness, dividends, purchases or redemptions of stock, transactions with affiliates, and mergers and sales of assets.

On June 5, 2015, in connection with the issuance of the Notes due 2025, AMCE entered into a registration rights agreement. Subject to the terms of the registration rights agreement, AMCE filed a registration statement on June 19, 2015 pursuant to the Securities Act of 1933, as amended, relating to an offer to exchange the original Notes due 2025 for exchange Notes due 2025 registered pursuant to an effective registration statement; the registration statement was declared effective on June 29, 2015, and AMCE commenced the exchange offer. The exchange notes have terms substantially identical to the original notes except that the exchange notes do not contain terms with respect to transfer restrictions and registration rights and additional interest payable for the failure to consummate the exchange offer within 210 days after the issue date. After the exchange offer expired on July 27, 2015, all of the original Notes due 2025 were exchanged.

**OpCo's Promissory Note**

See Note 5—Investments for information regarding the 5% Promissory Note payable to NCM.

**Financial Covenants**

Each indenture relating to the Notes due 2025 and the Notes due 2022 allows AMCE to incur specified permitted indebtedness (as defined therein) without restriction. Each indenture also allows AMCE to incur any amount of additional debt as long as it can satisfy the coverage ratio of each indenture, after giving effect to the indebtedness on a pro forma basis. Under the indentures for the Notes due 2022 and Notes due 2025, at December 31, 2015 AMCE could borrow approximately \$2,537,700,000 (assuming an interest rate of 7.0% per annum on the additional indebtedness) in addition to specified permitted indebtedness. If AMCE cannot satisfy the coverage ratios of the indentures, generally it can borrow an additional amount under the Senior Secured Credit Facility. The indentures also contain restrictions on AMCE's ability to make distributions to Holdings. Under the most restrictive provision set forth in the note indenture for the Notes due 2022, as of December 31, 2015, the amount of loans and dividends which AMCE could make to Holdings could not exceed approximately \$1,218,246,000 in the aggregate.

As of December 31, 2015, AMCE was in compliance with all financial covenants relating to the Senior Secured Credit Facility, the Notes due 2022, and the Notes due 2025.

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 8—STOCKHOLDERS' EQUITY

## Common Stock Rights and Privileges

The rights of the holders of Holdings' Class A common stock and Holdings' Class B common stock are identical, except with respect to voting and conversion applicable to the Class B common stock. Holders of Holdings' Class A common stock are entitled to one vote per share and holders of Holdings' Class B common stock are entitled to three votes per share. Holders of Class A common stock and Class B common stock will share ratably (based on the number of shares of common stock held) in any dividend declared by its board of directors, subject to any preferential rights of any outstanding preferred stock. The Class A common stock is not convertible into any other shares of Holdings' capital stock. Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock shall convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in Holdings' certificate of incorporation.

## Dividends

The following is a summary of dividends and dividend equivalents declared to stockholders during the twelve months ended December 31, 2015:

<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 thousands)</u>
February 3, 2015	March 9, 2015	March 23, 2015	\$ 0.20	\$ 19,637
April 27, 2015	June 8, 2015	June 22, 2015	0.20	19,635
July 28, 2015	September 8, 2015	September 21, 2015	0.20	19,622
October 29, 2015	December 7, 2015	December 21, 2015	0.20	19,654

During the twelve months ended December 31, 2015, the Company paid dividends and dividend equivalents of \$78,608,000, increased additional paid-in capital for recognition of deferred tax assets of \$268,000 related to the dividend equivalents paid, and accrued \$165,000 for the remaining unpaid dividends at December 31, 2015. The aggregate dividends paid for Class A common stock, Class B common stock, and dividend equivalents were approximately \$17,260,000, \$60,662,000, and \$686,000, respectively.

The following is a summary of dividends and dividend equivalents declared to stockholders during the twelve months ended December 31, 2014:

<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 thousands)</u>
April 25, 2014	June 6, 2014	June 16, 2014	\$ 0.20	\$ 19,576
July 29, 2014	September 5, 2014	September 15, 2014	0.20	19,576
October 27, 2014	December 5, 2014	December 15, 2014	0.20	19,577

The Company paid dividends and dividend equivalents of \$58,504,000 during the twelve months ended December 31, 2014, increased additional paid-in capital for recognition of deferred tax assets of \$27,000 related to the dividend equivalents paid, and accrued \$225,000 for the remaining unpaid

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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**NOTE 8—STOCKHOLDERS' EQUITY (Continued)**

dividends at December 31, 2014. The aggregate dividends paid for Class A common stock, Class B common stock, and dividend equivalents were approximately \$12,937,000, \$45,496,000, and \$71,000, respectively.

During the twelve months ended December 31, 2013, AMCE used cash on hand to make a dividend distribution to Holdings to purchase treasury stock of \$588,000. As a result of the IPO, members of management incurred a tax liability associated with Holdings' common stock owned since August 30, 2012. Management elected to satisfy \$588,000 of the tax withholding obligation by tendering the shares of Class A common stock to Holdings.

**Related Party Transaction**

As of December 31, 2015 and December 31, 2014, the Company recorded a receivable due from Wanda of \$141,000 and \$156,000, respectively for reimbursement of general administrative and other expense incurred on behalf of Wanda.

**Temporary Equity**

Certain members of management have the right to require Holdings to repurchase the Class A common stock held by them under certain limited circumstances pursuant to the terms of a stockholders agreement. Beginning on January 1, 2016 and ending on January 1, 2019 (or upon the termination of a management stockholder's employment by the Company without cause, by the management stockholder for good reason, or due to the management stockholder's death or disability) management stockholders will have the right, in limited circumstances, to require Holdings to purchase shares that are not fully and freely tradeable at a price equal to the price per share paid by such management stockholder with appropriate adjustments for any subsequent events such as dividends, splits, or combinations. The shares of Class A common stock subject to the stockholder agreement are classified as temporary equity, apart from permanent equity, as a result of the contingent redemption feature contained in the stockholder agreement. The Company determined the amount reflected in temporary equity for the Class A common stock based on the price paid per share by the management stockholders and Wanda on August 30, 2012, the date Wanda acquired Holdings.

During the twelve months ended December 31, 2015, a former employee who held 5,939 shares, relinquished his put right, therefore the related share amount of \$62,000 was reclassified to additional paid-in capital, a component of stockholders' equity. During the twelve months ended December 31, 2014, certain members of management received \$92,000 by tendering shares of Class A common stock to Holdings with an original recorded historical cost of \$43,000. As a result of this transaction, temporary equity declined by \$43,000 and additional paid-in capital increased by \$43,000.

**Treasury Stock**

Holdings used cash on hand to purchase 4,085 shares of Class A common stock for fair value of \$92,000 from certain members of management during the twelve months ended December 31, 2014.

**Stock-Based Compensation**

Holdings adopted a stock-based compensation plan in December of 2013.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 8—STOCKHOLDERS' EQUITY (Continued)**

The Company recorded stock-based compensation expense of \$10,480,000, \$11,293,000, and \$12,000,000 within general and administrative: other during the twelve months ended December 31, 2015, the twelve months ended December 31, 2014, and the twelve months ended December 31, 2013, respectively. The Company's financial statements reflect an increase to additional paid-in capital related to stock-based compensation of \$10,480,000 and \$11,293,000 during the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014, respectively. As of December 31, 2015, there was approximately \$20,000 of total unrecognized compensation cost related to stock-based compensation arrangements expected to be recognized during calendar 2016.

*2013 Equity Incentive Plan*

The 2013 Equity Incentive Plan provides for grants of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance stock units, stock awards, and cash performance awards. The maximum number of shares of Holdings' common stock available for delivery pursuant to awards granted under the 2013 Equity Incentive Plan is 9,474,000 shares. At December 31, 2015, the aggregate number of shares of Holdings' common stock available for grant was 8,296,571 shares.

*Awards in Connection with Holdings' IPO*

In connection with Holdings' IPO, the Board of Directors approved the grants of 666,675 fully vested shares of Holdings' Class A common stock to certain of its employees in December of 2013 under the 2013 Equity Incentive Plan. Of the total 666,675 shares that were awarded, 360,172 shares were issued to the employees and 306,503 were withheld to cover tax obligations and were cancelled. The fair value of the stock at the grant date was \$18.00 per share and was based on the IPO price. The Company recognized approximately \$12,000,000 of expense in general and administrative: other expense in connection with these share grants.

*Awards Granted in 2014 and 2015*

Holdings' Board of Directors approved awards of stock, restricted stock units ("RSUs"), and performance stock units ("PSUs") to certain of the Company's employees and directors under the 2013 Equity Incentive Plan. During calendar 2014 and calendar 2015, the grant date fair value of these awards was based on the closing price of Holdings' stock on the date of grant, which ranged from \$20.18 to \$33.96 per share.

The award agreements generally had the following features:

- *Stock Award Agreement:* The Company granted 15,312 and 11,035 fully vested shares of Class A common stock to its independent members of Holdings' Board of Directors during the twelve months ended December 31, 2015 and December 31, 2014, respectively. In connection with these share grants, the Company recognized approximately \$382,000 and \$226,000 of expense in general and administrative: other expense during the twelve months ended December 31, 2015 and December 31, 2014, respectively.
- *Restricted Stock Unit Award Agreement:* The Company granted 84,649 and 118,849 RSU awards to certain members of management during the twelve months ended December 31, 2015 and the

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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NOTE 8—STOCKHOLDERS' EQUITY (Continued)

twelve months ended December 31, 2014, respectively. Each RSU represents the right to receive one share of Class A common stock at a future date. The RSUs were fully vested at the date of grant. The RSUs will not be settled, and will be non-transferable, until the third anniversary of the date of grant. Under certain termination scenarios defined in the award agreement, the RSUs may be settled within 60 days following termination of service. Participants will receive dividend equivalents equal to the amount paid in respect to the shares of Class A common stock underlying the RSUs. The Company recognized approximately \$2,875,000 and \$2,408,000 of expense in general and administrative: other expense during the twelve months ended December 31, 2015 and December 31, 2014, respectively, in connection with these fully vested awards.

During the twelve months ended December 31, 2015 and December 31, 2014, RSU awards of 58,749 and 128,641 units, respectively, were granted to certain executive officers. The RSUs granted each year would have been forfeited if Holdings did not achieve a specified annual cash flow from operating activities target for the calendar year. These awards did not contain a service condition. The vested RSUs will not be settled, and will be non-transferable, until the third anniversary of the date of grant. Under certain termination scenarios defined in the award agreement, the RSUs may be settled within 60 days following termination of service. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the RSUs began to accrue with respect to the RSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the RSUs. Thereafter, dividend equivalents are paid to the holder whenever dividends are paid on the Class A common stock. The Company recognized expense for these awards of \$1,995,000 and \$2,596,000, within general and administrative: other expense, during the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014, respectively, due to the achievement of the performance condition.

On August 7, 2015, a RSU award of 19,226 units was granted to the Interim Chief Executive Officer and President, with a grant date fair value of approximately \$569,000. Each RSU will convert into one share of Class A common stock immediately upon vesting which will occur upon the earliest of: (1) the first day of employment of a replacement Chief Executive Officer, (2) March 15, 2016, or (3) the Company's termination of the participant without cause. All unvested RSUs will be forfeited upon the participant's termination as Interim Chief Executive Officer and President prior to vesting as a result of the participant's voluntary resignation or removal from such position by the Board of Directors for cause. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the RSUs began to accrue with respect to the RSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the RSUs. The Company recognized approximately \$549,000 in general and administrative: other expense during the twelve months ended December 31, 2015, in connection with this award.

- *Performance Stock Unit Award Agreement:* PSU awards were granted to certain members of management and executive officers, with both a specified annual free cash flow performance target condition and a 1 year service condition, ending on December 31st. The PSUs would vest ratably based on a scale ranging from 80% to 120% of the performance target with the vested

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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NOTE 8—STOCKHOLDERS' EQUITY (Continued)

amount ranging from 30% to 150%. No PSUs would vest if Holdings did not achieve the free cash flow minimum performance target or the participant's service did not continue through the last day of the performance period, during the twelve months ended December 31st. The vested PSUs will not be settled, and will be non-transferable, until the third anniversary of the date of grant. Under certain termination scenarios defined in the award agreement, the vested PSUs may be settled within 60 days following termination of service. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the PSUs began to accrue with respect to the PSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the PSUs. Thereafter, dividend equivalents are paid to the holder whenever dividends are paid on the Class A common stock.

2015 PSU Awards. The PSU awards were granted on March 6, 2015. As a result of the one-year service condition being met and attainment of the target performance condition at 122.8%, the gross number of PSUs granted was 168,949 units. The Company recognized expense of \$4,679,000, net of forfeitures, within general and administrative: other expense during the twelve months ended December 31, 2015.

2014 PSU Awards. If the performance target was met at 100%, the PSU awards granted on January 2, 2014, May 12, 2014, and June 25, 2014 would be 244,016 units, 1,819 units, and 1,655 units, respectively. Holdings' Board of Directors and Compensation Committee approved a modification to the performance target of the original PSU grant, which resulted in re-measurement of the fair value of the PSU awards as of September 15, 2014. In September 2014, the Board of Directors approved an increase in authorized capital expenditures for the twelve months ended December 31, 2014 of \$38,800,000 to accelerate deployment of certain customer experience enhancing strategic initiatives. As a result, the PSU awards' free cash flow performance target was no longer considered probable of being met. The PSU free cash flow performance target was modified on September 15, 2014 to consider the impact of the additional authorized capital expenditures, making the awards probable at that time. The fair value of the stock at the modification date of September 15, 2014 was \$24.60 per share and was based on the closing price of Holdings' stock. The Company recognized expense of \$6,063,000, net of forfeitures, within general and administrative: other expense during the twelve months ended December 31, 2014, as a result of the one-year service condition being met and attainment of the target performance condition at 100%.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 8—STOCKHOLDERS' EQUITY (Continued)

The following table represents the RSU and PSU activity for the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014:

	Shares of RSU and PSU	Weighted Average Grant Date Fair Value
Beginning balance at January 1, 2014	—	\$ —
Granted	494,980	22.40
Vested	(493,971)	22.41
Forfeited	(1,009)	20.18
Nonvested at December 31, 2014	—	\$ —
Granted	331,573	33.71
Vested(1)	(280,844)	33.96
Forfeited	(31,503)	33.96
Nonvested at December 31, 2015	19,226	\$ 29.59

- (1) Includes vested units of 3,131 that were withheld to cover tax obligations and were subsequently canceled. As a result of this transaction, additional paid-in capital decreased by \$107,000.

NOTE 9—INCOME TAXES

The Income tax provision reflected in the Consolidated Statements of Operations consists of the following components:

(In thousands)	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Current:			
Federal	\$ 10,278	\$ —	\$ —
Foreign	—	—	—
State	(2,263)	1,250	4,045
Total current	8,015	1,250	4,045
Deferred:			
Federal	46,935	43,869	(229,778)
Foreign	—	—	—
State	4,725	(11,439)	(36,820)
Total deferred	51,660	32,430	(266,598)
Total provision (benefit)	59,675	33,680	(262,553)
Tax provision from discontinued operations	—	210	830
Total provision (benefit) from continuing operations	\$ 59,675	\$ 33,470	\$ (263,383)

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 9—INCOME TAXES (Continued)

The Company has recorded no alternative minimum taxes as the consolidated tax group for which it is a member expects no alternative minimum tax liability, due to the utilization of tax credits.

Pre-tax income (losses) consisted of the following:

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Domestic	\$ 163,531	\$ 97,303	\$ 103,526
Foreign	—	457	(1,679)
Total	<u>\$ 163,531</u>	<u>\$ 97,760</u>	<u>\$ 101,847</u>

The difference between the effective tax rate on earnings from continuing operations before income taxes and the U.S. federal income tax statutory rate is as follows:

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Income tax expense at the federal statutory rate	\$ 57,237	\$ 34,035	\$ 34,902
Effect of:			
State income taxes	6,180	195	1,479
Increase (decrease) in reserve for uncertain tax positions	(1,031)	1,050	2,193
Federal and state credits	(2,686)	(2,985)	(2,600)
Change in net operating loss carryforward for excess tax deductions	—	—	(28,206)
Permanent items	101	1,485	537
Other	155	(1,100)	(6,088)
Valuation allowance	(281)	790	(265,600)
Income tax expense (benefit)	<u>\$ 59,675</u>	<u>\$ 33,470</u>	<u>\$ (263,383)</u>
Effective income tax rate	<u>36.5%</u>	<u>34.4%</u>	<u>(264.1)%</u>



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 9—INCOME TAXES (Continued)

The significant components of deferred income tax assets and liabilities as of December 31, 2015 and December 31, 2014 are as follows:

(In thousands)	December 31, 2015		December 31, 2014	
	Deferred Income Tax		Deferred Income Tax	
	Assets	Liabilities	Assets	Liabilities
Tangible assets	\$ —	\$ (131,793)	\$ —	\$ (113,456)
Accrued liabilities	28,390	—	31,430	—
Intangible assets	—	(121,495)	—	(101,725)
Receivables	—	(5,264)	—	(5,206)
Investments	—	(230,568)	—	(233,005)
Capital loss carryforwards	—	—	50	—
Pension, postretirement and deferred compensation	38,183	—	33,581	—
Corporate borrowings	—	—	19,127	—
Deferred revenue	179,133	—	154,583	—
Lease liabilities	135,215	—	111,250	—
Capital and financing lease obligations	33,130	—	35,654	—
Alternative minimum tax and other credit carryovers	17,520	—	21,802	—
Charitable contributions	—	—	158	—
Net operating loss carryforwards	184,256	—	228,329	—
Total	\$ 615,827	\$ (489,120)	\$ 635,964	\$ (453,392)
Less: Valuation allowance	(509)	—	(790)	—
Net deferred income taxes	\$ 615,318	\$ (489,120)	\$ 635,174	\$ (453,392)

A rollforward of the Company's valuation allowance for deferred tax assets is as follows:

(In thousands)	Balance at Beginning of Period	Additions Charged (Credited) to Expenses	Charged (Credited) to Goodwill	Charged (Credited) to Other Accounts(1)	Balance at End of Period
Calendar Year 2015					
Valuation allowance—deferred income tax assets	\$ 790	(281)	—	—	\$ 509
Calendar Year 2014					
Valuation allowance—deferred income tax assets	\$ —	790	—	—	\$ 790
Calendar Year 2013					
Valuation allowance—deferred income tax assets	\$ 248,420	(265,600)	11,088	6,092	\$ —

- (1) Primarily relates to amounts resulting from the Company's tax sharing arrangement, changes in deferred tax assets and associated valuation allowance that are not related to income statement activity as well as amounts charged to other comprehensive income.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 9—INCOME TAXES (Continued)**

During the twelve months ended December 31, 2015, the Company received a favorable state ruling that resulted in a reduction of uncertain tax positions and, as a result, the Company recorded a net discrete tax benefit of approximately \$2,900,000. The \$2,900,000 consisted of \$2,100,000 net discrete benefit for reduction of uncertain tax positions and \$800,000 related to establishing a receivable for amounts previously paid. During the twelve months ended December 31, 2015, the Company received a notice of proposed adjustment from the Internal Revenue Service based upon its ongoing review of the Company's tax return for the fiscal period ended March 29, 2012. As a result of this notification, the Company recorded a net discrete tax provision of \$1,000,000 for interest on the proposed adjustment (\$610,000 net of tax), reinstated approximately \$9,200,000 of deferred tax assets and recorded current interest and taxes payable of \$10,200,000.

The Company's federal income tax loss carryforward of \$542,102,000 will begin to expire in 2017 and will completely expire in 2034 and will be limited annually due to certain change in ownership provisions of the Internal Revenue Code. The Company also has state income tax loss carryforwards of \$321,105,000, which may be used over various periods ranging from 1 to 20 years.

From 2008 to 2012, prior to Wanda acquiring Holdings, the Company's entity generated significant net deferred tax assets primarily from debt carrying costs and asset impairments combined with reduced operating profitability. At December 31, 2015 and December 31, 2014, the Company recorded net deferred tax assets of \$126,198,000 and \$181,782,000, 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. The Company conducts its evaluation by considering all available positive and negative evidence. This evaluation considers, among other factors, 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. Based on the Company's evaluation through December 31, 2015, the Company continued to reserve a portion of its net deferred tax assets due to uncertainty of their realization and dependence upon future taxable income.

Consistent with the above process, the Company evaluated the need for a valuation allowance against its net deferred tax assets at December 31, 2013, and determined that the valuation allowance against its federal deferred tax assets and all of its state deferred tax assets dependent upon future taxable income was no longer appropriate. Accordingly, the Company reversed \$265,600,000 of valuation allowance in the fourth quarter of 2013. This reversal is reflected as a non-cash income tax benefit recorded in the fourth quarter of 2013 in the accompanying consolidated statements of operations.

In addition, AMCE utilized a portion of proceeds from the public offering of Holdings common stock during 2013 along with cash generated from an offering of 5.875% Senior Subordinated Notes due 2022 to purchase approximately 77.33% of its 8.75% Senior Notes due 2019, which lowered the amount of indebtedness and lower overall borrowing costs for the Company. These subsequent events also were additional positive evidence considered by management.

The Company has identified a prudent and feasible tax planning strategy which involves the conversion of NCM units into NCM, Inc. common stock that, when executed, generates significant

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 9—INCOME TAXES (Continued)

taxable income. The conversion is within the control of the Company and the Company executes the conversion when it becomes necessary to prevent its net operating loss and / or capital loss carryforwards from expiring unrealized.

On December 30, 2015, the Company converted 200,000 of its NCM units to NCM, Inc. shares and recognized approximately \$4,600,000 of capital gain pursuant to the tax planning strategy described above. See Note 5—Investments for additional information.

The accounting for deferred taxes is based upon an estimate of future results. Differences between estimated and actual results could have a material impact on the Company's consolidated results of operations, its financial position and the ability to fully realize its deferred tax assets over time. Changes in existing tax laws could also affect actual tax results and the realization of deferred tax assets over time. If future results are significantly different from the Company's estimates and judgments, the Company may be required to record a valuation allowance against some or all of its deferred tax assets prospectively.

A reconciliation of the change in the amount of unrecognized tax benefits was as follows:

<u>(In millions)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Balance at beginning of period	\$ 30.5	\$ 27.4	\$ 24.0
Gross increases—current period tax positions	1.7	1.6	3.8
Gross increases—prior period tax positions	1.1	1.5	—
Favorable resolutions with authorities	(2.2)	—	(0.4)
Lapse of statute of limitations	(1.0)	—	—
Balance at end of period	<u>\$ 30.1</u>	<u>\$ 30.5</u>	<u>\$ 27.4</u>

The Company's effective tax rate is not expected to be significantly impacted by the ultimate resolution of the uncertain tax positions.

The Company recognizes income tax-related interest expense and penalties as income tax expense and general and administrative expense, respectively. The amount of interest expense related to federal uncertain tax positions recognized for the year ended December 31, 2015 was \$1,000,000.

The Company analyzed and reviewed the remaining state uncertain tax positions to determine the necessity of accruing interest and penalties. The amount of interest to be accrued was immaterial in nature, due to jurisdictions with uncertain tax positions having overpayments to the Company or the amount of the uncertain tax position itself was small in nature.

There are currently unrecognized tax benefits which the Company anticipates will be resolved in the next 12 months; however, the Company is unable at this time to estimate what the impact on its unrecognized tax benefits will be.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. An IRS examination of the tax years February 28, 2002 through December 31, 2003 of the former Loews Cineplex Entertainment Corporation and subsidiaries was concluded during fiscal 2007. An IRS examination for the tax years ended March 31, 2005 and

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 9—INCOME TAXES (Continued)**

March 30, 2006 was completed during 2009. Generally, tax years beginning after March 28, 2002 are still open to examination by various taxing authorities. Additionally, the Company has net operating loss ("NOL") carryforwards for tax years ended October 31, 2000 through March 28, 2002 in the U.S. and various state jurisdictions which have carryforwards of varying lengths of time. These NOLs are subject to adjustment based on the statute of limitations applicable to the return in which they are utilized, not the year in which they are generated. Various state, local and foreign income tax returns are also under examination by taxing authorities. The Company does not believe that the outcome of any examination will have a material impact on its financial statements.

**NOTE 10—LEASES**

The following table sets forth the future minimum rental payments, by calendar year, required under existing operating leases and digital projector equipment leases payable to DCIP that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2015:

<u>(In thousands)</u>	<u>Minimum operating lease payments</u>
2016	\$ 451,830
2017	451,787
2018	418,384
2019	382,343
2020	350,342
Thereafter	1,822,552
Total minimum payments required	<u>\$ 3,877,238</u>

As of December 31, 2015, the Company has lease agreements for six theatres with 68 screens which are under construction or development and are expected to open in 2016 and 2017.

Included in other long-term liabilities as of December 31, 2015 and December 31, 2014 was \$206,265,000 and \$120,184,000, respectively, of deferred rent representing future minimum rental payments for leases with scheduled rent increases and landlord contributions, and \$140,440,000 and \$165,073,000, respectively, for unfavorable lease liabilities.

Rent expense is summarized as follows:

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Minimum rentals	\$ 405,455	\$ 395,795	\$ 394,937
Common area expenses	47,950	48,159	44,198
Percentage rentals based on revenues	14,417	11,285	12,693
Rent	467,822	455,239	451,828
General and administrative and other	7,224	7,763	13,393
Total	<u>\$ 475,046</u>	<u>\$ 463,002</u>	<u>\$ 465,221</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 11—EMPLOYEE BENEFIT PLANS

The Company sponsors frozen non-contributory qualified and non-qualified defined benefit pension plans generally covering all employees who, prior to the freeze, were age 21 or older and had completed at least 1,000 hours of service in their first twelve months of employment, or in a calendar year ending thereafter, and who were not covered by a collective bargaining agreement. The Company also offered eligible retirees the opportunity to participate in a health plan. Certain employees were eligible for subsidized postretirement medical benefits. The eligibility for these benefits was based upon a participant's age and service as of January 1, 2009. The Company also sponsors a postretirement deferred compensation plan.

On December 31, 2013, the Company's Board of Directors approved revisions to the Company's Postretirement Medical and Life Insurance Plan effective April 1, 2014 and the changes were communicated to the plan participants. As a result of these revisions, the Company recorded a prior service credit of approximately \$15,197,000 through other comprehensive income to be amortized over nine years starting in calendar 2014, based on expected future service of the remaining participants.

On January 12, 2015, the Compensation Committee and the Board of Directors of Holdings, adopted resolutions to terminate the AMC Postretirement Medical Plan with an effective date of March 31, 2015. During the three months ended March 31, 2015, the Company notified eligible associates that their retiree medical coverage under the plan will terminate after March 31, 2015. Payments to eligible associates were approximately \$4,300,000 during the twelve months ended December 31, 2015. The Company recorded net periodic benefit credits of \$18,118,000, including curtailment gains, settlement gains, amortization of unrecognized prior service credits, and amortization of actuarial gains recorded in accumulated other comprehensive income related to the termination and settlement of the plan during the twelve months ended December 31, 2015.

The measurement dates used to determine pension and other postretirement benefits were December 31, 2015, December 31, 2014, and December 31, 2013.

Net periodic benefit cost for the plans consists of the following:

(In thousands)	Pension Benefits			Other Benefits		
	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Components of net periodic benefit cost:						
Service cost	\$ —	\$ —	\$ 180	\$ 2	\$ 36	\$ 195
Interest cost	4,277	4,609	4,513	7	214	870
Expected return on plan assets	(4,666)	(5,230)	(4,707)	—	—	—
Amortization of net (gain) loss	45	(1,034)	—	(2,797)	(348)	(78)
Amortization of prior service credit	—	—	—	(2,888)	(1,665)	—
Curtailment gain	—	—	—	(11,867)	—	—
Settlement	254	—	—	(575)	—	—
Net periodic benefit cost (credit)	\$ (90)	\$ (1,655)	\$ (14)	\$ (18,118)	\$ (1,763)	\$ 987

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 11—EMPLOYEE BENEFIT PLANS (Continued)

The following table summarizes the changes in other comprehensive income:

	Pension Benefits		Other Benefits	
	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014
<u>(In thousands)</u>				
Net (gain) loss	\$ (345)	\$ 21,641	\$ 73	\$ 561
Prior service credit	—	—	(1,223)	—
Amortization of net gain	(45)	1,034	2,797	348
Amortization of prior service credit	—	—	2,888	1,665
Curtailment	—	—	11,867	—
Settlement	(254)	—	575	—
Allocated tax expense (benefit)	251	(8,843)	(6,620)	(1,003)
Total recognized in other comprehensive (income) loss	\$ (393)	\$ 13,832	\$ 10,357	\$ 1,571
Net periodic benefit cost (credit)	(90)	(1,655)	(18,118)	(1,763)
Total recognized in net periodic benefit cost (credit) and other comprehensive (income) loss	\$ (483)	\$ 12,177	\$ (7,761)	\$ (192)

The following tables set forth the plan's change in benefit obligations and plan assets and the accrued liability for benefit costs included in the Consolidated Balance Sheets:

	Pension Benefits		Other Benefits	
	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014
<u>(In thousands)</u>				
Change in benefit obligation:				
Benefit obligation at beginning of period	\$ 113,955	\$ 98,883	\$ 5,686	\$ 5,718
Service cost	—	—	2	36
Interest cost	4,277	4,609	7	214
Plan participants' contributions	—	—	101	419
Actuarial (gain) loss	(6,152)	23,532	73	561
Plan amendment	—	—	(1,223)	—
Benefits paid	(4,665)	(2,247)	(357)	(1,262)
Administrative expenses	(106)	(81)	—	—
Settlement paid	(296)	(7,166)	(4,289)	—
Settlement gain	(44)	(3,575)	—	—
Benefit obligation at end of period	\$ 106,969	\$ 113,955	\$ —	\$ 5,686

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 11—EMPLOYEE BENEFIT PLANS (Continued)

(In thousands)	Pension Benefits		Other Benefits	
	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014
Change in plan assets:				
Fair value of plan assets at beginning of period	\$ 70,424	\$ 73,658	\$ —	\$ —
Actual return on plan assets (loss) gain	(1,184)	3,546	—	—
Employer contribution	448	2,714	4,545	843
Plan participants' contributions	—	—	101	419
Benefits paid	(4,665)	(2,247)	(357)	(1,262)
Administrative expense	(106)	(81)	—	—
Settlement paid	(296)	(7,166)	(4,289)	—
Fair value of plan assets at end of period	<u>\$ 64,621</u>	<u>\$ 70,424</u>	<u>\$ —</u>	<u>\$ —</u>
Net liability for benefit cost:				
Funded status	<u>\$ (42,348)</u>	<u>\$ (43,531)</u>	<u>\$ —</u>	<u>\$ (5,686)</u>

(In thousands)	Pension Benefits		Other Benefits	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Amounts recognized in the Balance Sheet:				
Accrued expenses and other liabilities	\$ (152)	\$ (152)	\$ —	\$ (629)
Other long-term liabilities	(42,196)	(43,379)	—	(5,057)
Net liability recognized	<u>\$ (42,348)</u>	<u>\$ (43,531)</u>	<u>\$ —</u>	<u>\$ (5,686)</u>
Aggregate accumulated benefit obligation	<u>\$ (106,969)</u>	<u>\$ (113,955)</u>	<u>\$ —</u>	<u>\$ (5,686)</u>

The following table summarizes pension plans with accumulated benefit obligations and projected benefit obligations in excess of plan assets:

(In thousands)	Pension Benefits	
	December 31, 2015	December 31, 2014
Aggregated accumulated benefit obligation	\$ (106,969)	\$ (113,955)
Aggregated projected benefit obligation	(106,969)	(113,955)
Aggregated fair value of plan assets	64,621	70,424

Amounts recognized in accumulated other comprehensive income consist of the following:

(In thousands)	Pension Benefits		Other Benefits	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net actuarial (gain) loss	\$ (345)	\$ 21,641	\$ 73	\$ 561
Prior service credit	—	—	(1,223)	—

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 11—EMPLOYEE BENEFIT PLANS (Continued)

Amounts in accumulated other comprehensive income expected to be recognized in components of net periodic pension cost during the calendar year 2016 are as follows:

<u>(In thousands)</u>	<u>Pension Benefits</u>
Net actuarial loss	\$ 27

Actuarial Assumptions

The weighted-average assumptions used to determine benefit obligations are as follows:

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Discount rate	4.10%	3.80%	N/A	3.37%
Rate of compensation increase	N/A	N/A	N/A	N/A

The weighted-average assumptions used to determine net periodic benefit cost are as follows:

	<u>Pension Benefits</u>			<u>Other Benefits</u>		
	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Discount rate	3.80%	4.73%	4.17%	3.37%	4.00%	3.90%
Weighted average expected long-term return on plan assets	7.81%	7.81%	7.27%	N/A	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A

In developing the expected long-term rate of return on plan assets at each measurement date, the Company considers the plan assets' historical returns, asset allocations, and the anticipated future economic environment and long-term performance of the asset classes. While appropriate consideration is given to recent and historical investment performance, the assumption represents management's best estimate of the long-term prospective return.

At the measurement date of December 31, 2014, the Company selected the new RP-2014 Mortality Tables to measure benefit obligations. As a result of using the updated mortality assumptions, the pension and postretirement medical liabilities increased by approximately \$6,658,000.

Cash Flows

The Company does not expect to contribute to the pension plans during the calendar year 2016.



## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 11—EMPLOYEE BENEFIT PLANS (Continued)

The following table provides the benefits expected to be paid (inclusive of benefits attributable to estimated future employee service) in each of the next five calendar years, and in the aggregate for the five years thereafter:

<u>(In thousands)</u>	<u>Pension Benefits</u>
2016	\$ 2,790
2017	3,926
2018	3,656
2019	4,238
2020	4,034
Years 2021 - 2025	33,228

## Pension Plan Assets

The Company's investment objectives for its defined benefit pension plan investments are: (1) to preserve the real value of its principal; (2) to maximize a real long-term return with respect to the plan assets consistent with minimizing risk; (3) to achieve and maintain adequate asset coverage for accrued benefits under the plan; and (4) to maintain sufficient liquidity for payment of the plan obligations and expenses. The Company uses a diversified allocation of equity, debt, commodity and real estate exposures that are customized to the plan's cash flow benefit needs. The target allocations for plan assets are as follows:

<u>Asset Category</u>	<u>Target Allocation</u>
Fixed(1)	15%
Equity Securities—U.S.	25%
Equity Securities—International	15%
Collective trust fund	25%
Private Real Estate	15%
Commodities broad basket	5%
	<u>100%</u>

(1) Includes U.S. Treasury Securities and Bond market fund.

*Valuation Techniques.* The fair values classified within Level 1 of the valuation hierarchy were determined using quoted market prices from actively traded markets. The fair values classified within Level 2 of the valuation hierarchy included pooled separate accounts and collective trust funds, which valuations were based on market prices for the underlying instruments that were observable in the market or could be derived by observable market data from independent external valuation information.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 11—EMPLOYEE BENEFIT PLANS (Continued)

The fair value of the pension plan assets at December 31, 2015, by asset class is as follows:

(In thousands)	Total Carrying Value at December 31, 2015	Fair Value Measurements at December 31, 2015 Using		
		Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 289	\$ 289	\$ —	\$ —
U.S. treasury securities	1,452	1,452	—	—
Equity securities:				
U.S. companies	16,884	16,884	—	—
International companies	9,888	9,888	—	—
Bond market fund	8,526	8,526	—	—
Collective trust fund	15,771	—	15,771	—
Commodities broad basket fund	2,823	2,823	—	—
Private real estate	8,988	—	8,988	—
Total assets at fair value	\$ 64,621	\$ 39,862	\$ 24,759	\$ —

The fair value of the pension plan assets at December 31, 2014, by asset class is as follows:

(In thousands)	Total Carrying Value at December 31, 2014	Fair Value Measurements at December 31, 2014 Using		
		Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 300	\$ 300	\$ —	\$ —
U.S. treasury securities	1,615	1,615	—	—
Equity securities:				
U.S. companies	18,513	18,513	—	—
International companies	10,109	10,109	—	—
Bond market fund	9,173	9,173	—	—
Collective trust fund	17,485	—	17,485	—
Commodities broad basket fund	2,918	2,918	—	—
Private real estate	10,311	—	10,311	—
Total assets at fair value	\$ 70,424	\$ 42,628	\$ 27,796	\$ —

Defined Contribution Plan

The Company sponsors a voluntary 401(k) savings plan covering certain employees age 21 or older and who are not covered by a collective bargaining agreement. Under the Company's 401(k) Savings Plan, the Company matches 100% of each eligible employee's elective contributions up to 3% and 50% of contributions up to 5% of the employee's eligible compensation. The Company's expense under the 401(k) savings plan was \$3,353,000, \$2,696,000, and \$2,817,000, for the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

**NOTE 11—EMPLOYEE BENEFIT PLANS (Continued)**

**Union-Sponsored Plans**

Certain theatre employees are covered by union-sponsored pension and health and welfare plans. Company contributions into these plans are determined in accordance with provisions of negotiated labor contracts. Contributions aggregated \$72,000, \$207,000, and \$265,000, for the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively.

As of both December 31, 2015 and December 31, 2014, the Company's liability related to the collectively bargained multiemployer pension plan withdrawals was immaterial.

**NOTE 12—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, 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 May 5, 2014, NCM, Inc., the sole manager of NCM LLC, announced that it had entered into a merger agreement to acquire Screenvision, LLC for \$375,000,000, consisting of cash and NCM, Inc. common stock. Consummation of the transaction was subject to regulatory approvals and other customary closing conditions. On November 3, 2014, the U.S. Department of Justice filed an antitrust lawsuit seeking to enjoin the transaction. On March 16, 2015, NCM, Inc. and Screenvision, LLC decided to terminate the merger agreement. The termination of the merger agreement was effective upon NCM, Inc.'s payment of a \$26,840,000 termination payment. The estimated legal and other transaction expenses were approximately \$14,990,000. NCM LLC of which AMC was an approximate 15.05% owner at March 31, 2015, had agreed to indemnify NCM, Inc. and bear a pro rata portion of the termination fee and other transaction expenses. Accordingly, the Company recorded expense of approximately \$6,300,000 in equity in earnings of non-consolidated entities associated with these transaction expenses recorded by NCM LLC during the twelve months ended December 31, 2015.

On May 28, 2015, the Company received a Civil Investigative Demand ("CID") from the Antitrust Division of the United States Department of Justice in connection with an investigation under Sections 1 and 2 of the Sherman Antitrust Act. Beginning in May of 2015, the Company also received CIDs from the Attorneys General for the States of Ohio, Texas, Washington, Florida, New York, Kansas, and from the District of Columbia, regarding similar inquiries under those states' antitrust laws. The CIDs request the production of documents and answers to interrogatories concerning potentially anticompetitive conduct, including film clearances and participation in certain joint ventures. The Company may receive additional CIDs from antitrust authorities in other jurisdictions in which it

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 12—COMMITMENTS AND CONTINGENCIES (Continued)

operates. The Company does not believe it has violated federal or state antitrust laws and is cooperating with the relevant governmental authorities. However, the Company cannot predict the ultimate scope, duration or outcome of these investigations.

## NOTE 13—THEATRE AND OTHER CLOSURE AND DISPOSITION OF ASSETS

The Company has provided reserves for estimated losses from theatres and screens which have been permanently closed and vacant space with no right to future use. As of December 31, 2015, the Company reserved \$42,973,000 for lease terminations which have either not been consummated or paid, related primarily to nine theatres and certain vacant restaurant space. The Company is obligated under long-term lease commitments with remaining terms of up to 12 years for theatres which have been closed. As of December 31, 2015, base rents aggregated approximately \$9,288,000 annually and \$48,369,000 over the remaining terms of the leases.

A rollforward of reserves for theatre and other closure is as follows:

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
Beginning balance	\$ 52,835	\$ 55,163	\$ 61,344
Theatre and other closure expense	5,028	9,346	5,823
Transfer of assets and liabilities	—	2,439	(53)
Foreign currency translation adjustment	(2,437)	(1,822)	(286)
Cash payments	(12,453)	(12,291)	(11,665)
Ending balance	<u>\$ 42,973</u>	<u>\$ 52,835</u>	<u>\$ 55,163</u>

The Company recognized theatre and other closure expense of \$5,028,000, \$9,346,000, and \$5,823,000, during the twelve months ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively. Theatre and other closure expense included the accretion on previously closed properties with remaining lease obligations. In May 2014, one theatre with 13 screens in Canada was permanently closed.

In the accompanying Consolidated Balance Sheets, the current portion of the theatre and other closure ending balance was included with accrued expenses and other liabilities and the long-term portion of the theatre and other closure ending balance was included with other long-term liabilities. See Note 6—Supplemental Balance Sheet Information for further information.

Theatre and other closure reserves for leases that have not been terminated were recorded at the present value of the future contractual commitments for the base rents, taxes and maintenance. As of December 31, 2015, the future lease obligations are discounted at annual rates ranging from 6.0% to 9.0%.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 14—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.

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 carried at fair value on a recurring basis:

(In thousands)	Total Carrying Value at December 31, 2015(1)	Fair Value Measurements at December 31, 2015 Using		
		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	\$ 132	\$ 132	\$ —	\$ —
Equity securities, available-for-sale:				
RealD Inc. common stock	12,900	12,900	—	—
Mutual fund large U.S. equity	2,057	2,057	—	—
Mutual fund small/mid U.S. equity	2,222	2,222	—	—
Mutual fund international	833	833	—	—
Mutual fund balanced	747	747	—	—
Mutual fund fixed income	750	750	—	—
Total assets at fair value	<u>\$ 19,641</u>	<u>\$ 19,641</u>	<u>\$ —</u>	<u>\$ —</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 14—FAIR VALUE MEASUREMENTS (Continued)

(In thousands)	Total Carrying Value at December 31, 2014(1)	Fair Value Measurements at December 31, 2014		
		Using		
		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	\$ 224	\$ 224	\$ —	\$ —
Equity securities, available-for-sale:				
RealD Inc. common stock	14,429	14,429	—	—
Mutual fund large U.S. equity	2,879	2,879	—	—
Mutual fund small/mid U.S. equity	1,558	1,558	—	—
Mutual fund international	717	717	—	—
Mutual fund balanced	760	760	—	—
Mutual fund fixed income	541	541	—	—
Total assets at fair value	<u>\$ 21,108</u>	<u>\$ 21,108</u>	<u>\$ —</u>	<u>\$ —</u>

- (1) Except for the investment in RealD Inc. common stock, the investments relate to a non-qualified deferred compensation arrangement on behalf of certain 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. The equity securities, available-for-sale, primarily consist of common stock and mutual funds invested in equity, fixed income, and international funds and are measured at fair value using quoted market prices. See Note 16—Accumulated Other Comprehensive Income for the unrealized gain on equity securities recorded in accumulated other comprehensive income.

**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 thousands)	Total Carrying Value at December 31, 2015	Fair Value Measurements at December 31, 2015			Total Losses
		Using			
		Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Property, net:</b>					
Property owned, net	\$ 2,480	\$ —	\$ —	\$ 2,480	\$ 863
<b>Intangible assets, net:</b>					
Favorable lease	—	—	—	—	839

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 14—FAIR VALUE MEASUREMENTS (Continued)

(In thousands)	Total Carrying Value at December 31, 2014	Fair Value Measurements at December 31, 2014			Total Losses
		Using Quoted prices in active market (Level 1)	Using Significant other observable inputs (Level 2)	Using Significant unobservable inputs (Level 3)	
<b>Property, net:</b>					
Property owned, net	\$ 2,342	\$ —	\$ —	\$ 2,342	\$ 3,149

Long-lived assets held and used and a favorable lease were considered impaired and were written down to their fair value at December 31, 2015 and December 31, 2014 of \$2,480,000 and \$2,342,000, respectively.

**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 thousands)	Total Carrying Value at December 31, 2015	Fair Value Measurements at December 31, 2015		
		Using Quoted prices in active market (Level 1)	Using Significant other observable inputs (Level 2)	Using Significant unobservable inputs (Level 3)
Current maturities of corporate borrowings	\$ 10,195	\$ —	\$ 8,811	\$ 1,389
Corporate borrowings	1,924,366	—	1,924,837	4,166

(In thousands)	Total Carrying Value at December 31, 2014	Fair Value Measurements at December 31, 2014		
		Using Quoted prices in active market (Level 1)	Using Significant other observable inputs (Level 2)	Using Significant unobservable inputs (Level 3)
Current maturities of corporate borrowings	\$ 15,873	\$ —	\$ 14,390	\$ 1,389
Corporate borrowings	1,775,132	—	1,765,678	5,555

*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.

NOTE 15—OPERATING SEGMENT

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 one reportable segment for its theatrical exhibition operations.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 15—OPERATING SEGMENT (Continued)

Information about the Company's revenues from continuing operations and assets by geographic area is as follows:

<u>Revenues (In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
United States	\$ 2,940,011	\$ 2,688,230	\$ 2,741,717
Other	6,889	7,160	7,711
Total revenues	<u>\$ 2,946,900</u>	<u>\$ 2,695,390</u>	<u>\$ 2,749,428</u>

<u>Long-term assets, net (In thousands)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
United States	\$ 4,695,524	\$ 4,361,688
Other	194	243
Total long-term assets(1)	<u>\$ 4,695,718</u>	<u>\$ 4,361,931</u>

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

NOTE 16—ACCUMULATED OTHER COMPREHENSIVE INCOME

The following tables present the change in accumulated other comprehensive income (loss) by component:

<u>(In thousands)</u>	<u>Foreign Currency</u>	<u>Pension and Other Benefits(1)</u>	<u>Unrealized Net Gain from Marketable Securities</u>	<u>Unrealized Net Gain from Equity Method Investees' Cash Flow Hedge</u>	<u>Total</u>
Balance, December 31, 2014	\$ 729	\$ 6,675	\$ 2,677	\$ 2,763	\$ 12,844
Other comprehensive income (loss) before reclassifications	1,372	912	(1,056)	(693)	535
Amounts reclassified from accumulated other comprehensive income	—	(10,876)	(156)	457	(10,575)
Other comprehensive income (loss)	1,372	(9,964)	(1,212)	(236)	(10,040)
Balance, December 31, 2015	<u>\$ 2,101</u>	<u>\$ (3,289)</u>	<u>\$ 1,465</u>	<u>\$ 2,527</u>	<u>\$ 2,804</u>

(1) See Note 11—Employee Benefit Plans for further information regarding amounts reclassified from accumulated other comprehensive income.



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 16—ACCUMULATED OTHER COMPREHENSIVE INCOME (Continued)

(In thousands)	Foreign Currency	Pension and Other Benefits	Unrealized Net Gain from Marketable Securities	Unrealized Net Gain from Equity Method Investees' Cash Flow Hedge	Total
Balance, December 31, 2013	\$ (249)	\$ 22,078	\$ 81	\$ 2,294	\$ 24,204
Other comprehensive income before reclassifications	978	(13,543)	2,627	(59)	(9,997)
Amounts reclassified from accumulated other comprehensive income	—	(1,860)	(31)	528	(1,363)
Other comprehensive income (loss)	978	(15,403)	2,596	469	(11,360)
Balance, December 31, 2014	\$ 729	\$ 6,675	\$ 2,677	\$ 2,763	\$ 12,844

The tax effects allocated to each component of other comprehensive income (loss) is as follows:

(In thousands)	Twelve Months Ended								
	December 31, 2015			December 31, 2014			December 31, 2013		
	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Unrealized foreign currency translation adjustment	\$ 2,250	\$ (878)	\$ 1,372	\$ 1,603	\$ (625)	\$ 978	\$ 179	\$ —	\$ 179
Pension and other benefit adjustments:									
Net gain (loss) arising during the period	272	(106)	166	(22,202)	8,659	(13,543)	13,808	(9,298)	4,510
Prior service credit arising during the period	1,223	(477)	746	—	—	—	15,197	(5,926)	9,271
Amortization of net (gain) loss reclassified into general and administrative: other	(2,752)	1,073	(1,679)	(1,382)	538	(844)	(78)	—	(78)
Amortization of prior service credit reclassified into general and administrative: other	(2,888)	1,126	(1,762)	(1,665)	649	(1,016)	—	—	—
Curtailement gain reclassified into general and administrative: other	(11,867)	4,628	(7,239)	—	—	—	—	—	—
Settlement gain reclassified into general and administrative: other	(321)	125	(196)	—	—	—	—	—	—
Marketable securities:									
Unrealized net holding gain (loss) arising during the period	(1,731)	675	(1,056)	4,305	(1,678)	2,627	(2,703)	1,081	(1,622)
Realized net gain reclassified into investment expense (income)	(256)	100	(156)	(52)	21	(31)	925	—	925
Equity method investees' cash flow hedge:									
Unrealized net holding gain (loss) arising during the period	(1,136)	443	(693)	(96)	37	(59)	3,474	(1,389)	2,085
Realized net loss reclassified into equity in earnings of non-consolidated entities	748	(291)	457	865	(337)	528	(510)	—	(510)
Other comprehensive income (loss)	\$ (16,458)	\$ 6,418	\$ (10,040)	\$ (18,624)	\$ 7,264	\$ (11,360)	\$ 30,292	\$ (15,532)	\$ 14,760

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 17—CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Holdings is a holding company that conducts substantially all of its business operations through its subsidiaries.

There are significant restrictions on Holdings' ability to obtain funds from any of its subsidiaries through dividends, loans or advances. Accordingly, these condensed financial statements have been presented on a "parent-only" basis. Under a parent-only presentation, Holdings' investments in its consolidated subsidiaries are presented under the equity method of accounting. These parent-only financial statements should be read in conjunction with Holdings' audited consolidated financial statements.

AMC ENTERTAINMENT HOLDINGS, INC.  
CONDENSED STATEMENTS OF OPERATIONS—PARENT ONLY

<u>(In thousands)</u>	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013
Total revenues	\$ —	\$ —	\$ —
Operating costs and expenses	—	—	—
Operating income	—	—	—
Other expense (income)			
Equity in earnings of AMC Entertainment Inc.	(103,856)	(64,080)	(364,400)
Total other expense (income)	(103,856)	(64,080)	(364,400)
Earnings before income taxes	103,856	64,080	364,400
Income tax provision	—	—	—
Net earnings	<u>\$ 103,856</u>	<u>\$ 64,080</u>	<u>\$ 364,400</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 17—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

AMC ENTERTAINMENT HOLDINGS, INC.  
CONSOLIDATED BALANCE SHEETS—PARENT ONLY

<u>(In thousands, except share data)</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 1,944	\$ 2,051
Total current assets	1,944	2,051
Goodwill	(2,143)	(2,143)
Deferred tax asset	295	27
Investment in AMC Entertainment Inc.	1,539,971	1,514,223
Total assets	<u>\$ 1,540,067</u>	<u>\$ 1,514,158</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Total liabilities	\$ —	\$ —
Class A common stock (temporary equity) (\$.01 par value, 167,211 shares issued and 130,442 shares outstanding as of December 31, 2015; 173,150 shares issued and 136,381 shares outstanding as of December 31, 2014)	1,364	1,426
Stockholders' equity:		
Class A common stock (\$.01 par value, 524,173,073 shares authorized; 21,445,090 shares issued and outstanding as of December 31, 2015; 21,423,839 shares issued and outstanding as of December 31, 2014)	214	214
Class B common stock (\$.01 par value, 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of December 31, 2015 and December 31, 2014)	758	758
Additional paid-in capital	1,183,218	1,172,515
Treasury stock (36,769 shares as of December 31, 2015 and December 31, 2014, at cost)	(680)	(680)
Accumulated other comprehensive income	2,804	12,844
Accumulated earnings	352,389	327,081
Total stockholders' equity	<u>1,538,703</u>	<u>1,512,732</u>
Total liabilities and stockholders' equity	<u>\$ 1,540,067</u>	<u>\$ 1,514,158</u>

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 17—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

AMC ENTERTAINMENT HOLDINGS, INC.  
CONDENSED STATEMENTS OF CASH FLOWS—PARENT ONLY

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>			
<b>Cash flows from operating activities:</b>			
Net earnings	\$ 103,856	\$ 64,080	\$ 364,400
Adjustments to reconcile net earnings to net cash used in operating activities:			
Deferred income taxes	—	27	—
Equity in in earnings of AMC Entertainment Inc.	(103,856)	(64,080)	(364,400)
Net change in operating activities:			
Accrued expenses and other liabilities	(107)	(27)	—
Net cash used in operating activities	<u>(107)</u>	<u>—</u>	<u>—</u>
<b>Cash flows from investing activities:</b>			
Net cash provided by investing activities	<u>—</u>	<u>—</u>	<u>—</u>
<b>Cash flows from financing activities:</b>			
Purchase of treasury stock	<u>—</u>	(92)	<u>—</u>
Net cash used in financing activities	<u>—</u>	(92)	<u>—</u>
<b>Net decrease in cash and equivalents</b>	<u>(107)</u>	<u>(92)</u>	<u>—</u>
<b>Cash and equivalents at beginning of period</b>	<u>2,051</u>	<u>2,143</u>	<u>2,143</u>
<b>Cash and equivalents at end of period</b>	<u>\$ 1,944</u>	<u>\$ 2,051</u>	<u>\$ 2,143</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 17—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

AMC ENTERTAINMENT HOLDINGS, INC.  
CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY—PARENT ONLY

(In thousands, 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	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance December 31, 2012	—	\$ —	75,826,927	\$ 758	\$ 799,242	\$ —	\$ 9,444	\$ (42,670)	\$ 766,774
Net earnings	—	—	—	—	—	—	—	364,400	364,400
Other comprehensive income	—	—	—	—	—	—	14,760	—	14,760
Net proceeds from IPO	21,052,632	211	—	—	355,088	—	—	—	355,299
Stock-based compensation	360,172	3	—	—	6,480	—	—	—	6,483
Purchase shares for treasury	—	—	—	—	342	(588)	—	—	(246)
Balance December 31, 2013	21,412,804	214	75,826,927	758	1,161,152	(588)	24,204	321,730	1,507,470
Net earnings	—	—	—	—	—	—	—	64,080	64,080
Other comprehensive loss	—	—	—	—	—	—	(11,360)	—	(11,360)
Dividends declared	—	—	—	—	—	—	—	(58,729)	(58,729)
Tax benefit for dividend equivalents paid on RSUs	—	—	—	—	27	—	—	—	27
Stock-based compensation	11,035	—	—	—	11,293	—	—	—	11,293
Purchase shares for treasury	—	—	—	—	43	(92)	—	—	(49)
Balance December 31, 2014	21,423,839	214	75,826,927	758	1,172,515	(680)	12,844	327,081	1,512,732
Net earnings	—	—	—	—	—	—	—	103,856	103,856
Other comprehensive loss	—	—	—	—	—	—	(10,040)	—	(10,040)
Dividends declared	—	—	—	—	—	—	—	(78,548)	(78,548)
Tax benefit for dividend equivalents paid on RSUs and PSUs	—	—	—	—	268	—	—	—	268
RSUs surrendered to pay for payroll taxes	—	—	—	—	(107)	—	—	—	(107)
Stock-based compensation	15,312	—	—	—	10,480	—	—	—	10,480
Reclassification from temporary equity	5,939	—	—	—	62	—	—	—	62
Balance December 31, 2015	21,445,090	\$ 214	75,826,927	\$ 758	\$ 1,183,218	\$ (680)	\$ 2,804	\$ 352,389	\$ 1,538,703

NOTE 18—SUBSEQUENT EVENTS

On February 25, 2016, Holdings' Board of Directors declared a cash dividend in the amount of \$0.20 per share of Class A and Class B common stock, payable on March 21, 2016 to stockholders of record on March 7, 2016.

On February 25, 2016, the Boards of Directors of Holdings and AMCE approved the merger of AMCE with and into Holdings. The Company anticipates the merger will be completed on or prior to March 31, 2016.

On March 3, 2016, the Company and Carmike Cinemas, Inc. ("Carmike") announced they entered into a definitive merger agreement pursuant to which the Company will acquire all of the outstanding shares of Carmike for \$30.00 per share in cash or approximately \$757,000,000. The Company has entered into a debt financing commitment letter in connection with the merger agreement which provides senior secured incremental term loans in an aggregate amount of up to \$560,000,000 and a senior subordinated bridge loan in an aggregate amount of up to \$300,000,000 to fund the acquisition and to backstop the change of control put option in the existing Carmike indebtedness. There can be no assurance that the Company will be successful in completing the debt financing on favorable terms as it involves matters outside of the Company's control. The merger is subject to customary closing conditions, including regulatory approval and approval by Carmike's shareholders.

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

## NOTE 19—EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings from continuing operations by the weighted-average number of common shares outstanding. Diluted earnings per share includes the effects of contingently issuable RSUs and PSUs, if dilutive.

The following table sets forth the computation of basic and diluted earnings from continuing operations per common share:

<u>(In thousands)</u>	<u>12 Months Ended December 31, 2015</u>	<u>12 Months Ended December 31, 2014</u>	<u>12 Months Ended December 31, 2013</u>
<b>Numerator:</b>			
Earnings from continuing operations	\$ 103,856	\$ 63,767	\$ 363,104
<b>Denominator (shares in thousands):</b>			
Weighted average shares for basic earnings per common share	97,963	97,506	76,527
Common equivalent shares for RSUs and PSUs	66	194	—
Shares for diluted earnings per common share	<u>98,029</u>	<u>97,700</u>	<u>76,527</u>
Basic earnings from continuing operations per common share	<u>\$ 1.06</u>	<u>\$ 0.65</u>	<u>\$ 4.74</u>
Diluted earnings from continuing operations per common share	<u>\$ 1.06</u>	<u>\$ 0.65</u>	<u>\$ 4.74</u>

Vested RSUs 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. Unvested RSUs and unvested PSUs are subject to performance conditions and are included in diluted earnings per share, if dilutive, using the treasury stock method 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. During the twelve months ended December 31, 2015, the twelve months ended December 31, 2014, and the twelve months ended December 31, 2013, unvested RSUs of 19,226 were not included in the computation of diluted earnings per share as vesting conditions were not met at the end of the reporting period.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2015, December 31, 2014, and December 31, 2013

NOTE 20—SUPPLEMENTAL FINANCIAL INFORMATION BY QUARTER (UNAUDITED)

	CY 2015				
	3 Months Ended March 31, 2015	3 Months Ended June 30, 2015	3 Months Ended September 30, 2015	3 Months Ended December 31, 2015	12 Months Ended December 31, 2015
<i>(In thousands, except per share data)</i>					
Total revenues	\$ 653,124	\$ 821,079	\$ 688,840	\$ 783,857	\$ 2,946,900
Operating income	32,053	94,173	35,539	75,292	237,057
Earnings from continuing operations(1)	6,138	43,923	12,178	41,617	103,856
Gain from discontinued operations, net of income taxes	—	—	—	—	—
Net earnings	\$ 6,138	\$ 43,923	\$ 12,178	\$ 41,617	\$ 103,856
Basic earnings per share:					
Earnings from continuing operations	\$ 0.06	\$ 0.45	\$ 0.12	\$ 0.42	\$ 1.06
Gain from discontinued operations	—	—	—	—	—
Basic earnings per share	\$ 0.06	\$ 0.45	\$ 0.12	\$ 0.42	\$ 1.06
Diluted earnings per share:					
Earnings from continuing operations	\$ 0.06	\$ 0.45	\$ 0.12	\$ 0.42	\$ 1.06
Gain from discontinued operations	—	—	—	—	—
Diluted earnings per share	\$ 0.06	\$ 0.45	\$ 0.12	\$ 0.42	\$ 1.06
	CY 2014				
	3 Months Ended March 31, 2014	3 Months Ended June 30, 2014	3 Months Ended September 30, 2014	3 Months Ended December 31, 2014	12 Months Ended December 31, 2014
<i>(In thousands, except per share data)</i>					
Total revenues	\$ 622,758	\$ 726,573	\$ 633,904	\$ 712,155	\$ 2,695,390
Operating income	17,539	68,397	28,514	60,622	175,072
Earnings (loss) from continuing operations(1)	(4,842)	31,414	7,376	29,819	63,767
Gain (loss) from discontinued operations, net of income taxes	334	(21)	—	—	313
Net earnings (loss)	\$ (4,508)	\$ 31,393	\$ 7,376	\$ 29,819	\$ 64,080
Basic earnings (loss) per share:					
Earnings from continuing operations	\$ (0.05)	\$ 0.32	\$ 0.08	\$ 0.31	\$ 0.65
Gain from discontinued operations	—	—	—	—	0.01
Basic earnings (loss) per share	\$ (0.05)	\$ 0.32	\$ 0.08	\$ 0.31	\$ 0.66
Diluted earnings (loss) per share:					
Earnings from continuing operations	\$ (0.05)	\$ 0.32	\$ 0.08	\$ 0.30	\$ 0.65
Gain from discontinued operations	—	—	—	—	0.01
Diluted earnings (loss) per share	\$ (0.05)	\$ 0.32	\$ 0.08	\$ 0.30	\$ 0.66

- (1) Other expense (income) during the twelve months ended December 31, 2015 was primarily due to a loss on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2020 of \$9,318,000 and the modification of the Senior Secured Credit Facility of \$1,366,000. Other expense (income) for the twelve months ended December 31, 2014 was primarily due to a gain on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2019 of \$8,544,000, partially offset by other expenses of \$158,000.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Members of  
National CineMedia, LLC  
Centennial, Colorado

We have audited the accompanying balance sheets of National CineMedia, LLC as of December 31, 2015 and January 1, 2015, and the related statements of income, comprehensive income, members' equity/ (deficit), and cash flows for the years ended December 31, 2015, January 1, 2015 and December 26, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of National CineMedia, LLC as of December 31, 2015 and January 1, 2015, and the results of its operations and its cash flows for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP  
Denver, Colorado  
March 1, 2016



NATIONAL CINEMEDIA, LLC

BALANCE SHEETS

(In millions)

	December 31, 2015	January 1, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3.0	\$ 10.2
Receivables, net of allowance of \$5.6 and \$4.3, respectively	148.9	116.5
Prepaid expenses	2.7	3.3
Prepaid administrative fees to managing member	0.7	0.7
Current portion of notes receivable- founding members	4.2	4.2
Total current assets	<u>159.5</u>	<u>134.9</u>
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net of accumulated depreciation of \$64.1 and \$72.9, respectively	25.1	22.4
Intangible assets, net of accumulated amortization of \$91.9 and \$69.3, respectively	566.7	488.6
Debt issuance costs, net of accumulated amortization of \$20.4 and \$17.8, respectively	12.9	15.5
Long-term notes receivable, net of current portion - founding members	12.5	16.6
Other investments (including \$1.2 and \$1.3 with related parties, respectively)	5.4	2.5
Other assets	0.5	0.6
Total non-current assets	<u>623.1</u>	<u>546.2</u>
<b>TOTAL ASSETS</b>	<u>\$ 782.6</u>	<u>\$ 681.1</u>
<b>LIABILITIES AND MEMBERS' EQUITY/(DEFICIT)</b>		
<b>CURRENT LIABILITIES:</b>		
Amounts due to founding members	35.5	34.9
Amounts due to managing member	22.9	23.6
Accrued expenses	18.9	19.0
Accrued payroll and related expenses	14.4	9.0
Accounts payable	11.2	11.5
Deferred revenue	10.2	8.5
Total current liabilities	<u>113.1</u>	<u>106.5</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	936.0	892.0
Total non-current liabilities	<u>936.0</u>	<u>892.0</u>
Total liabilities	<u>1,049.1</u>	<u>998.5</u>
<b>COMMITMENTS AND CONTINGENCIES (NOTE 11)</b>		
MEMBERS' DEFICIT (including accumulated other comprehensive loss of \$0.0 and \$1.6 million, respectively)	(266.5)	(317.4)
<b>TOTAL LIABILITIES AND EQUITY/DEFICIT</b>	<u>\$ 782.6</u>	<u>\$ 681.1</u>

Refer to accompanying notes to financial statements.

NATIONAL CINEMEDIA, LLC

STATEMENTS OF INCOME

(In millions)

	Years Ended		
	December 31, 2015	January 1, 2015	December 26, 2013
<b>REVENUE:</b>			
Advertising (including revenue from founding members of \$30.2, \$38.7 and \$41.6, respectively)	\$ 446.5	\$ 394.0	\$ 426.3
Fathom Events	—	—	36.5
Total	<u>446.5</u>	<u>394.0</u>	<u>462.8</u>
<b>OPERATING EXPENSES:</b>			
Advertising operating costs	30.8	26.4	29.0
Fathom Events operating costs	—	—	25.5
Network costs	17.8	18.3	18.7
Theatre access fees—founding members	72.5	70.6	69.4
Selling and marketing costs	72.3	57.6	61.5
Merger termination fee and related merger costs	41.8	—	—
Administrative and other costs	21.4	19.3	20.1
Administrative fee—managing member	17.2	10.2	10.0
Depreciation and amortization	32.2	32.4	26.6
Total	<u>306.0</u>	<u>234.8</u>	<u>260.8</u>
OPERATING INCOME	<u>140.5</u>	<u>159.2</u>	<u>202.0</u>
<b>NON-OPERATING EXPENSES:</b>			
Interest on borrowings	52.2	52.6	51.6
Interest income	(1.1)	(1.3)	(0.1)
Amortization of terminated derivatives	1.6	10.0	10.3
Impairment of investment	—	—	0.8
Gain on sale of Fathom Events to founding members	—	—	(25.4)
Other non-operating expense	0.2	0.8	1.2
Total	<u>52.9</u>	<u>62.1</u>	<u>38.4</u>
INCOME BEFORE INCOME TAXES	<u>87.6</u>	<u>97.1</u>	<u>163.6</u>
Income tax expense	0.1	0.8	0.7
NET INCOME	<u>\$ 87.5</u>	<u>\$ 96.3</u>	<u>\$ 162.9</u>

Refer to accompanying notes to financial statements

**NATIONAL CINEMEDIA, LLC**  
**STATEMENTS OF COMPREHENSIVE INCOME**

(In millions)

	<u>Years Ended</u>		
	<u>December 31,</u> <u>2015</u>	<u>January 1,</u> <u>2015</u>	<u>December 26,</u> <u>2013</u>
NET INCOME, NET OF TAX OF \$0.1, \$0.8 AND \$0.7, RESPECTIVELY	\$ 87.5	\$ 96.3	\$ 162.9
OTHER COMPREHENSIVE INCOME:			
Amortization of terminated derivatives	1.6	10.0	10.3
COMPREHENSIVE INCOME	<u>\$ 89.1</u>	<u>\$ 106.3</u>	<u>\$ 173.2</u>

Refer to accompanying notes to financial statements.

## NATIONAL CINEMEDIA, LLC

## STATEMENTS OF MEMBERS' EQUITY/ (DEFICIT)

(In millions, except unit amounts)

	<u>Units</u>	<u>Amount</u>
Balance—December 27, 2012	112,017,835	\$ (524.2)
Capital contribution from managing member	1,732,878	20.3
Distribution to managing member	—	(89.5)
Distribution to founding members	—	(103.9)
Units issued for purchase of intangible asset	13,224,092	221.6
Comprehensive income	—	173.2
Share-based compensation expense/capitalized	—	3.3
Balance—December 26, 2013	<u>126,974,805</u>	<u>\$ (299.2)</u>
Capital contribution from managing member	231,789	0.8
Distribution to managing member	—	(67.0)
Distribution to founding members	—	(79.4)
Units issued for purchase of intangible asset	1,087,911	16.4
Comprehensive income	—	106.3
Share-based compensation expense/capitalized	—	4.7
Balance—January 1, 2015	<u>128,294,505</u>	<u>\$ (317.4)</u>
Capital contribution from managing member	288,228	1.3
Distribution to managing member	—	(66.3)
Distribution to founding members	—	(82.2)
Units issued for purchase of intangible asset	6,560,239	100.7
Comprehensive income	—	89.1
Share-based compensation expense/capitalized	—	8.3
Balance—December 31, 2015	<u>135,142,972</u>	<u>\$ (266.5)</u>

Refer to accompanying notes to financial statements.

**NATIONAL CINEMEDIA, LLC**  
**STATEMENTS OF CASH FLOWS**  
(In millions)

	Years Ended		
	December 31, 2015	January 1, 2015	December 26, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 87.5	\$ 96.3	\$ 162.9
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	32.2	32.4	26.6
Non-cash share-based compensation	8.0	4.6	3.2
Impairment on investment	—	—	0.8
Amortization of terminated derivatives	1.6	10.0	10.3
Amortization of debt issuance costs	2.6	2.8	2.8
Equity in earnings of non-consolidated entities	(0.1)	(0.2)	—
Write-off of debt issuance costs and other non-operating items	—	—	1.2
Gain on sale of Fathom Events	—	—	(26.0)
Other	0.4	—	—
Cash distributions from non-consolidated entities	0.2		
Changes in operating assets and liabilities:			
Receivables, net	(35.5)	2.7	(22.0)
Accounts payable and accrued expenses	5.0	(9.1)	6.9
Amounts due to founding members and managing member	3.2	0.8	3.5
Deferred revenue	1.7	3.8	(1.0)
Other, net	0.7	(0.7)	(0.7)
Net cash provided by operating activities	<u>107.5</u>	<u>143.4</u>	<u>168.5</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property and equipment	(12.6)	(8.7)	(10.1)
Purchases of intangible assets from network affiliates	(2.7)	(3.0)	(8.9)
Proceeds from note receivable—founding members	4.2	4.2	—
Net cash used in investing activities	<u>(11.1)</u>	<u>(7.5)</u>	<u>(19.0)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from borrowings	215.0	138.0	59.0
Repayments of borrowings	(171.0)	(136.0)	(48.0)
Payment of debt issuance costs	—	(0.6)	(3.4)
Founding member integration payments	2.6	2.1	2.1
Distributions to founding members and managing member	(151.5)	(143.3)	(176.6)
Unit settlement for share-based compensation	1.3	0.8	20.3
Net cash used in financing activities	<u>(103.6)</u>	<u>(139.0)</u>	<u>(146.6)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(7.2)</u>	<u>(3.1)</u>	<u>2.9</u>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of period	10.2	13.3	10.4
End of period	<u>\$ 3.0</u>	<u>\$ 10.2</u>	<u>\$ 13.3</u>
<b>Supplemental disclosure of non-cash financing and investing activity:</b>			
Purchase of an intangible asset with NCM LLC equity	\$ 100.7	\$ 16.4	\$ 221.6
Accrued distributions to founding members and managing member	\$ 57.6	\$ 60.6	\$ 57.5
Operating segment sold under notes receivable	\$ —	\$ —	\$ 25.0
Increase in cost and equity method investments	\$ 3.1	\$ 1.2	\$ 0.3
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest	\$ 49.7	\$ 49.9	\$ 49.3
Cash paid for income taxes, net of refunds	\$ —	\$ —	\$ 0.1

Refer to accompanying notes to financial statements.

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

National CineMedia, LLC ("NCM LLC", "the Company" or "we") commenced operations on April 1, 2005 and is owned by National CineMedia, Inc. ("NCM, Inc.", "manager" or "managing member"), American Multi-Cinema, Inc. and AMC ShowPlace Theatres, Inc. ("AMC"), wholly owned subsidiaries of AMC Entertainment, Inc. ("AMCE"), Regal Cinemas, Inc. and Regal CineMedia Holdings, LLC, wholly owned subsidiaries of Regal Entertainment Group ("Regal") and Cinemark Media, Inc. and Cinemark USA, Inc., wholly owned subsidiaries of Cinemark Holdings, Inc. ("Cinemark"). NCM LLC operates the largest digital in-theatre network in North America, allowing NCM LLC to sell advertising (the "Services") under long-term exhibitor services agreements ("ESAs") with AMC, Regal and Cinemark. AMC, Regal and Cinemark and their affiliates are referred to in this document as "founding members". NCM LLC also provides the Services to certain third-party theatre circuits under long-term network affiliate agreements referred to in this document as "network affiliates", which have terms from three to twenty years.

As of December 31, 2015, the Company had 135,142,972 common membership units outstanding, of which 59,239,154 (43.8%) were owned by NCM, Inc., 26,409,784 (19.5%) were owned by Regal, 25,631,046 (19.0%) were owned by Cinemark, and 23,862,988 (17.7%) were owned by AMC. The membership units held by the founding members are exchangeable into NCM, Inc. common stock on a one-for-one basis.

***Recent Transactions***

On December 26, 2013, the Company sold its Fathom Events business to a newly formed limited liability company owned 32% by each of the founding members and 4% by NCM LLC, as described further in Note 2—*Divestiture*.

On May 5, 2014, NCM, Inc. entered into the Merger Agreement to merge with Screenvision. On November 3, 2014, the Department of Justice filed a lawsuit seeking to enjoin the merger. On March 16, 2015, the Company announced the termination of the Merger Agreement and the lawsuit was dismissed. After the Merger Agreement was terminated, NCM LLC reimbursed NCM, Inc. for certain expenses pursuant to an indemnification agreement among NCM LLC, NCM, Inc. and the founding members. On March 17, 2015, NCM LLC paid Screenvision an approximate \$26.8 million termination payment on behalf of NCM, Inc. This payment was \$2 million lower than the reverse termination fee contemplated by the Merger Agreement. During the year ended December 31, 2015, NCM LLC also either paid directly or reimbursed NCM, Inc. for the legal and other merger-related costs of approximately \$15.0 million (\$7.5 million incurred by NCM, Inc. during the year ended January 1, 2015 and approximately \$7.5 million incurred by NCM LLC during the year ended December 31, 2015). The Company and the founding members each bore a pro rata portion of the merger termination fee and the related merger expenses based on their aggregate ownership percentages in NCM LLC when the expenses were incurred.

***Basis of Presentation***

The Company has prepared its financial statements and related notes of NCM LLC in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC").

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the various related-party agreements discussed in Note 7—*Related Party Transactions*, the operating results as presented are not necessarily indicative of the results that might have occurred if all agreements were with non-related third parties.

**Estimates**—The preparation of the financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those related to the reserve for uncollectible accounts receivable, share-based compensation and interest rate swaps. Actual results could differ from those estimates.

**Significant Accounting Policies**

**Accounting Period**—The Company has a 52-week or 53-week fiscal year ending on the first Thursday after December 25. Fiscal year 2015 contained 52 weeks. Fiscal years 2014 and 2013 contained 53 and 52 weeks, respectively. Throughout this document, the fiscal years are referred to as set forth below:

<u>Fiscal Year Ended</u>	<u>Reference in this Document</u>
December 31, 2015	2015
January 1, 2015	2014
December 26, 2013	2013

**Segment Reporting**—Advertising is the principal business activity of the Company and is the Company's only reportable segment under the requirements of ASC 280—*Segment Reporting*. Fathom Events (prior to its sale) was an operating segment under ASC 280. The Company does not evaluate its segments on a fully allocated cost basis, nor does the Company track segment assets separately. As such, the results are not indicative of what segment results of operations would have been had it been operated on a fully allocated cost basis. The Company cautions that it would be inappropriate to assume that unallocated operating costs are incurred proportional to segment revenue or any directly identifiable segment expenses. Refer to Note 14—*Segment Reporting*.

**Revenue Recognition**—The Company derives revenue principally from the advertising business, which includes on-screen and lobby network (LEN) advertising and lobby promotions and advertising on entertainment websites and mobile applications owned by the Company and other companies. Revenue is recognized when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price is fixed and determinable and collectability is reasonably assured. The Company considers the terms of each arrangement to determine the appropriate accounting treatment.

On-screen advertising consists of national and local advertising. National advertising is sold on a cost per thousand ("CPM") basis, while local and regional advertising is sold on a per-screen, per-week basis and to a lesser extent on a CPM basis. The Company recognizes national advertising as impressions (or theatre attendees) are delivered and recognizes local on-screen advertising revenue during the period in which the advertising airs. The Company recognizes revenue derived from lobby network and promotions when the advertising is displayed in theatre lobbies and recognizes revenue

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

from branded entertainment websites and mobile applications when the online or mobile impressions are served. The Company may make contractual guarantees to deliver a specified number of impressions to view the customers' advertising. If those contracted number of impressions are not delivered, the Company will run additional advertising to deliver the contracted impressions at a later date. The deferred portion of the revenue associated with the undelivered impressions is referred to as a make-good provision. In rare cases, the Company will make a cash refund of the portion of the contract related to the undelivered impressions. The Company defers the revenue associated with the make-good until the advertising airs to the theatre attendance specified in the advertising contract. The make-good provision is recorded within accrued expenses in the Balance Sheets. The Company records deferred revenue when cash payments are received, or invoices are issued, in advance of revenue being earned. Deferred revenue is classified as a current liability as it is expected to be earned within the next twelve months. Fathom Events revenue was recognized in the period in which the event was held.

The Company recorded \$3.1 million, \$1.2 million and \$0.0 million during the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively, as advertising revenue whereby the Company received as consideration equity securities in privately held companies. The Company recorded the revenue at the estimated fair value of the advertising exchanged based upon the fair value of the advertising sold for cash within contracts.

**Barter Transactions**—The Company enters into barter transactions that exchange advertising program time for products and services used principally for selling and marketing activities. The Company records barter transactions at the estimated fair value of the advertising exchanged based on fair value received for similar advertising from cash paying customers. Revenues for advertising barter transactions are recognized when advertising is provided, and products and services received are charged to expense when used. Any timing differences between the delivery of the bartered revenue and the use of the bartered expense products and services are recorded through accounts receivable. Revenue from barter transactions for the years ended December 31, 2015, January 1, 2015 and December 26, 2013 was \$2.0 million, \$1.3 million and \$1.9 million, respectively. Expense recorded from barter transactions for the years ended December 31, 2015, January 1, 2015 and December 26, 2013 was \$2.5 million, \$1.2 million and \$2.9 million, respectively.

**Operating Costs**—Advertising-related operating costs primarily include personnel and other costs related to advertising fulfillment, payments due to unaffiliated theatre circuits under the network affiliate agreements, and to a lesser extent, production costs of non-digital advertising.

Fathom Events operating costs include revenue share under the ESAs to the founding members and revenue share to affiliate theatres under separate agreements, payments to event content producers and other direct costs of the meeting or event, including equipment rental, catering and movie tickets acquired primarily from the founding members.

Payments to the founding members of a theatre access fee is comprised of a payment per theatre attendee, a payment per digital screen and a payment per digital cinema projector equipped in the theatres, all of which escalate over time. Refer to Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this document.

Network costs include personnel, satellite bandwidth, repairs, and other costs of maintaining and operating the digital network and preparing advertising and other content for transmission across the



## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

digital network. These costs were not specifically allocated between the advertising business and the Fathom Events business (prior to the sale of Fathom Events).

**Cash and Cash Equivalents**—All highly liquid debt instruments and investments purchased with an original maturity of three months or less are classified as cash equivalents and are considered available-for-sale securities. There are cash balances in a bank in excess of the federally insured limits or in the form of a money market demand account with a major financial institution.

**Restricted Cash**—As of December 31, 2015 and January 1, 2015, other non-current assets included restricted cash of \$0.3 million, which secures a letter of credit used as a lease deposit on the Company's New York office.

**Concentration of Credit Risk and Significant Customers**—Bad debts are provided for using the allowance for doubtful accounts method based on historical experience and management's evaluation of outstanding receivables at the end of the period. Receivables are written off when management determines amounts are uncollectible. Trade accounts receivable are uncollateralized and represent a large number of geographically dispersed debtors. The collectability risk with respect to national and regional advertising is reduced by transacting with founding members or large, national advertising agencies who have strong reputations in the advertising industry and clients with stable financial positions. The Company has smaller contracts with thousands of local clients that are not individually significant. As of December 31, 2015 and January 1, 2015, there were no advertising agency groups or individual customers through which the Company sources national advertising revenue representing more than 10% of the Company's outstanding gross receivable balance. During the years ended December 31, 2015, January 1, 2015 and December 26, 2013, there were no customers that accounted for more than 10% of revenue.

Receivables consisted of the following (in millions):

	As of	
	December 31, 2015	January 1, 2015
Trade accounts	\$ 153.6	\$ 119.4
Other	0.9	1.4
Less: Allowance for doubtful accounts	(5.6)	(4.3)
Total	<u>\$ 148.9</u>	<u>\$ 116.5</u>

**Long-lived Assets**—Property and equipment is stated at cost, net of accumulated depreciation or amortization. Generally, the equipment associated with the digital network of the founding member theatres is owned by the founding members, while the equipment associated with network affiliate theatres is owned by the Company. Major renewals and improvements are capitalized, while replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are expensed as incurred. The Company records depreciation and amortization using the straight-line method over the following estimated useful lives:

Equipment	4 - 10 years
Computer hardware and software	3 - 5 years
Leasehold improvements	Lesser of lease term or asset life

Software and website development costs developed or obtained for internal use are accounted for in accordance with ASC 350—*Internal Use Software* and ASC 350—*Website Development Costs*. The subtopics require the capitalization of certain costs incurred in developing or obtaining software for internal use. The majority of software costs related primarily to the Company's inventory management systems and digital network distribution system (DCS) and website development costs, which are included in equipment, are depreciated over three to five years. As of December 31, 2015 and January 1, 2015, the Company had a net book value of \$7.4 million and \$9.5 million, respectively, of capitalized software and website development costs. Approximately \$5.0 million, \$6.5 million and \$6.1 million was recorded for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively, in depreciation expense related to software and website development. For the years ended December 31, 2015, January 1, 2015 and December 26, 2013, the Company recorded \$1.5 million, \$1.7 million and \$1.8 million in research and development expense, respectively.

The Company assesses impairment of long-lived assets pursuant with ASC 360—*Property, Plant and Equipment*. This includes determining if certain triggering events have occurred that could affect the value of an asset. The Company recorded losses of \$0.4 million, \$0.4 million and \$0.0 million related to the write-off of property, plant and equipment during the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively.

**Intangible assets**—Intangible assets consist of contractual rights to provide its services within the theatres of the founding members and network affiliates and are stated at cost, net of accumulated amortization. The Company records amortization using the straight-line method over the contractual life of the intangibles, corresponding to the term of the ESAs or the term of the contract with the network affiliate. Intangible assets are tested for impairment at least annually during the fourth quarter or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. In its impairment testing, the Company estimates the fair value of its ESAs or network affiliate agreements by determining the estimated future cash flows associated with the ESAs or network affiliate agreements. If the estimated fair value is less than the carrying value, the intangible asset is written down to its estimated fair value. Significant judgment is involved in estimating long-term cash flow forecasts. The Company has not recorded impairment charges related to intangible assets.

**Amounts Due to/from Founding Members**—Amounts due to/from founding members include amounts due for the theatre access fee, offset by a receivable for advertising time purchased by the founding members on behalf of their beverage concessionaire, revenue share earned for Fathom Events plus any amounts outstanding under other contractually obligated payments. Payments to or received from the founding members against outstanding balances are made monthly. Available cash distributions are made quarterly.

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Amounts Due to Managing Member**—Amounts due to the managing member include amounts due under the NCM LLC operating agreement and other contractually obligated payments. Payments to or received from the managing member against outstanding balances are made monthly.

**Income Taxes**—NCM LLC is not a taxable entity for federal income tax purposes. Accordingly, NCM LLC does not directly pay federal income tax. NCM LLC's taxable income or loss, which may vary substantially from the net income or loss reported in the Statements of Income, is includable in the federal income tax returns of each founding member and the managing member. NCM LLC is, however, a taxable entity under certain state jurisdictions. Further, in some state instances, NCM LLC may be required to remit composite withholding tax based on its results on behalf of its founding members and managing member.

NCM LLC's fiscal year 2007 and 2008 tax returns were under examination by the Internal Revenue Service ("IRS"). On September 10, 2013, NCM LLC and NCM, Inc., in its capacity as tax matters partner for NCM LLC, received a "No Adjustments Letter" from the IRS which stated that the IRS completed its review of the NCM LLC tax returns for the fiscal years ended 2007 and 2008 and did not propose any adjustments to those tax returns. NCM, Inc. had previously contested adjustments proposed by the IRS through the administrative appeals process. The Company had not recorded any adjustment to its financial statements for this matter and as such there was no effect on the Company's financial statements for the year ended December 26, 2013 related to the closure of these audits.

**Debt Issuance Costs**—In relation to the issuance of outstanding debt discussed in Note 8—*Borrowings*, there is a balance of \$12.9 million and \$15.5 million in deferred financing costs as of December 31, 2015 and January 1, 2015, respectively. The debt issuance costs are being amortized on a straight-line basis over the terms of the underlying obligation and are included in interest on borrowings, which approximates the effective interest method.

The changes in debt issuance costs are as follows (in millions):

	Years Ended		
	December 31, 2015	January 1, 2015	December 26, 2013
Beginning balance	\$ 15.5	\$ 17.7	\$ 18.3
Debt issuance payments	—	0.6	3.4
Amortization of debt issuance costs	(2.6)	(2.8)	(2.8)
Write-off of debt issuance costs	—	—	(1.2)
Ending balance	<u>\$ 12.9</u>	<u>\$ 15.5</u>	<u>\$ 17.7</u>

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Other Investments**—Other investments consisted of the following (in millions):

	As of	
	December 31, 2015	January 1, 2015
Investment in AC JV, LLC(1)	\$ 1.2	\$ 1.3
Other investments(2)	4.2	1.2
Total	<u>\$ 5.4</u>	<u>\$ 2.5</u>

(1) Refer to Note 7—*Related Party Transactions*.

(2) The Company received equity securities in some privately held companies as consideration for advertising contracts. The equity securities were accounted for under the cost method and represent an ownership of less than 20%. The Company does not exert significant influence of these companies' operating or financial activities.

The Company reviews investments accounted for under the cost and equity methods for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be fully recoverable. In order to determine whether the carrying value of investments may have experienced an "other-than-temporary" decline in value necessitating the write-down of the recorded investment, the Company considers various factors including the investees financial condition and quality of assets, the length of time the investee has been operating, the severity and nature of losses sustained in current and prior years, qualifications in accountant's reports due to liquidity or going concern issues, investee announcements of adverse changes, downgrading of investee debt, regulatory actions, loss of principal customer, negative operating cash flows or working capital deficiencies and the record of an impairment charge by the investee for goodwill, intangible or long-lived assets. If a determination is made that an other-than-temporary impairment exists, the Company writes down its investment to fair value. During the years ended December 31, 2015, January 1, 2015 and December 26, 2013, the Company recorded other-than-temporary impairment charges of \$0.0 million, \$0.0 million and \$0.8 million, respectively. The impairment charge during 2013 brought the investment to a remaining fair value of \$0.0 million.

**Share-Based Compensation**—Through 2012, NCM, Inc. issued stock options, restricted stock and restricted stock units. Since 2013, NCM, Inc. has only issued restricted stock and restricted stock units. Restricted stock and restricted stock units vest upon the achievement of NCM, Inc. performance measures and service conditions or only service conditions. Compensation expense of restricted stock that vests upon the achievement of NCM, Inc. performance measures is based on management's financial projections and the probability of achieving the projections, which require considerable judgment. A cumulative adjustment is recorded to share-based compensation expense in periods that management changes its estimate of the number of shares expected to vest. Ultimately, NCM, Inc. adjusts the expense recognized to reflect the actual vested shares following the resolution of the performance conditions. Dividends are accrued when declared on unvested restricted stock that is expected to vest and are only paid with respect to shares that actually vest.

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensation cost of stock options was based on the estimated grant date fair value using the Black-Scholes option pricing model, which requires that NCM, Inc. make estimates of various factors. Under the fair value recognition provisions of ASC 718 *Compensation—Stock Compensation*, the Company recognizes share-based compensation net of an estimated forfeiture rate, and therefore only recognizes compensation cost for those shares expected to vest over the requisite service period of the award. Refer to Note 9—*Share-Based Compensation* for more information.

**Fair Value Measurements**—Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

*Level 1*—Quoted prices in active markets for identical assets or liabilities.

*Level 2*—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3*—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

**Derivative Instruments**—The Company is exposed to various financial and market risks including changes in interest rates that exist as part of its ongoing operations. In 2012, NCM LLC utilized certain interest rate swaps to manage these risks. In accordance with ASC 815—*Derivatives and Hedging*, the effective portion of changes in the fair value of a derivative that was designated as a cash flow hedge was recorded in Accumulated Other Comprehensive Income ("AOCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any ineffectiveness associated with designated cash flow hedges, as well as, any change in the fair value of a derivative that is not designated as a hedge, was recorded immediately in the Statements of Income. For more information, refer to Note 13—*Derivative Instruments and Hedging Activities*.

**Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. The new revenue recognition standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Accounting Standards Update 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which was issued in August 2015, revised the effective date for this standard to annual and interim periods beginning on or after December 15, 2017, with early adoption permitted, but not earlier than the original effective date of annual and interim periods beginning after December 15, 2016, for public entities. The standard allows for either a full retrospective or a modified retrospective transition

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

method. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its audited financial statements or notes thereto, as well as, which transition method it intends to use and the impact of adopting this guidance.

In January 2015, the FASB issued Accounting Standards Update 2015-01, *Income Statement Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* ("ASU 2015-01"), which eliminates the concept of extraordinary items from GAAP. Under ASU 2015-01, reporting entities will no longer be required to assess whether an underlying event or transaction is extraordinary, however, presentation and disclosure guidance for items that are unusual in nature or occur infrequently are retained, and are expanded to include items that are both unusual in nature and infrequently occurring. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. A reporting entity may apply ASU 2015-01 prospectively. A reporting entity may also apply ASU 2015-01 retrospectively to all periods presented in the financial statements. The Company expects to adopt this accounting guidance in its first quarter of 2016 and does not expect the application of ASU 2015-01 to have a material impact in the audited financial statements or notes thereto.

In February 2015, the FASB issued Accounting Standards Update 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 amends current consolidation guidance by modifying the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, eliminating the presumption that a general partner should consolidate a limited partnership, and affects the consolidation analysis of reporting entities that are involved with variable interest entities. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the application of ASU 2015-02 to have a material impact in the audited financial statements or notes thereto.

In April 2015, the FASB issued Accounting Standards Update 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"), which provides guidance for simplifying the presentation of debt issuance costs. ASU 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. This guidance will be effective for fiscal years beginning after December 15, 2015, and early adoption is permitted for financial statements that have not been previously issued. The standard requires application on a retrospective basis and represents a change in accounting principle. In addition, in August 2015, Accounting Standards Update 2015-15, *Interest—Imputation of Interest*, was released which added SEC paragraphs pursuant to the SEC Staff Announcement at the June 18, 2015 Emerging Issues Task Force (EITF) meeting about the presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements. Given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to line-of-credit arrangements, ASU 2015-15 states the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The impact of ASU 2015-03 and ASU 2015-15 on the Company's financial statements includes a reclassification of net deferred financing costs related to the Company's Term Loans, Senior Secured Notes and Senior Unsecured

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Notes to be presented in the Balance Sheets as a direct deduction from the carrying amount of those borrowings, while net deferred financing costs related to the Company's Revolving Credit Facility will remain an asset. As of December 31, 2015, the Company had \$10.7 million of net deferred financing costs related to its Term Loans, Senior Secured Notes and Senior Unsecured Notes. The Company expects to adopt this accounting guidance in its first quarter of 2016.

In April 2015, the FASB issued Accounting Standards Update 2015-05, "*Intangibles-Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*" ("ASU 2015-05"), which provides guidance on accounting for fees paid by a customer in a cloud computing arrangement. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. This guidance is effective for fiscal years beginning after December 15, 2015, including interim periods within that reporting period, with early adoption permitted. The Company does not expect the application of ASU 2015-05 to have a material impact in the audited financial statements or notes thereto.

In January 2016, the FASB issued Accounting Standards Update 2016-01, "*Recognition and Measurement of Financial Assets and Financial Liabilities*" ("ASU 2016-01") which revises the guidance in ASC 825-10, *Recognition and Measurement of Financial Assets and Financial Liabilities*, and provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The guidance is effective for reporting periods (interim and annual) beginning after December 15, 2017, for public companies. The Company is currently assessing the potential impact of ASU 2016-01 on the audited financial statements and related disclosures.

In February 2016, the FASB issued Accounting Standards Update 2016-02, "*Leases (Topic 842)*" ("ASU 2016-02"). ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently assessing the potential impact of ASU 2016-02 on the audited financial statements and related disclosures.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its audited financial statements.

**2. DIVESTITURE**

On December 26, 2013, the Company sold its Fathom Events business to a newly formed limited liability company (AC JV, LLC) owned 32% by each of the founding members and 4% by NCM LLC. In consideration for the sale, the Company received a total of \$25.0 million in promissory notes from the founding members (one-third or approximately \$8.3 million from each founding member). The

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 2. DIVESTITURE (Continued)

notes receivable bear interest at a fixed rate of 5.0% per annum, compounded annually. Interest and principal payments are due annually in six equal installments commencing on the first anniversary of the closing. Due to the related party nature of the transaction, the Company formed a committee of independent directors that hired a separate legal counsel and an investment banking firm who advised the committee and rendered an opinion as to the fairness of the transaction. The Company deconsolidated Fathom Events and recognized a gain on the sale of approximately \$26.0 million during the year ended December 26, 2013. The gain was measured as the difference between (a) the net fair value of the retained noncontrolling investment and the consideration received for the sale and (b) the carrying value of Fathom Events net assets (approximately \$0.1 million). The Company recorded approximately \$0.6 million of expenses related to the sale, which were recorded as a reduction to the gain on the sale. Approximately \$1.1 million of the gain recognized related to the re-measurement of the Company's retained 4% interest in AC JV, LLC. The fair value of the Company's retained noncontrolling investment was determined by applying the Company's ownership percentage to the fair value of AC JV, LLC, which was valued using comparative market multiples. Under the terms of the agreement, the assets and liabilities related to Fathom events held prior to the sale were not assumed by the buyer and those pertaining to Fathom events held post-closing were transferred to the buyer.

Future minimum principal payments under the notes receivable as of December 31, 2015 are approximately as follows (in millions):

<u>Year</u>	<u>Minimum Principal Payments</u>
2016	\$ 4.2
2017	4.2
2018	4.2
2019	4.1
2020	—
Total	<u>\$ 16.7</u>

On December 26, 2013, NCM LLC amended and restated its existing ESAs with each of the founding members to remove those provisions addressing the rights and obligations related to the digital programming services of the Fathom Events business. These rights and obligations were conveyed to AC JV, LLC in connection with the sale. In connection with the sale, the Company entered into a transition services agreement to provide certain corporate overhead services for a fee and reimbursement for the use of facilities and certain services including creative, technical event management and event management for the newly formed limited liability company. In addition, the Company entered into a services agreement with a term coinciding with the ESAs, which grants the newly formed limited liability company advertising on-screen and on the LEN and a pre-feature program prior to Fathom events reasonably consistent with what was previously dedicated to Fathom. In addition, the services agreement provides that the Company will assist with event sponsorship sales in return for a share of the sponsorship revenue. The Company has also agreed to provide creative and media production services for a fee. For more information, refer to Note 7—*Related Party Transactions*.

Due to the Company's continuing equity method investment in the newly formed limited liability company, the operations of Fathom Events and the gain on the sale were recorded in continuing operations on the Statements of Income. Refer to Note 7—*Related Party Transactions* for further discussion of the investment.



## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

**3. PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment, at cost less accumulated depreciation (in millions):

	As of	
	December 31, 2015	January 1, 2015
Equipment, computer hardware and software	\$ 77.1	\$ 89.4
Leasehold improvements	3.4	3.6
Less: Accumulated depreciation	(64.1)	(72.9)
Subtotal	16.4	20.1
Construction in progress	8.7	2.3
Total property and equipment	\$ 25.1	\$ 22.4

For the years ended December 31, 2015, January 1, 2015 and December 26, 2013, the Company recorded depreciation expense of \$9.6 million, \$11.1 million, and \$10.4 million, respectively.

**4. INTANGIBLE ASSETS**

The Company's intangible assets consist of contractual rights to provide its services within the theatres of the founding members and network affiliates. The Company records amortization using the straight-line method over the contractual life of the intangibles, corresponding to the term of the ESAs or the term of the contract with the network affiliate. The Company's intangible assets with its founding members are recorded at the fair market value of NCM, Inc.'s publicly traded stock as of the date on which the common membership units were issued. The Company's common membership units are fully convertible into NCM, Inc.'s common stock. The Company also records intangible assets for upfront fees paid to network affiliates upon commencement of a network affiliate agreement. Pursuant to ASC 350-10—*Intangibles—Goodwill and Other*, the Company's intangible assets have a finite useful life and the Company amortizes the assets over the remaining useful life corresponding with the ESAs or the term of the contract with the network affiliate. If common membership units are issued to a founding member for newly acquired theatres that are subject to an existing on-screen advertising agreement with an alternative provider, the amortization of the intangible asset commences after the existing agreement expires and the Company can utilize the theatres for all of its services. In addition, if common membership units are issued to a founding member for theatres under an existing on-screen advertising agreement with an alternative provider, NCM LLC may receive payments from the founding member pursuant to the ESAs on a quarterly basis in arrears in accordance with certain run-out provisions ("integration payments"). Integration payments approximate the advertising cash flow that the Company would have generated if it had exclusive access to sell advertising in the theatres with pre-existing advertising agreements. The integration payments are recorded as a reduction to net intangible assets, and not as part of operating income.

In accordance with the Company's Common Unit Adjustment Agreement with its founding members, on an annual basis the Company determines the amount of common membership units to be issued to or returned by the founding members based on theatre additions or dispositions during the previous year. In addition, the Company's Common Unit Adjustment Agreement requires that a Common Unit Adjustment occur for a specific founding member if its acquisition or disposition of theatres, in a single transaction or cumulatively since the most recent Common Unit Adjustment,

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

4. INTANGIBLE ASSETS (Continued)

results in an attendance increase or decrease of two percent or more in the total annual attendance of all founding members as of the last adjustment date.

The following is a summary of the Company's intangible assets (in millions):

	As of January 1, 2015	Additions(1)	Amortization	Integration Payments(3)	As of December 31, 2015
Gross carrying amount	\$ 557.9	\$ 103.4	\$ —	\$ (2.7)	\$ 658.6
Accumulated amortization	(69.3)	—	(22.6)	—	(91.9)
Total intangible assets, net	\$ 488.6	\$ 103.4	\$ (22.6)	\$ (2.7)	\$ 566.7

	As of December 26, 2013	Additions(2)	Amortization	Integration Payments(3)	As of January 1, 2015
Gross carrying amount	\$ 540.7	\$ 19.4	\$ —	\$ (2.2)	\$ 557.9
Accumulated amortization	(48.7)	—	(20.6)	—	(69.3)
Total intangible assets, net	\$ 492.0	\$ 19.4	\$ (20.6)	\$ (2.2)	\$ 488.6

- (1) During the first quarter of 2015, the Company issued 2,160,915 common membership units to its founding members for the rights to exclusive access to net new theatre screens and attendees added by the founding members to NCM LLC's network during 2014. The Company recorded a net intangible asset of \$31.4 million in the first quarter of 2015 as a result of the Common Unit Adjustment.

In December 2015, we issued 4,399,324 common membership units to AMC for attendees added in connection with AMC's acquisition of Starplex Cinemas and other newly built or acquired theatres. We recorded a net intangible asset of approximately \$69.3 million for this Common Unit Adjustment.

During 2015, the Company purchased intangible assets for \$2.7 million associated with network affiliate agreements.

- (2) During the first quarter of 2014, the Company issued 1,087,911 common membership units to its founding members for the rights to exclusive access to net new theatre screens and attendees added by the founding members to NCM LLC's network during 2013. The Company recorded a net intangible asset of \$16.4 million in the first quarter of 2014 as a result of the Common Unit Adjustment.

During 2014, the Company purchased intangible assets for \$3.0 million associated with network affiliate agreements.

- (3) Rave Cinemas had pre-existing advertising agreements for some of the theatres it owned prior to its acquisition by Cinemark, as well as, prior to the acquisition of certain Rave theatres by AMC in December 2012. As a result, AMC and Cinemark will make integration payments over the remaining term of those agreements. During the year ended December 31, 2015 and January 1, 2015, the Company recorded a reduction to net intangible assets of \$2.7 million and \$2.2 million, respectively, related to integration payments due from AMC and Cinemark. During the year ended

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 4. INTANGIBLE ASSETS (Continued)

December 31, 2015 and January 1, 2015, the founding members paid \$2.6 million and \$2.1 million, respectively, in integration payments.

As of December 31, 2015 and January 1, 2015, the Company's intangible assets related to the founding members, net of accumulated amortization was \$535.9 million and \$458.3 million, respectively with weighted average remaining lives of 21.2 years and 22.2 years as of December 31, 2015 and January 1, 2015, respectively.

As of December 31, 2015 and January 1, 2015, the Company's intangible assets related to the network affiliates, net of accumulated amortization was \$30.8 million and \$30.3 million, respectively with weighted average remaining lives of 13.9 years and 14.9 years as of December 31, 2015 and January 1, 2015, respectively.

For the years ended December 31, 2015, January 1, 2015 and December 26, 2013, the Company recorded amortization expense of \$22.6 million, \$20.6 million and \$16.2 million, respectively. The estimated aggregate amortization expense for each of the five succeeding years is as follows (in millions):

Year	Amortization
2016	\$ 24.6
2017	\$ 24.6
2018	\$ 25.0
2019	\$ 26.8
2020	\$ 26.7

## 5. ACCRUED EXPENSES

The following is a summary of the Company's accrued expenses (in millions):

	As of December 31, 2015	As of January 1, 2015
Make-good reserve	\$ 3.4	\$ 2.0
Accrued interest	12.5	12.6
Deferred rent	2.1	2.4
Other accrued expenses	0.9	2.0
Total accrued expenses	<u>\$ 18.9</u>	<u>\$ 19.0</u>

## 6. MEMBERS' DEFICIT

NCM LLC's founding members received all proceeds from NCM, Inc.'s IPO and related issuances of debt, except for amounts needed to pay out-of-pocket costs of the financings and other expenses. The ESAs with the founding members were amended and restated in conjunction with the IPO under which NCM LLC became the exclusive provider of advertising services to the founding members for a 30-year term. In conformity with accounting guidance of the SEC concerning monetary consideration paid to promoters, such as the founding members, in exchange for property conveyed by the promoters, the excess over predecessor cost was treated as a special distribution. Because the founding members

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

**6. MEMBERS' DEFICIT (Continued)**

had no cost basis in the ESAs, nearly all payments to the founding members with the proceeds of the IPO and related debt, have been accounted for as distributions. The distributions by NCM LLC to the founding members made at the date of the IPO resulted in a members' deficit.

**7. RELATED PARTY TRANSACTIONS**

**Founding Member Transactions**—In connection with the IPO, the Company entered into several agreements to define and regulate the relationships among the Company, NCM Inc., and the founding members. They include the following:

- **ESAs.** Under the ESAs, the Company is the exclusive provider within the United States of advertising services in the founding members' theatres (subject to pre-existing contractual obligations and other limited exceptions for the benefit of the founding members). The advertising services include the use of the DCN equipment required to deliver the on-screen advertising and other content included in the *FirstLook* pre-show, use of the LEN and rights to sell and display certain lobby promotions. Further, 30 to 60 seconds of advertising included in the *FirstLook* pre-show is sold to the founding members to satisfy the founding members' on-screen advertising commitments under their beverage concessionaire agreements. In consideration for access to the founding members' theatres, theatre patrons, the network equipment required to display on-screen and LEN video advertising and the use of theatres for lobby promotions, the founding members receive a monthly theatre access fee.
- **Common Unit Adjustment Agreement.** The common unit adjustment agreement provides a mechanism for increasing or decreasing the membership units held by the founding members based on the acquisition or construction of new theatres or sale of theatres that are operated by each founding member and included in the Company's network.
- **Software License Agreement.** At the date of NCM, Inc.'s IPO, the Company was granted a perpetual, royalty-free license from the founding members to use certain proprietary software that existed at the time for the delivery of digital advertising and other content through the DCN to screens in the U.S. The Company has made improvements to this software since the IPO date and NCM LLC owns those improvements, except for improvements that were developed jointly by the Company and its founding members, if any.

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

7. RELATED PARTY TRANSACTIONS (Continued)

Following is a summary of the transactions between the Company and the founding members (in millions):

<u>Included in the Statements of Income:</u>	<u>Years Ended</u>		
	<u>December 31, 2015</u>	<u>January 1, 2015</u>	<u>December 26, 2013</u>
<i>Revenue:</i>			
Beverage concessionaire revenue (included in advertising revenue)(1)	\$ 30.0	\$ 38.4	\$ 41.4
Advertising inventory revenue (included in advertising revenue)(2)	0.2	0.3	0.2
<i>Operating expenses:</i>			
Theatre access fee(3)	72.5	70.6	69.4
Revenue share from Fathom Events (included in Fathom Events operating costs)(4)	—	—	5.1
Purchase of movie tickets and concession products and rental of theatre space (included in Fathom Events operating costs)(5)	—	—	0.2
Purchase of movie tickets and concession products and rental of theatre space (included in selling and marketing costs)(6)	1.2	0.9	1.4
Purchase of movie tickets and concession products (included in advertising operating costs)(6)	—	—	0.2
Purchase of movie tickets and concession products and rental of theatre space (included in other administrative and other costs)	0.1	0.1	
Administrative fee—managing member(7)	17.2	10.2	10.0
<i>Non-operating expenses:</i>			
Gain on sale of Fathom Events(8)	—	—	25.4
Interest income from notes receivable (included in interest income)(8)	1.0	1.2	—

- (1) For the six months ended December 31, 2015, two of the founding members purchased 60 seconds of on-screen advertising time and one founding member purchased 30 seconds (with all three founding members having a right to purchase up to 90 seconds) from the Company to satisfy their obligations under their beverage concessionaire agreements at a 30 second equivalent CPM rate specified by the ESA. For the first six months of 2015 and for the years ended December 31, 2015 and January 1, 2015, the founding members purchased 60 seconds of on-screen advertising time.
- (2) The value of such purchases is calculated by reference to the Company's advertising rate card.
- (3) Comprised of payments per theatre attendee, payments per digital screen with respect to the founding member theatres included in the Company's network and payments for access to higher quality digital cinema equipment.
- (4) Prior to the sale of Fathom Events on December 26, 2013, these payments are at rates (percentage of event revenue) included in the ESAs based on the nature of the event.

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 7. RELATED PARTY TRANSACTIONS (Continued)

- (5) Prior to the sale of Fathom Events on December 26, 2013, these were used primarily for marketing resale to Fathom Events customers.
- (6) Used primarily for marketing to the Company's advertising clients.
- (7) Pursuant to the Management Services Agreement between NCM, Inc. and NCM LLC, NCM, Inc. provides certain specific management services to NCM LLC, including the services of the President and Chief Executive Officer, President of Sales and Marketing, Interim Co-Chief Financial Officers, Executive Vice President and Chief Operations Officer and Chief Technology Officer and Executive Vice President and General Counsel. In exchange for these services, NCM LLC reimburses NCM, Inc. for compensation paid to the officers (including share based compensation) and other expenses of the officers and for certain out-of-pocket costs.
- (8) Refer to discussion of Fathom sale in Note 2—*Divestiture*.

Included in the Balance Sheets:	As of	
	December 31, 2015	January 1, 2015
Current portion of note receivable—founding members(1)	\$ 4.2	\$ 4.2
Long-term portion of note receivable—founding members(1)	12.5	16.6
Prepaid administrative fees to managing member(2)	0.7	0.7
Common unit adjustments and integration payments, net of amortization (included in intangible assets)	535.9	458.3

- (1) Refer to discussion of Fathom sale in Note 2—*Divestiture*.
- (2) The payments for estimated management services related to employment are made one month in advance. NCM LLC also provides administrative and support services to NCM, Inc. such as office facilities, equipment, supplies, payroll and accounting and financial reporting at no charge. Based on the limited activities of NCM, Inc. as a standalone entity, the Company does not believe such unreimbursed costs are significant.

At the date of NCM, Inc.'s IPO, NCM LLC was granted a perpetual, royalty-free license from the founding members to use certain proprietary software that existed at the time for the delivery of digital advertising and other content through the DCN to screens in the U.S. NCM LLC has made improvements to this software since NCM, Inc.'s IPO date and the Company owns those improvements, except for improvements that were developed jointly by NCM LLC and the founding members, if any.

On March 16, 2015, NCM, Inc. announced the termination of the Merger Agreement with Screenvision. After the Merger Agreement was terminated, NCM LLC reimbursed NCM, Inc. for certain expenses pursuant to an indemnification agreement among NCM LLC, NCM, Inc. and the founding members. On March 17, 2015, NCM LLC paid Screenvision an approximate \$26.8 million termination payment on behalf of NCM, Inc. This payment was \$2 million lower than the reverse termination fee contemplated by the Merger Agreement. During the year ended December 31, 2015, we also either paid directly or reimbursed NCM, Inc. for the legal and other merger-related costs of approximately \$15.0 million (\$7.5 million incurred by NCM, Inc. during the year ended January 1, 2015 and approximately \$7.5 million incurred by us during the year ended December 31, 2015). NCM, Inc. and the founding members each bore a pro rata portion of the termination fee and the related merger

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 7. RELATED PARTY TRANSACTIONS (Continued)

expenses based on their aggregate ownership percentages in NCM LLC when the expenses were incurred.

Pursuant to the terms of the NCM LLC Operating Agreement in place since the completion of NCM, Inc.'s IPO, the Company is required to make mandatory distributions on a proportionate basis to its members of available cash, as defined in the NCM LLC Operating Agreement, on a quarterly basis in arrears. Mandatory distributions for the years ended December 31, 2015, January 1, 2015 and December 26, 2013 are as follows (in millions):

	Years Ended		
	December 31, 2015	January 1, 2015	December 26, 2013
AMC	\$ 23.8	\$ 21.9	\$ 29.8
Cinemark	28.7	28.0	36.9
Regal	29.6	29.5	37.1
Total founding members	82.1	79.4	103.8
NCM, Inc.	66.4	67.0	89.6
Total	\$ 148.5	\$ 146.4	\$ 193.4

Due to the merger termination fee and related merger expenses, the mandatory distributions of available cash to our members for the three months ended April 2, 2015 was calculated as negative \$25.5 million (\$14.0 million for the founding members and \$11.5 million for NCM, Inc.). Therefore, there was no payment made in the second quarter of 2015. Under the terms of the NCM LLC Operating Agreement, this negative amount will be netted against the available cash distributions for the second quarter of 2016, which will be paid in the third quarter of 2016. Until the settlement in the third quarter of 2016, the remaining merger-related costs will be funded through borrowings on the revolving credit facility.

The mandatory distributions of available cash by the Company to its founding members for the quarter ended December 31, 2015 of \$32.3 million, is included in amounts due to founding members in the Balance Sheets as of December 31, 2015 and will be made in the first quarter of 2016. The mandatory distributions of available cash by NCM LLC to its managing member for the quarter ended December 31, 2015 of \$25.2 million is included in amounts due to managing member on the Balance Sheets as of December 31, 2015 and will be made in the first quarter of 2016.

Amounts due to founding members as of December 31, 2015 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	\$ 1.8	\$ 1.0	\$ 1.5	\$ 4.3
Cost and other reimbursement	(0.9)	(0.3)	—	(1.2)
Distributions payable to founding members	10.2	10.9	11.3	32.4
Total	\$ 11.1	\$ 11.6	\$ 12.8	\$ 35.5

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 7. RELATED PARTY TRANSACTIONS (Continued)

Amounts due to founding members as of January 1, 2015 were comprised of the following (in millions):

	AMC	Cinemark	Regal	Total
Theatre access fees, net of beverage revenues	\$ 0.8	\$ 0.8	\$ 1.2	\$ 2.8
Cost and other reimbursement	(0.6)	(0.2)	—	(0.8)
Distributions payable to founding members	9.1	11.6	12.2	32.9
Total	<u>\$ 9.3</u>	<u>\$ 12.2</u>	<u>\$ 13.4</u>	<u>\$ 34.9</u>

Amounts due to/from managing member were comprised of the following (in millions):

	As of December 31, 2015	As of January 1, 2015
Distributions payable	\$ 25.2	\$ 27.7
Cost and other reimbursement	(2.3)	(4.1)
Total	<u>\$ 22.9</u>	<u>\$ 23.6</u>

**Common Unit Membership Redemption**—The NCM LLC Operating Agreement provides a redemption right of the founding members to exchange common membership units of NCM LLC for shares of NCM, Inc.'s common stock on a one-for-one basis, or at NCM, Inc.'s option, a cash payment equal to the market price of one share of NCM, Inc. common stock. During the third quarter of 2013, Regal exercised the redemption right of an aggregate 2,300,000 common membership units for a like number of shares of NCM, Inc. common stock. Such redemptions took place immediately prior to the closing of an underwritten public offering and the closing of an over-allotment option. NCM, Inc. did not receive any proceeds from the sale of its common stock by Regal. During the fourth quarter of 2015, AMC exercised the redemption right of an aggregate 200,000 common membership units for a like number of shares of NCM, Inc.'s common stock. These shares were not sold and as of December 31, 2015 AMC owned 200,000 shares of NCM, Inc. common stock.

**AC JV, LLC Transactions**—The Company accounts for its investment in AC JV, LLC under the equity method of accounting in accordance with ASC 323-30, *Investments—Equity Method and Joint Ventures* ("ASC 323-30") because AC JV, LLC is a limited liability company with the characteristics of a limited partnership and ASC 323-30 requires the use of equity method accounting unless the Company's interest is so minor that it would have virtually no influence over partnership operating and financial policies. Although NCM LLC does not have a representative on AC JV, LLC's Board of Directors or any voting, consent or blocking rights with respect to the governance or operations of AC JV, LLC, the Company concluded that its interest was more than minor under the accounting guidance. The Company's investment in AC JV, LLC was \$1.2 million and \$1.3 million as of December 31, 2015 and January 1, 2015, respectively. During the year ended December 31, 2015, we received a cash



NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

7. RELATED PARTY TRANSACTIONS (Continued)

distribution from AC JV, LLC of \$0.2 million. Following is a summary of the transactions between NCM LLC and AC JV, LLC (in millions):

<u>Included in the Statements of Income:</u>	Years Ended		
	December 31, 2015	January 1, 2015	December 26, 2013
Transition services (included in network costs)(1)	\$ 0.1	\$ 0.2	\$ —
Equity in earnings of non-consolidated entities (included in other non-operating expense)	0.1	0.2	—

- (1) In connection with the sale of Fathom Events, NCM LLC entered into a transition services agreement to provide certain corporate overhead services for a fee and reimbursement for the use of facilities and certain services including creative, technical event management and event management for the newly formed limited liability company. These fees received by NCM LLC are included as an offset to network costs in the audited Statements of Income.

**Related Party Affiliates**—The Company enters into network affiliate agreements with network affiliates for NCM LLC to provide in-theatre advertising at theatre locations that are owned by companies that are affiliates of certain of the founding members or directors of NCM, Inc. Related party affiliate agreements are entered into at terms that are similar to those of the Company's other network affiliates. We have an agreement with LA Live, an affiliate of The Anschutz Corporation. The Anschutz Corporation is a wholly-owned subsidiary of the Anschutz Company, which is the controlling stockholder of Regal. During the years ended December 31, 2015, January 1, 2015 and December 26, 2013, there was approximately \$0.2 million, \$0.2 million and \$0.2 million, respectively, included in advertising operating costs related to LA Live, and there was approximately \$0.1 million and \$0.1 million of accounts payable with this company as of December 31, 2015 and January 1, 2015, respectively.

**Other Transactions**—The Company had an agreement with an interactive media company to sell some of its online inventory. One of NCM, Inc.'s directors is also a director of this media company. During the years ended December 31, 2015, January 1, 2015 and December 26, 2013, this company generated approximately \$0.0 million, \$0.3 million, and \$0.6 million, respectively, in revenue for NCM LLC and there was approximately \$0.3 million and \$0.3 million, respectively, of accounts receivable due from this company as of December 31, 2015 and January 1, 2015.

NCM LLC has an agreement with AEG Live, an affiliate of The Anschutz Corporation, for AEG Live to showcase musical artists in the *FirstLook* pre-show. The Anschutz Corporation is a wholly-owned subsidiary of the Anschutz Company, which is the controlling stockholder of Regal. During the years ended December 31, 2015, January 1, 2015 and December 26, 2013 NCM LLC received approximately \$1.6 million, \$0.7 million and \$0.2 million, respectively, in revenue from AEG Live and as of December 31, 2015 and January 1, 2015, had \$0.4 million and \$0.4 million, respectively, of accounts receivable from AEG Live.

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

8. BORROWINGS

The following table summarizes the Company's total outstanding debt as of December 31, 2015 and January 1, 2015 and the significant terms of its borrowing arrangements:

Borrowings (\$ in millions)	Outstanding Balance as of		Maturity Date	Interest Rate
	December 31, 2015	January 1, 2015		
Revolving Credit Facility	\$ 66.0	\$ 22.0	November 26, 2019	(1)
Term Loans	270.0	270.0	November 26, 2019	(1)
Senior Unsecured Notes	200.0	200.0	July 15, 2021	7.875%
Senior Secured Notes	400.0	400.0	April 15, 2022	6.000%
Total	\$ 936.0	\$ 892.0		

(1) The interest rates on the revolving credit facility and term loan are described below.

**Senior Secured Credit Facility**—As of December 31, 2015, the Company's senior secured credit facility consisted of a \$135.0 million revolving credit facility and a \$270.0 million term loan. On June 18, 2014, the Company entered into an incremental amendment of its senior secured credit facility whereby the revolving credit facility was increased by \$25.0 million. In addition, on July 2, 2014, the Company entered into an amendment of its senior secured credit facility whereby the maturity date was extended by two years to November 26, 2019, which corresponds to the maturity date of the \$270 million term loans. The obligations under the senior secured credit facility are secured by a lien on substantially all of the assets of NCM LLC.

**Revolving Credit Facility**—The revolving credit facility portion of the total borrowings is available, subject to certain conditions, for general corporate purposes of the Company in the ordinary course of business and for other transactions permitted under the senior secured credit facility, and a portion is available for letters of credit.

As of December 31, 2015, the Company's total availability under the \$135.0 million revolving credit facility was \$69.0 million. The unused line fee is 0.50% per annum. Borrowings under the revolving credit facility bear interest at the Company's option of either the LIBOR index plus an applicable margin or the base rate (Prime Rate or the Federal Funds Effective Rate, as defined in the senior secured credit facility) plus an applicable margin. The applicable margin for the revolving credit facility is determined quarterly and is subject to adjustment based upon a consolidated net senior secured leverage ratio for NCM LLC (the ratio of secured funded debt less unrestricted cash and cash equivalents, over a non-GAAP measure defined in the senior secured credit facility). The applicable margins on the revolving credit facility are the LIBOR index plus 2.00% or the base rate plus 1.00%. The weighted-average interest rate on the outstanding balance on the revolving credit facility as of December 31, 2015 was 2.24%. On December 31, 2014, \$14.0 million of the revolving credit facility matured and NCM LLC paid the balance in full, along with any accrued and unpaid fees and interest. The maturity date applicable to the remaining revolving credit facility principal is November 26, 2019.

**Term Loans**—In connection with the amendment of its senior secured credit facility on May 2, 2013, the interest rate on the term loans decreased by 50 basis points to a rate at NCM LLC's option of either the LIBOR index plus 2.75% or the base rate (Prime Rate or the Federal Funds Effective Rate, as defined in the senior secured credit facility) plus 1.75%. The weighted-average interest rate on

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

**8. BORROWINGS (Continued)**

the term loans as of December 31, 2015 was 2.99%. Interest on the term loans is currently paid monthly.

The senior secured credit facility contains a number of covenants and financial ratio requirements, with which the Company was in compliance at December 31, 2015, including maintaining a consolidated net senior secured leverage ratio of 6.5 times on a quarterly basis. NCM LLC is permitted to make quarterly dividend payments and other payments based on leverage ratios for NCM LLC and its subsidiaries so long as no default or event of default has occurred and continues to occur. The quarterly dividend payments and other distributions are made even if consolidated net senior secured leverage ratio is less than or equal to 6.5 times. In addition, there are no borrower distribution restrictions as long as the Company's consolidated net senior secured leverage ratio is below 6.5 times and the Company is in compliance with its debt covenants. If there are limitations on the restricted payments, the Company may not declare or pay any dividends, or make any payments on account of NCM LLC, or set aside assets for the retirement or other acquisition of capital stock of the borrower or any subsidiaries, or make any other distribution for obligations of NCM LLC. When these restrictions are effective, the Company may still pay the services fee and reimbursable costs pursuant to terms of the management agreement. NCM LLC can also make payments pursuant to the tax receivable agreement in the amount, and at the time necessary to satisfy the contractual obligations with respect to the actual cash tax benefits payable to the founding members. As of December 31, 2015, the Company's consolidated net senior secured leverage ratio was 3.3 times (versus the covenant of 6.5 times).

**Senior Unsecured Notes due 2021**—On July 5, 2011, the Company completed a private placement of \$200.0 million in aggregate principal amount of 7.875% Senior Unsecured Notes for which the registered exchange offering was completed on September 22, 2011. The Senior Unsecured Notes pay interest semi-annually in arrears on January 15 and July 15 of each year, which commenced January 15, 2012. The notes are subordinated to all existing and future secured debt, including indebtedness under the Company's existing senior secured credit facility and the Senior Secured Notes defined below. The Senior Unsecured Notes contain certain non-maintenance covenants with which the Company was in compliance as of December 31, 2015.

**Senior Secured Notes due 2022**—On April 27, 2012, the Company completed a private placement of \$400.0 million in aggregate principal amount of 6.00% Senior Secured Notes for which the registered exchange offering was completed on November 26, 2012. The Senior Secured Notes pay interest semi-annually in arrears on April 15 and October 15 of each year, which commenced October 15, 2012. The Senior Secured Notes are senior secured obligations of NCM LLC, rank the same as the senior secured credit facility, subject to certain exceptions, and share in the same collateral that secures the obligations under the senior secured credit facility. The Senior Secured Notes contain certain non-maintenance covenants with which the Company was in compliance as of December 31, 2015.

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

**8. BORROWINGS (Continued)**

**Future Maturities of Borrowings**—The scheduled annual maturities on the Senior Secured Credit Facility and Senior Secured and Senior Unsecured Notes as of December 31, 2015 are as follows (in millions):

<u>Year</u>	<u>Amount</u>
2016	\$ —
2017	—
2018	—
2019	336.0
2020	—
Thereafter	600.0
Total	<u>\$ 936.0</u>

**9. SHARE-BASED COMPENSATION**

The NCM, Inc. 2007 Equity Incentive Plan, as amended (the "Equity Incentive Plan"), reserves 12,974,589 shares of common stock available for issuance or delivery under the Equity Incentive Plan of which 3,636,589 shares remain available for future grants as of December 31, 2015 (assuming 100% achievement of targets on performance-based restricted stock). The management services agreement provides that the Company may participate in the Equity Incentive Plan. The types of awards that may be granted under the Equity Incentive Plan include stock options, stock appreciation rights, restricted stock, restricted stock units or other stock based awards. Stock options awarded under the Equity Incentive Plan are granted with an exercise price equal to the closing market price of NCM, Inc. common stock on the date NCM, Inc.'s board of directors approves the grant. Upon vesting of the restricted stock awards or exercise of options, NCM LLC will issue common membership units to NCM, Inc. equal to the number of shares of NCM, Inc.'s common stock represented by such awards. Options and restricted stock vest annually over a three or five-year period and options have either 10-year or 15-year contractual terms. A forfeiture rate of 5% was estimated to reflect the potential separation of employees. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the Equity Incentive Plan. In addition, certain restricted stock awards include performance vesting conditions, which permit vesting to the extent that the Company achieves specified non-GAAP targets at the end of the measurement period. The length of the measurement period is two to three years. Restricted stock units granted to non-employee directors vest after approximately one year.

**Compensation Cost**—The Company recognized \$14.8 million, \$7.7 million and \$5.9 million for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively, of share-based compensation expense and \$0.3 million, \$0.1 million and \$0.1 million was capitalized during the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively. Share-based compensation costs are included in network operations, selling and marketing, administrative expense and administrative fee—managing member in the accompanying audited financial statements. These costs represent both non-cash charges and cash charges paid through the administrative fee with the managing member. The amount of share-based compensation costs that were non-cash were approximately \$8.0 million, \$4.6 million and \$3.2 million for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively.

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

9. SHARE-BASED COMPENSATION (Continued)

As of December 31, 2015, unrecognized compensation cost related to unvested options was approximately \$0.0 million as stock options were fully vested as of December 31, 2015. As of December 31, 2015, unrecognized compensation cost related to restricted stock and restricted stock units was approximately \$19.6 million, which will be recognized over a weighted average remaining period of 1.8 years.

**Stock Options**—A summary of option award activity under the Equity Incentive Plan as of December 31, 2015, and changes during the year then ended are presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding as of January 1, 2015	3,004,841	\$ 16.53		
Granted	—	—		
Exercised	(104,837)	\$ 12.25		
Forfeited	(192,252)	\$ 17.93		
Expired	—	—		
Outstanding as of December 31, 2015	<u>2,707,752</u>	\$ 16.60	4.8	\$ 1.4
Exercisable as of December 31, 2015	<u>2,707,752</u>	\$ 16.60	4.8	\$ 1.4
Vested and expected to vest as of December 31, 2015	2,707,752	\$ 16.60	4.8	\$ 1.4

The Company did not grant stock options during the years ended December 31, 2015, January 1, 2015 or December 26, 2013. The fair value of each option award was estimated on the date of grant using the Black-Scholes option pricing valuation model. The intrinsic value of options exercised during the year was \$0.4 million, \$0.2 million and \$6.1 million for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively. The total fair value of awards vested during the years ended December 31, 2015, January 1, 2015 and December 26, 2013 was \$0.7 million, \$2.2 million and \$4.9 million, respectively.

**Restricted Stock and Restricted Stock Units**—Under the non-vested stock program, common stock of the Company may be granted at no cost to officers, independent directors and employees, subject to requisite service and/or meeting financial performance targets, and as such restrictions lapse, the award vests in that proportion. The participants are entitled to cash dividends and to vote their respective shares (in the case of restricted stock), although the sale and transfer of such shares is prohibited and the shares are subject to forfeiture during the restricted period. Additionally, the accrued cash dividends for 2013, 2014 and 2015 grants are subject to forfeiture during the restricted period should the underlying shares not vest.

The weighted average grant date fair value of non-vested stock was \$14.76, \$19.18 and \$15.17 for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively. The total fair value of awards vested was \$11.6 million, \$3.6 million and \$7.5 million during the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively.

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

**9. SHARE-BASED COMPENSATION (Continued)**

As of December 31, 2015, the total number of restricted stock and restricted stock units that are ultimately expected to vest, after consideration of expected forfeitures and estimated vesting of performance-based restricted stock is 2,337,754.

A summary of restricted stock award and restricted stock unit activity under the Equity Incentive Plan as of December 31, 2015, and changes during the year then ended are presented below:

	Number of Restricted Shares and Restricted Stock Units	Weighted Average Grant-Date Fair Value
Non-vested balance as of January 1, 2015	2,155,996	\$ 16.40
Granted	1,290,185	14.76
Vested	(274,059)	17.98
Forfeited	(608,485)	13.80
Non-vested balance as of December 31, 2015	<u>2,563,637</u>	\$ 16.03

**10. EMPLOYEE BENEFIT PLANS**

The Company sponsors the NCM 401(k) Profit Sharing Plan (the "Plan") under Section 401(k) of the Internal Revenue Code of 1986, as amended, for the benefit of substantially all full-time employees. The Plan provides that participants may contribute up to 20% of their compensation, subject to Internal Revenue Service limitations. Employee contributions are invested in various investment funds based upon election made by the employee. The Company made discretionary contributions of \$1.3 million, \$1.0 million and \$1.0 million during the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively.

**11. COMMITMENTS AND CONTINGENCIES**

**Legal Actions**—The Company is subject to claims and legal actions in the ordinary course of business. The Company believes such claims will not have a material effect, individually and in aggregate, on its financial position, results of operations or cash flows.

**Operating Commitments**—The Company leases office facilities for its headquarters in Centennial, Colorado and also in various cities for its sales and marketing and software development personnel. Total lease expense for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, was \$2.3 million, \$2.2 million and \$2.3 million, respectively.

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 11. COMMITMENTS AND CONTINGENCIES (Continued)

Future minimum lease payments under noncancelable operating leases as of December 31, 2015 are as follows (in millions):

Year	Minimum Lease Payments
2016	\$ 2.7
2017	2.1
2018	1.8
2019	1.8
2020	1.7
Thereafter	1.0
Total	<u>\$ 11.1</u>

**Minimum Revenue Guarantees**—As part of the network affiliate agreements entered into in the ordinary course of business under which the Company sells advertising for display in various network affiliate theatre chains, the Company has agreed to certain minimum revenue guarantees on a per attendee basis. If a network affiliate achieves the attendance set forth in their respective agreement, the Company has guaranteed minimum revenue for the network affiliate per attendee if such amount paid under the revenue share arrangement is less than its guaranteed amount. The amount and term varies for each network affiliate, but terms range from three to 20 years, prior to any renewal periods of which some are at the option of the Company. As of December 31, 2015, the maximum potential amount of future payments the Company could be required to make pursuant to the minimum revenue guarantees is \$38.3 million over the remaining terms of the network affiliate agreements, which calculation does not include any potential extensions offered subsequent to December 31, 2015. As of December 31, 2015 and January 1, 2015, the Company had no liabilities recorded for these obligations, as such guarantees are less than the expected share of revenue paid to the affiliate.

## 12. FAIR VALUE MEASUREMENTS

**Non-Recurring Measurements**—Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. These assets include long-lived assets, intangible assets, cost and equity method investments, notes receivable and borrowings.

**Long-Lived Assets, Intangible Assets, Other Investments and Notes Receivable**—As described in *Note 1—Basis of Presentation and Summary of Significant Accounting Policies*, the Company regularly reviews long-lived assets (primarily property, plant and equipment), intangible assets, investments accounted for under the cost or equity method and notes receivable for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. When the estimated fair value is determined to be lower than the carrying value of the asset, an impairment charge is recorded to write the asset down to its estimated fair value.

As of December 31, 2015 and January 1, 2015, the Company had other investments of \$5.4 million and \$2.5 million, respectively. The fair value of these investments has not been estimated as of December 31, 2015 as there were no identified events or changes in the circumstances that had a

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 12. FAIR VALUE MEASUREMENTS (Continued)

significant adverse effect on the fair value of the investments and it is not practicable to do so because the equity securities are not in publicly traded companies. Refer to Note 1—*Basis of Presentation and Summary of Significant Accounting Policies* for more details. As the inputs to the determination of fair value are based upon non-identical assets and use significant unobservable inputs, they have been classified as Level 3 in the fair value hierarchy.

As of December 31, 2015, the Company had notes receivable totaling \$16.7 million from its founding members related to the sale of Fathom Events, as described in *Note 2—Divestiture*. These notes were initially valued using comparative market multiples. There were no identified events or changes in circumstances that had a significant adverse effect on the fair value of the notes receivable. The notes are classified as Level 3 in the fair value hierarchy as the inputs to the determination of fair value are based upon non-identical assets and use significant unobservable inputs.

*Borrowings*—The carrying amount of the revolving credit facility is considered a reasonable estimate of fair value due to its floating-rate terms. The estimated fair values of the Company's financial instruments where carrying values do not approximate fair value are as follows (in millions):

	As of December 31, 2015		As of January 1, 2015	
	Carrying Value	Fair Value(1)	Carrying Value	Fair Value(1)
Term Loans	\$ 270.0	\$ 269.3	\$ 270.0	\$ 257.9
Senior Unsecured Notes	200.0	208.4	200.0	210.8
Senior Secured Notes	400.0	414.5	400.0	400.8

- (1) The Company has estimated the fair value on an average of at least two non-binding broker quotes and the Company's analysis. If the Company were to measure the borrowings in the above table at fair value on the balance sheet they would be classified as Level 2.

## 13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

During 2012, the Company terminated interest rate swap agreements that were used to hedge its interest rate risk associated with its term loan. Following the termination of the swap agreements, the variable interest rate on the Company's \$270.0 million term loan is unhedged and as of December 31, 2015 and January 1, 2015, the Company did not have any outstanding derivative assets or liabilities. A portion of the breakage fees paid to terminate the swap agreements was for swaps in which the underlying debt remained outstanding. The balance in AOCI related to these swaps was fixed and was amortized into earnings over the remaining period during which interest payments were hedged, or February 13, 2015. The Company considered the guidance in ASC 815, *Derivatives and Hedging* which states that amounts in AOCI shall be reclassified into earnings in the same period or periods during



NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

which the hedged forecasted transaction affects earnings. As of December 31, 2015, there were no amounts outstanding related to these discontinued cash flow hedges.

	Year Ended			Income Statement Location
	December 31, 2015	January 1, 2015	December 26, 2013	
Balance at beginning of period	\$ (1.6)	\$ (11.6)	\$ (21.9)	
Amounts reclassified from AOCI:				
Amortization on discontinued cash flow hedges	1.6	10.0	10.3	Amortization of terminated derivatives
Total amounts reclassified from AOCI	1.6	10.0	10.3	
Net other comprehensive income	1.6	10.0	10.3	
Balance at end of period	\$ —	\$ (1.6)	\$ (11.6)	

14. SEGMENT REPORTING

Advertising revenue accounted for 100.0%, 100.0% and 92.1%, of revenue for the years ended December 31, 2015, January 1, 2015 and December 26, 2013, respectively. The following tables present revenue, less directly identifiable expenses to arrive at income before income taxes for the advertising reportable segment, the combined Fathom Events operating segments (disposed on December 26, 2013), and network, administrative and unallocated costs. Refer to Note 1—*Basis of Presentation and Summary of Significant Accounting Policies*.

	Year Ended December 31, 2015 (in millions)			
	Advertising	Fathom Events(1)	Network, Administrative and Unallocated Costs	Total
Revenue	\$ 446.5	\$ —	\$ —	\$ 446.5
Operating costs	103.3	—	17.8	121.1
Selling and marketing costs	66.8	—	5.5	72.3
Administrative and other costs	3.5	—	35.1	38.6
Merger termination fee and related merger costs	—	—	41.8	41.8
Depreciation and amortization	—	—	32.2	32.2
Interest and other non-operating costs	—	—	52.9	52.9
Income (loss) before income taxes	\$ 272.9	\$ —	\$ (185.3)	\$ 87.6

NATIONAL CINEMEDIA, LLC

NOTES TO FINANCIAL STATEMENTS (Continued)

14. SEGMENT REPORTING (Continued)

	Year Ended January 1, 2015 (in millions)			
	Advertising	Fathom Events(1)	Network, Administrative and Unallocated Costs	Total
Revenue	\$ 394.0	\$ —	\$ —	\$ 394.0
Operating costs	97.0	—	18.3	115.3
Selling and marketing costs	54.8	—	2.8	57.6
Administrative and other costs	2.8	—	26.7	29.5
Depreciation and amortization	—	—	32.4	32.4
Interest and other non-operating costs	—	—	62.1	62.1
Income (loss) before income taxes	\$ 239.4	\$ —	\$ (142.3)	\$ 97.1

	Year Ended December 26, 2013 (in millions)			
	Advertising	Fathom Events(1)	Network, Administrative and Unallocated Costs	Total
Revenue	\$ 426.3	\$ 36.5	\$ —	\$ 462.8
Operating costs	98.4	25.5	18.7	142.6
Selling and marketing costs	56.1	3.6	1.8	61.5
Administrative and other costs	2.9	0.9	26.3	30.1
Depreciation and amortization	—	—	26.6	26.6
Interest and other non-operating costs	—	—	38.4	38.4
Income (loss) before income taxes	\$ 268.9	\$ 6.5	\$ (111.8)	\$ 163.6

The following is a summary of revenue by category (in millions):

	Years Ended		
	December 31, 2015	January 1, 2015	December 26, 2013
National advertising revenue	\$ 309.5	\$ 258.8	\$ 295.0
Local and regional advertising revenue	107.0	96.8	89.9
Founding member advertising revenue from beverage concessionaire agreements	30.0	38.4	41.4
Fathom Consumer revenue(1)	—	—	34.4
Fathom Business revenue(1)	—	—	2.1
Total revenue	\$ 446.5	\$ 394.0	\$ 462.8

(1) Fathom Events was sold on December 26, 2013 as discussed in Note 7—*Related Party Transactions*.

## NATIONAL CINEMEDIA, LLC

## NOTES TO FINANCIAL STATEMENTS (Continued)

## 15. VALUATION AND QUALIFYING ACCOUNTS

The Company's valuation allowance for doubtful accounts for the years ended December 31, 2015, January 1, 2015 and December 26, 2013 were as follows (in millions):

	Years Ended		
	December 31, 2015	January 1, 2015	December 26, 2013
<b>ALLOWANCE FOR DOUBTFUL ACCOUNTS:</b>			
Balance at beginning of period	\$ 4.3	\$ 5.7	\$ 4.5
Provision for bad debt	1.9	(0.1)	2.1
Write-offs, net	(0.6)	(1.3)	(0.9)
Balance at end of period	<u>\$ 5.6</u>	<u>\$ 4.3</u>	<u>\$ 5.7</u>

## 16. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following represents selected information from the Company's unaudited quarterly Statements of Income for the years ended December 31, 2015 and January 1, 2015 (in millions):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>2015</b>				
Revenue	\$ 76.9	\$ 121.5	\$ 111.7	\$ 136.4
Operating expenses	101.1	66.1	63.9	74.9
Operating (loss) income	(24.2)	55.4	47.8	61.5
Net (loss) income	(38.7)	42.4	34.8	49.0
<b>2014</b>				
Revenue	\$ 70.2	\$ 99.9	\$ 100.8	\$ 123.1
Operating expenses	57.4	57.9	58.1	61.4
Operating income	12.8	42.0	42.7	61.7
Net (loss) income	(2.8)	26.4	27.0	45.7

## Independent Auditor's Report

The Members  
Digital Cinema Implementation Partners, LLC

We have audited the accompanying consolidated financial statements of Digital Cinema Implementation Partners, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive income, members' equity and cash flows for each of the three years in the period ended December 31, 2015, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Digital Cinema Implementation Partners, LLC and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

/s/ COHNREZNICK LLP

Roseland, New Jersey  
February 19, 2016

## DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

## CONSOLIDATED BALANCE SHEETS

(\$ in thousands)

	December 31,	
	2015	2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,605	\$ 15,610
Accounts receivable, net	30,968	37,379
Other current assets	260	240
Total current assets	48,833	53,229
Property and equipment, net	783,625	836,932
Deferred financing costs, net	3,789	6,622
Deferred warranty reimbursement costs, net	125,141	149,096
Restricted cash	5,931	6,904
Derivative assets	444	2,586
Other noncurrent assets	36,994	42,277
Total assets	<u>\$ 1,004,757</u>	<u>\$ 1,097,646</u>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,790	\$ 7,218
Warranty reimbursement liability, current	23,743	16,818
Total current liabilities	32,533	24,036
Warranty reimbursement liability (excluding current)	177,653	201,249
Long-term debt (excluding current)	465,000	620,000
Other noncurrent liabilities	6	33
Total liabilities	675,192	845,318
Commitments		
Members' equity	329,565	252,328
Total liabilities and members' equity	<u>\$ 1,004,757</u>	<u>\$ 1,097,646</u>

See Notes to Consolidated Financial Statements.

## DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(\$ in thousands)

	Years Ended December 31,		
	2015	2014	2013
<b>REVENUES</b>			
Virtual print fees	\$ 178,993	\$ 174,769	\$ 172,176
Exhibitor lease fees	14,962	14,783	14,441
Alternative content fees	1,657	1,364	811
Peak period payments	2,930	1,483	569
Management fees	3,027	2,628	2,185
Sales Revenue	44	—	—
Subtotal, operating revenues	201,613	195,027	190,182
Warranty reimbursement costs	(24,075)	(23,885)	(23,480)
Exhibitor lease, step-up rent adjustment	(5,282)	(418)	15,957
Net operating revenues	172,256	170,724	182,659
<b>OPERATING EXPENSES</b>			
General and administrative	8,066	8,371	6,620
Depreciation and amortization	60,741	60,397	59,804
Total operating expenses	68,807	68,768	66,424
Operating income	103,449	101,956	116,235
<b>INTEREST EXPENSE</b>			
Interest expense	21,194	31,305	52,443
Paid-in-kind interest	—	(13)	1,472
Amortization of deferred financing costs	2,833	2,869	4,776
Derivative (gain)	—	—	(2,490)
Total interest expense	24,027	34,161	56,201
<b>OTHER INCOME (EXPENSE)</b>			
Interest income	2	12	12
Gain (loss) on sale of assets	104	(129)	191
Loss on refinancing	—	(5,982)	(11,145)
Other income	74	54	80
Total other income (expense)	180	(6,045)	(10,862)
Income before taxes	79,602	61,750	49,172
Income tax expense	347	456	213
Net income	79,255	61,294	48,959
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Gain (loss) on interest rate swap contracts	(2,142)	(2,515)	5,101
Comprehensive income	\$ 77,113	\$ 58,779	\$ 54,060

See Notes to Consolidated Financial Statements.

**DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC****CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY**

(\$ in thousands)

	Years Ended December 31,		
	2015	2014	2013
Balance, beginning of year	\$ 252,328	\$ 201,760	\$ 139,586
Capital contributions	4,424	6,789	8,114
Distributions to Members	(4,300)	(15,000)	—
Net income	79,255	61,294	48,959
Balance before other comprehensive income (loss)	331,707	254,843	196,659
Other comprehensive income (loss)—gain (loss) on derivatives	(2,142)	(2,515)	5,101
Balance, end of year	<u>\$ 329,565</u>	<u>\$ 252,328</u>	<u>\$ 201,760</u>

See Notes to Consolidated Financial Statements.

DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in thousands)

	Years Ended December 31,		
	2015	2014	2013
<b>Operating activities:</b>			
Net income	\$ 79,255	\$ 61,294	\$ 48,959
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	60,741	60,397	59,804
Amortization of deferred warranty reimbursement costs	24,075	23,885	23,480
Amortization of deferred financing costs	2,833	2,869	4,776
Derivative (gain)	—	—	(2,490)
(Gain) loss on sale of assets	(104)	129	(191)
Loss on refinancing	—	5,982	11,145
Paid-in-kind interest	—	(13)	1,472
Changes in operating assets and liabilities:			
Accounts receivable	6,411	(3,268)	2,842
Other current and noncurrent assets	5,263	425	(15,951)
Accounts payable and accrued liabilities	1,359	707	(2,078)
Warranty reimbursement liability	(12,096)	(8,199)	(4,778)
Payment of prior period warranty reimbursement liability	(3,314)	(2,272)	(1,361)
Derivative liabilities	—	—	(26,929)
Other noncurrent liabilities	(27)	(25)	(18)
Net cash provided by operating activities	<u>164,396</u>	<u>141,911</u>	<u>98,682</u>
<b>Investing activities:</b>			
Purchase of property and equipment	(8,874)	(17,401)	(39,168)
Payment of prior period property and equipment	(1,480)	(2,407)	(17,299)
Sale of property and equipment	1,856	1,955	1,616
Restricted cash	973	1,948	2,543
Net cash used in investing activities	<u>(7,525)</u>	<u>(15,905)</u>	<u>(52,308)</u>
<b>Financing activities:</b>			
Increase in long-term debt	—	30,000	680,000
Paydown of long-term debt	(155,000)	(238,185)	(641,150)
Capital contributions from Members	4,424	6,789	8,114
Distributions to Members	(4,300)	(15,000)	—
Deferred financing costs	—	—	(6,499)
Net cash provided by (used in) financing activities	<u>(154,876)</u>	<u>(216,396)</u>	<u>40,465</u>
Net increase (decrease) in cash and cash equivalents	1,995	(90,390)	86,839
Cash and cash equivalents, beginning of year	15,610	106,000	19,161
Cash and cash equivalents, end of year	<u>\$ 17,605</u>	<u>\$ 15,610</u>	<u>\$ 106,000</u>
<b>Supplemental schedule of non-cash investing and financing activities</b>			
Additions to property and equipment included in accounts payable and accrued liabilities	<u>\$ 312</u>	<u>\$ 1,480</u>	<u>\$ 2,407</u>
Warranty reimbursement payable in accounts payable and accrued liabilities	<u>\$ 4,695</u>	<u>\$ 3,314</u>	<u>\$ 2,272</u>
Deferred warranty asset and warranty reimbursement obligation	<u>\$ 120</u>	<u>\$ 1,122</u>	<u>\$ 4,988</u>

See Notes to Consolidated Financial Statements.



**DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1—Nature of Operations**

Digital Cinema Implementation Partners, LLC, ("DCIP", and together with its consolidated wholly-owned subsidiaries, the "Company") was formed as a Delaware limited liability company on February 12, 2007 for the purpose of raising third-party capital to purchase and deploy digital cinema projection equipment ("Digital Systems") in theatres located throughout the United States and Canada. The Company will continue in perpetuity. The Company is headquartered in New Jersey and has offices in Colorado and Minnesota. The Company is owned by its founding members American Multi-Cinema, Inc. ("AMC"), Cinemark Media, Inc. ("Cinemark") and Regal/DCIP Holdings, LLC ("Regal") (collectively, the "Founding Members").

On March 10, 2010, the Company completed an initial financing transaction for the deployment of Digital Systems utilizing its subsidiary entities Kasima, LLC ("Kasima"), Kasima Holdings, LLC ("Holdings") and Kasima Parent Holdings, LLC ("Parent") to execute its business plan. Kasima is a wholly-owned subsidiary of Holdings, Holdings is a wholly-owned subsidiary of Parent and Parent is a wholly-owned subsidiary of DCIP. As part of the initial financing transaction, Parent entered into a note purchase agreement with a third-party investment fund. On March 31, 2011, the Company obtained the incremental financing necessary to complete its planned deployment of Digital Systems and on May 17, 2013, the Company refinanced all of its outstanding senior secured debt, extending the term of that debt and lowering its effective interest rate. On March 31, 2014, Parent repaid, in full, the outstanding notes under the note purchase agreement. See Note 3 for a more detailed description of these financing transactions.

Digital Systems are purchased by Kasima and leased to each Founding Member or one of its affiliates (each such entity, an "Exhibitor") pursuant to the terms of a Master Equipment Lease Agreement ("ELA"). Kasima facilitates the installation of the leased Digital Systems into each Exhibitor's theatres pursuant to the terms of an Installation Agreement. The Exhibitor is responsible for the ongoing maintenance and insurance of the Digital Systems. The Company has also entered into (and assigned to Kasima) long-term Digital Cinema Deployment Agreements ("DCDAs") with six major motion picture studios ("Major Studios") pursuant to which Kasima receives a virtual print fee ("VPF") each time the studio books a film or certain other content on the Digital Systems. Other content distributors have entered into DCDAs or shorter term agreements with the Company that provide for the payment of VPFs to Kasima for bookings of the distributor's content on a Digital System.

On June 20, 2011, DCIP and Canadian Digital Cinema Partnership ("CDCP") entered into a long-term management services agreement (an "MSA" and with respect to CDCP, the "CDCP MSA") to manage a similar deployment of Digital Systems in Canada and to perform certain other specified services for CDCP related thereto (see Note 2). CDCP is a Canadian limited partnership formed by Cineplex Entertainment LP ("Cineplex") and Empire Theatres Ltd. ("Empire") to facilitate the purchase and deployment of Digital Systems to their theatres in Canada. On April 1, 2012, DCIP entered into a long-term MSA with Cinemark USA, Inc., a Texas corporation and an affiliate of Cinemark, to manage deployment of Digital Systems to theatres operated by its affiliates in Latin America (the "CNI MSA"). On September 1, 2014, DCIP entered into a long-term MSA with AC JV, LLC ("Fathom Events"), an affiliate of the Exhibitors, to provide it with management services and amended the agreement on April 1, 2015 to include additional services.

DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 2—Summary of Significant Accounting Policies**

**Principles of consolidation**

The consolidated financial statements include the accounts of DCIP and its subsidiaries. Intercompany accounts have been eliminated in consolidation.

**Use of estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company's most significant estimates relate to depreciation and recoverability of property and equipment, amortization, the valuation of derivative agreements and the reimbursement liability concerning equipment warranty and replacement costs under the ELAs. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates under different assumptions or conditions.

**Cash and cash equivalents**

The Company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amount of the Company's cash equivalents approximates fair value due to the short maturities of these investments and consists primarily of money market funds and other overnight investments. The Company maintains bank accounts with major banks, which from time to time may exceed the Federal Deposit Insurance Corporation's insured limits. The Company periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

**Concentration of credit risk**

For the years ended December 31, 2015, 2014 and 2013, the Company had five customers that represented 57%, 56% and 55%, respectively, of operating revenues and at December 31, 2015 and 2014, five customers that represented 68% and 61%, respectively, of net accounts receivable. These customers are each parties to DCDAs. None of the Company's other customers individually represented more than 10% of operating revenues or accounts receivable at December 31, 2015 or 2014, or for the years ended December 31, 2015, 2014 and 2013.

The Company has credit risk associated with certain accounts receivable, which consists primarily of amounts owed by the Major Studios and other digital content distributors. The Company actively monitors the status of its accounts receivable and has mechanisms in place to minimize the potential for incurring material accounts receivable credit losses. At December 31, 2015 and 2014, management has determined that there is no requirement for an allowance for doubtful accounts.

**Concentration of suppliers**

The Company currently purchases Digital System components from a limited number of suppliers. In 2015 and 2014, four suppliers represented 82% and 85%, respectively, of the amount spent by the

**DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 2—Summary of Significant Accounting Policies (Continued)**

Company on Digital System component purchases, and in 2013, two suppliers represented 68% of the amount spent by the Company on Digital System component purchases.

**Concentration in foreign countries**

The Company originally leased Digital Systems to AMC (pursuant to its ELA) for theatres located in Canada and receives revenues from CDCP pursuant to the CDCP MSA. In 2013, AMC sold the last of its Canadian theatres and, as a result, the Company no longer leases Digital Systems to AMC in Canada. The revenue previously earned from these operations was paid to the Company in U.S. dollars. For the years ended December 31, 2015, 2014 and 2013, revenues earned from Canadian sources totaled \$1,784,000, \$1,776,000 and \$1,784,000, respectively. The carrying value of equipment deployed in Canada at December 31, 2015 and 2014 was zero. Revenue earned by the Company under the CNI MSA for theatres located in Latin America was \$825,000, \$794,000 and \$412,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

**Fair value and credit risk**

All current assets and liabilities are carried at cost, which approximates fair value due to the short-term maturities of those instruments. The Company's Credit Facility (see Note 7) is comprised of floating rate instruments and management believes fair value approximates carrying value.

**Property and equipment, net**

Property and equipment, net, is stated at cost, less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	3 - 5 years
Leasehold improvements	5 years
Digital cinema projection equipment	17.5 years
Furniture and fixtures	7 years

Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the assets. Certain costs of computer software developed or obtained for internal use are capitalized and amortized on a straight-line basis over three to five years. Costs for general and administrative expenses, overhead, maintenance and training, as well as the cost of software coding that does not add functionality to existing systems, are expensed as incurred. Upon the sale or other disposition of any property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and the gain or loss on disposal is included in the consolidated statements of operations and comprehensive income.

**Deferred financing costs, net**

Deferred financing costs are amortized on an interest method basis for the Credit Facility and a straight-line basis for the Note Facility (prior to its retirement on March 31, 2014), each as described in Note 7 and each by a charge to interest expense over the terms of the respective financing agreements. Accumulated amortization of deferred financing costs at December 31, 2015 and 2014 totaled \$7,340,000 and \$4,507,000, respectively.

## DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## Note 2—Summary of Significant Accounting Policies (Continued)

## Fair value measurements

The Company accounts for and reports the fair value of certain assets and liabilities. The Company applies fair value accounting for financial assets and liabilities that are recognized or disclosed at fair value in its consolidated financial statements.

The Company utilizes valuation techniques that maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by the Financial Accounting Standards Board Accounting Standards Codification ("ASC"):

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

*Level 2:* Observable market-based inputs or unobservable inputs that are corroborated by market data.

*Level 3:* Unobservable inputs reflecting the reporting entity's own assumptions.

The following table sets forth, by level, the fair value measurements of the Company's consolidated financial assets (\$ in thousands):

## Fair Value Measurements

	December 31, 2015	Level 1	Level 2	Level 3
Fair value of Interest Rate Swap	\$ 444(1)	\$ —	\$ 444	\$ —

(1) Reported in derivative assets on the consolidated balance sheets.

The fair value of the Company's asset under its Interest Rate Swap (as defined below) is based upon observable market-based inputs that reflect the present values of the difference between estimated future fixed rate payments and future variable receipts and, therefore, is classified within Level 2. The Level 2 fair value of the Company's Interest Rate Swap at December 31, 2014 was \$2,586,000.

## Accounting for derivatives

In March 2010, the Company executed (and in March 2011 amended) an interest rate swap agreement (as amended, the "Initial Swap") and an interest rate cap agreement (the "Initial Cap") to limit the Company's exposure to changes in interest rates. In May 2013, the Company terminated and made settlement payments in respect of the Initial Swap and Initial Cap (see Note 7) and executed new interest rate swap agreements (the "Interest Rate Swap"). Derivative financial instruments such as the Initial Swap, the Initial Cap and the current Interest Rate Swap are recorded at fair value. Changes in the fair value of derivative financial instruments are either recognized in accumulated other comprehensive income (loss) (a component of member's equity) or in the consolidated statements of operations and comprehensive income depending on whether the derivative is being used to hedge changes in cash flows or fair value. The Company determined that the Initial Swap and Initial Cap were not effective hedging transactions; therefore, the changes in market value of the Initial Swap and Initial Cap were recorded as a component of interest expense in the consolidated statements of

**DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 2—Summary of Significant Accounting Policies (Continued)**

operations and comprehensive income. The Company has determined that the Interest Rate Swap is an effective cash flow hedging instrument and, as a result, changes in the fair value of the Interest Rate Swap are recognized in other comprehensive income (loss).

**Income taxes**

The Company is a limited liability company and, as such, is treated as a partnership for federal and state income tax purposes. Accordingly, as a partnership for tax purposes, the Company is not a taxable entity for federal income taxes and is not subject to significant state income taxes. However, the Company does pay certain state taxes based on revenue that are reported as income tax expense on the consolidated statements of operations and comprehensive income. Income or loss of the Company as a limited liability company is reported to and included in the individual income tax returns of its members. Tax years ended December 31, 2015, 2014 and 2013 remain open to examination by federal and state taxing authorities with regard to the allocation of income or losses by the Company to its members.

**Impairment of long-lived assets**

The Company reviews the recoverability of its long-lived assets when events or conditions exist that indicate a possible impairment. The assessment for recoverability is based primarily on the Company's ability to recover the carrying value of its long-lived assets from expected future undiscounted net cash flows. If the total of expected future undiscounted net cash flows is less than the total carrying value of an asset, the asset is deemed not to be recoverable and possibly impaired. The Company then estimates the fair value of the asset to determine whether an impairment loss should be recognized. An impairment loss will be recognized if the carrying value of the asset exceeds its fair value. Fair value is determined by computing the expected future discounted cash flows. No impairment charges were recorded for the years ended December 31, 2015, 2014 or 2013.

**Revenue recognition**

The majority of the Company's revenues are VPFs from Major Studios under the DCDAs. The Company earns VPF revenue when movies and certain other content distributed by Major Studios and other content distributors are booked and exhibited on screens utilizing the Company's Digital Systems. VPFs are earned and payable based on a fee schedule outlined in the DCDAs and other VPF agreements. The VPF revenue is recognized in the period in which it is earned, generally the first time the content is booked and exhibited in the theatre auditorium for which a Digital System has been installed.

The DCDAs with the Major Studios require the payment of VPFs for a period that ends on the earlier to occur of (i) the tenth anniversary of the "mean deployment date" for all Digital Systems scheduled to be deployed over a period of up to five years, or (ii) the date the Company achieves "cost recoupment", each as defined in the DCDAs. Cost recoupment occurs when revenues attributable to the Digital Systems exceed the costs associated with their purchase (including financing), deployment, administration and other allowed amounts, all as defined in the DCDAs.

In addition to VPF revenue, the Company also earns a fee each time certain digital content other than feature films (e.g., concerts, sporting events and opera performances) is booked and exhibited on a Digital System. The Company refers to fees derived on a per-exhibition basis from these alternative

DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 2—Summary of Significant Accounting Policies (Continued)**

forms of digital content as alternative content fees ("ACFs"). ACFs may be paid by the distributor of the alternative content pursuant to an agreement with the Company or by the Exhibitor showing the content pursuant to its ELA. ACF revenue is recognized in the period in which the alternative content is exhibited.

Lease revenues in respect of the Digital Systems and certain other rental and usage fees are earned by the Company in accordance with the terms of the ELAs. All amounts due to the Company under these agreements are recognized as revenue when earned and any unearned amounts are recorded as deferred revenue. The initial lease term for each piece of equipment deployed under the ELAs begins on the date the equipment is placed in service and continues for 12 years, with the first and last month incurring one-half of the monthly lease payment otherwise due.

The Company generates multiple revenue streams from the leased Digital Systems under the ELAs as follows:

Lease fees are payable by the Exhibitors monthly and prior to March 31, 2014 were comprised of a fixed base lease rate plus a "step-up" rate component for all equipment (regardless of lease commencement date) that was to occur on October 1, 2016. The Company recognized lease revenue from these fees on a straight-line method making an allowance for the step-up in rent that was to occur. On March 31, 2014, the ELAs were amended to remove the scheduled step-up lease payments. The accumulated effects of the amendments are being amortized on a straight-line basis as a reduction in revenue over the remaining terms of the ELAs.

Subject to certain minimum revenue tests in the ELAs, additional rent ("Additional Rent") may be due in respect of complexes ("Additional Rent Complexes") that are not 100% converted to digital within four weeks of the initial deployment of a Digital System in the complex by the Company. Additional Rent, if any, is calculated and recognized on a monthly basis, but billed and paid semi-annually.

Contingent rent may be due under the ELAs if total revenues in respect of the Digital Systems deployed thereunder (calculated quarterly on a rolling last twelve month basis) fail to meet certain minimum revenue thresholds. The minimum revenue thresholds were prorated for the initial four quarters of the ELAs. Contingent rent, if any, is calculated and recognized monthly, but billed and paid quarterly.

Peak period payments are due under the ELAs when the leased Digital Systems are taken out of service by an Exhibitor for one or more consecutive defined "peak periods" (generally a weekend) as a result of relocation, damage or a complex closing. Peak period payments, if any, are recognized, billed and paid monthly.

In accordance with the ELAs the Exhibitors are required to acquire extended warranties with respect to the leased Digital Systems covering the period from the expiration of the initial included manufacturer's warranty through the date of repayment of the Credit Facility and Note Facility (each as defined in Note 7) (the "Warranty End Date"), but in no event later than 12 years from the effective date of the ELAs. Following the Warranty End Date, the Exhibitors may choose to continue extended warranty coverage through the expiration of the DCDAs (the "DCDA End Date"). The DCDA End Date will occur on the earlier of (i) the tenth anniversary of the "mean deployment date" of the Digital Systems or (ii) the date the Company achieves "cost recoupment", each as defined in the DCDAs. The Company expects that the Exhibitors will maintain extended warranty coverage through

DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 2—Summary of Significant Accounting Policies (Continued)**

the DCDA End Date. Pursuant to the ELAs, the Company is required to reimburse the Exhibitor for the costs of the extended warranties (and/or equipment replacement costs) subject to quarterly caps set forth in the ELAs. This contractual obligation by the Company to incur costs at a future date for the extended warranties or replacement costs when the leased equipment is purchased creates a liability at the purchase date and a contra revenue adjustment in respect of revenues derived under the ELAs that is recognized on a straight-line basis over the term of the lease.

The Company also earns revenues in respect of the services DCIP provides under the MSAs. The revenues are earned ratably as the services are performed under the agreement.

**Subsequent events**

The Company has evaluated subsequent events through February 19, 2016, which is the date the consolidated financial statements were available to be issued.

**Note 3—Financing Transactions**

On March 10, 2010, the Company completed a financing transaction to enable the purchase, deployment and leasing of Digital Systems for approximately 10,000 movie theatre screens operated by the Exhibitors in the United States and Canada over the subsequent three to five years. On March 31, 2011, the Company completed an incremental financing transaction to enable the purchase, deployment and leasing of Digital Systems for approximately 4,700 additional movie theatre screens operated by the Exhibitors in the United States and Canada. On May 17, 2013, the Company refinanced all of its outstanding senior secured debt, extending the term of that debt, and lowering its effective interest rate.

The financing transaction completed in March 2010 consisted of a \$79,472,000 equity contribution to DCIP from the Founding Members (subsequently contributed as equity to Kasima), a \$135,000,000 long-term promissory note commitment (the Note Facility described in Note 7) to Parent from an investor group and a \$445,000,000 senior secured loan commitment (the Initial Credit Facility described in Note 7) to Kasima from a group of commercial banks. The equity contribution from the Founding Members consisted of \$50,724,000 of previously installed Digital Systems and \$28,748,000 of cash. The financing transaction completed in March 2011 consisted of a \$220,000,000 incremental senior secured term loan (the Incremental Term Loan described in Note 7) to Kasima from a group of commercial banks and institutional investors. The refinancing transaction completed in May 2013 consisted of a \$755,000,000 senior secured loan commitment (the Credit Facility described in Note 7) to Kasima from a group of commercial banks and institutional investors.

**Note 4—Consolidated Balance Sheet Components**

**Restricted cash**

The Company had restricted cash of \$5,931,000 and \$6,904,000 at December 31, 2015 and 2014, respectively, in the form of an interest reserve escrow account related to the Credit Facility (see Note 7) and an excess cost escrow account for the funding of Digital Systems in excess of costs caps established in the related credit agreement.

## DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## Note 4—Consolidated Balance Sheet Components (Continued)

## Accounts receivable, net

Accounts receivable, net consists of the following (\$ in thousands):

	December 31,	
	2015	2014
Accounts receivable	\$ 32,129	\$ 38,527
Accrued revenue	90	93
Deferred revenue(1)	(1,251)	(1,241)
Total accounts receivable, net	<u>\$ 30,968</u>	<u>\$ 37,379</u>

(1) Deferred revenue consists of unearned amounts billed but not collected at December 31, 2015 and 2014.

## Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of the following (\$ in thousands):

	December 31,	
	2015	2014
Warranty reimbursement payable	\$ 4,695	\$ 3,314
Accrued bonus and compensation	2,968	2,123
Deferred revenue(1)	465	—
Accounts payable	241	502
Accrued taxes payable	135	148
Other accrued liabilities	118	56
Accrued equipment purchases leased to others	111	966
Accrued interest payable	57	65
Accrued equipment purchases, not deployed	—	44
Total accounts payable and accrued liabilities	<u>\$ 8,790</u>	<u>\$ 7,218</u>

(1) Deferred revenue consists of unearned amounts collected at December 31, 2015 and 2014.



DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 5—Property and Equipment, net**

Property and equipment, net consists of the following (\$ in thousands):

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Equipment leased to others(1)	\$ 1,055,064	\$ 1,047,147
Equipment, not deployed	268	1,731
Computer equipment and software	5,455	5,908
Leasehold improvements	207	402
Furniture and fixtures	119	262
Total property and equipment	1,061,113	1,055,450
Less accumulated depreciation and amortization	(277,488)	(218,518)
Property and equipment, net	<u>\$ 783,625</u>	<u>\$ 836,932</u>

(1) At December 31, 2015 and 2014, the approximate cost and carrying value of equipment leased to others was \$1,055,000 and \$1,047,000 and \$782,000 and \$834,000, respectively.

**Note 6—Exhibitor Lease Fees**

The Company earns lease revenues and other fees through the lease of Digital Systems to the Exhibitors in accordance with the ELAs described in Note 2. The aggregate future minimum lease revenues due under non-cancellable equipment lease agreements that have initial or remaining terms in excess of one year as of December 31, 2015 are as follows (\$ in thousands):

<u>Year ending December 31,</u>	<u>Amount</u>
2016	\$ 15,012
2017	15,012
2018	15,012
2019	15,012
2020	15,012
Thereafter	35,724
Total	<u>\$ 110,784</u>

Revenues earned under the ELAs for the years ended December 31, 2015, 2014 and 2013 totaled \$18,062,000, \$16,368,000 and \$15,252,000, respectively.

**Note 7—Long-term Debt**

**Credit facilities**

On March 10, 2010, DCIP, Holdings and Kasima entered into a credit agreement with JPMorgan Chase Bank, N.A. as Administrative Agent and a group of lenders which agreed to provide Kasima a \$110 million revolving line of credit ("Initial Revolver") and a \$335 million delayed draw term loan ("Initial Term Loan"). On March 31, 2011, this credit agreement was amended and restated to include a \$220 million incremental term loan (the "Incremental Term Loan" and together with the Initial Revolver and the Initial Term Loan, the "Initial Credit Facility"). Borrowings under the Initial Credit

DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 7—Long-term Debt (Continued)**

Facility were used (i) to fund the purchase and installation of Digital Systems by Kasima, (ii) to reimburse the Company for its permitted operating expenses associated with management services it provides to Kasima and Holdings pursuant to the MSA, (iii) to fund payment of fees, interest and expenses payable under the Initial Credit Facility, (iv) to fund permitted distributions in respect of the Parent Notes and (v) for other permitted operating expenses of Kasima and Holdings including interest reserve requirements, closing costs and upfront fees associated with the Initial Credit Facility. All costs of the Digital Systems exceeding established caps were funded by capital contributions from the Founding Members.

The net proceeds from the Incremental Term Loan (\$205 million) were used to prepay a portion of the Initial Term Loan and the Company's existing lenders agreed to increase their lending commitments by the amount prepaid and to extend the date of their Initial Term Loan commitments from March 10, 2012 to September 30, 2012. The Incremental Term Loan was fully drawn at closing on March 31, 2011. The Initial Revolver was available following the availability of the Initial Term Loan and subject to certain conditions through March 10, 2015, the maturity date (the "Original Maturity Date") of the Initial Term Loan and Initial Revolver. The maturity date of the Incremental Term Loan was March 31, 2017 (the "Incremental Maturity Date"). At December 31, 2012, the Initial Revolver was fully drawn, subject to hold-back provisions contained in the Initial Credit Facility. Each Initial Term Loan, Incremental Term Loan and Initial Revolver borrowing bore interest, at the option of Kasima, at either the Adjusted LIBO Rate or the Alternate Base Rate, each as defined in the Initial Credit Facility, plus the defined Applicable Rate, which was 2.50% in the case of borrowings based on the Alternate Base Rate and 3.75% for borrowings based on the Adjusted LIBO Rate. The Incremental Term Loan was further subject to an Adjusted LIBO Rate floor of 1.25%. The commitment fee on undrawn amounts in respect of the Initial Term Loan was 1.25% per annum and in respect of the Initial Revolver was 0.50% per annum.

On May 17, 2013, DCIP, Holdings and Kasima entered into a credit agreement with Barclays Bank PLC as Administrative Agent and a group of lenders which agreed to provide Kasima a \$75 million revolving line of credit ("Revolver") and a \$680 million term loan ("Term Loan B" and together with the Revolver, the "Credit Facility"). The Term Loan B was fully funded at the closing of the Credit Facility. Proceeds from the Term Loan B were used to repay all amounts outstanding under the Initial Credit Facility and to pay fees, transaction costs and other expenses incurred in connection with such repayment (including settlement payments associated with the termination of the Initial Swap and Initial Cap contracts) and the establishment of the Credit Facility. Proceeds from borrowings under the Revolver, which is currently undrawn, may be used for (i) the payment of operating expenses of Holdings and Kasima (including, without limitation, permitted payments to DCIP under the MSA in respect of services provided thereunder to the Company and Parent, payments under the Interest Rate Swap, the expenses of maintaining a credit rating, Administrative Agent fees and costs, expenses incurred under control agreements and other security documents and prepayments in respect of defined Excess Cash Flow), (ii) to the extent permitted, the payment of defined Restricted Payments, including in respect of interest on, and to fund the repayment of, the Parent Notes, (iii) defined Tax Distributions and (iv) any other working capital and general corporate purposes of the Company. All costs of Digital Systems exceeding established caps must be funded by capital contributions from the Founding Members. Each borrowing under the Revolver must be at least \$20 million and in \$5 million increments.

DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 7—Long-term Debt (Continued)**

The Revolver is available, subject to certain conditions, through May 17, 2018, its maturity date. The maturity date of the Term Loan B is May 17, 2021 (the "Term Loan B Maturity Date"). At December 31, 2015, the Revolver was undrawn. The Revolver and Term Loan B borrowings each bear interest, at the option of Kasima, at either the Adjusted LIBO Rate or the Alternate Base Rate, each as defined in the Credit Facility, plus the defined Applicable Rate, which is 1.50% in the case of borrowings based on the Alternate Base Rate and 2.50% for borrowings based on the Adjusted LIBO Rate. The Term Loan B is further subject to an Adjusted LIBO Rate floor of 0.75%. The commitment fee on undrawn amounts in respect of the Revolver is 0.50% per annum.

The Term Loan B amortizes at 1.25% of its original principal amount per annum, payable in quarterly increments of \$8.5 million commencing on September 30, 2014 with the remaining balance, including any unpaid interest and fees, payable on the Term Loan B Maturity Date. Prepayments of the Term Loan B reduce future mandatory amortization payments on a dollar-for-dollar basis. Commencing with the defined Test Date in respect of the fiscal year ended December 31, 2014 and annually on each Test Date thereafter, Kasima will prepay Term Loan B borrowings in an aggregate amount equal to 100% of defined Excess Cash Flow (generally the amount by which Cash Flow from Operations exceeds Consolidated Fixed Charges, each as defined, for the prior fiscal year); provided, however, that commencing with the Test Date in respect of the fiscal year ending December 31, 2017, any prepayments made in respect of Excess Cash Flow will be first used to prepay any outstanding borrowings under the Revolver and to permanently reduce the commitments thereunder. Kasima may at any time terminate or permanently reduce commitments under the Credit Facility without premium or penalty in \$5 million increments of not less than \$20 million.

The "Borrower" under the Credit Facility is Kasima and the Credit Facility is guaranteed by Holdings and each direct or indirect subsidiary of Holdings other than the Borrower. The Credit Facility is secured by a first priority lien on all of the assets of the Company (with certain negotiated exclusions), including contract rights, cash and securities accounts and the Digital Systems on Exhibitors' premises.

Under the Credit Facility, the Borrower is required to maintain compliance with certain financial covenants. Material covenants included an interest coverage ratio, minimum average revenues per deployed screen, and capital expenditure limitations. At December 31, 2015, the Borrower was in compliance with all of its Credit Facility covenants.

**Note purchase agreement**

On March 10, 2010, Parent entered into a Note Purchase Agreement with Wilmington Trust Company as Parent Note Agent pursuant to which a group of mezzanine debt funds (the "Noteholders") affiliated with Highbridge Mezzanine Partners agreed to purchase, subject to certain conditions, notes (the "Parent Notes") issued by Parent due March 10, 2025 (the "Note Maturity Date") totaling \$135 million (the "Note Facility"). The first purchase of Parent Notes occurred on March 10, 2010 in the amount of \$52.5 million. The second purchase of Parent Notes occurred on May 14, 2010 in the amount of \$28.8 million. The final purchase of Parent Notes occurred on April 6, 2011 in the amount of \$53.7 million. The proceeds of the Note Facility are being and will be used for the purposes described for the Credit Facility above. The Company provides management services to Parent and is reimbursed for its out-of-pocket expenses up to a cap set forth in a management services agreement between the Company and Parent. All net proceeds of the Note Facility are being and will

## DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 7—Long-term Debt (Continued)**

be contributed as equity to Holdings and then to Kasima, by each of Parent and Holdings, respectively. The Parent Notes issued bear interest at 15.12% per annum, of which 12.0% (the "Current Yield") is paid in cash quarterly subject to restrictions set forth in the Credit Facility. Accrued and unpaid interest ("PIK Interest") is added to the outstanding principal balance of Parent Notes on each Current Yield payment date. All outstanding Parent Notes together with any PIK Interest are due on the Note Maturity Date. The Company repaid the Parent Notes in full on March 31, 2014.

The Company's long-term debt consists of the Term Loan B with balances at December 31, 2015 and 2014 of \$465 million and \$620 million, respectively, and an interest rate of 3.25%.

The Company's aggregate maturities of long-term debt are as follows (\$ in thousands):

<u>Years ending December 31,</u>	<u>Amount</u>
2016	\$ —
2017	—
2018	—
2019	—
2020	6,000
Thereafter	459,000
Total	<u>\$ 465,000</u>

Interest expense on long-term debt was \$21,194,000, \$31,292,000 and \$53,915,000 for the years ended December 31, 2015, 2014 and 2013, respectively, consisting of cash interest of \$21,194,000, \$31,305,000 and \$52,443,000, respectively, and PIK Interest of (\$0), (\$13,000) and \$1,472,000, respectively.

**Derivatives**

The Initial Swap and Initial Cap contracts were entered into for interest expense cost protection from rising variable interest rates and were associated with the Company's Initial Term Loan and Initial Revolver, which had a maturity date of March 10, 2015, and its Incremental Term Loan, which had a maturity date of March 31, 2017. The Initial Swap and Initial Cap contracts were terminated on May 17, 2013 as part of the refinancing of the Initial Credit Facility described above and a settlement payment of \$26,929,000 was made in respect thereof.

The Interest Rate Swap contracts were entered into for interest expense cost protection from rising variable interest rates and are associated with the Company's Term Loan B which matures on May 17, 2021. Under the Interest Rate Swap contracts, the Company receives current market LIBO Rate interest payments, subject to an interest rate floor for the Term Loan B of 0.75% per annum, and pays a fixed rate of 1.29% calculated on the same notional principal amount (the "Notional Swap Amount") which changes for each fiscal quarter commencing as of the quarter ended June 30, 2013 and terminating on the contract expiration date of December 31, 2019. The Notional Swap Amount for the quarterly period ended December 31, 2015 was \$402,028,000 and the then-current market LIBO Rate interest was 0.54% per annum. The protection afforded by the Interest Rate Swap extends until December 31, 2019 and the Notional Swap Amount decreases quarterly beginning September 30, 2014.

## DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**Note 8—Retirement Plan**

The Company maintains a defined contribution plan for eligible employees under Section 401(k) of the Internal Revenue Code. The Company's plan provides for eligible employees to contribute up to 80% of eligible compensation with a Company contribution of 4% of eligible wages for 2014 and 2013 and a match of 50% of the first 6% of employee contributions for 2012 and prior years. All employees are eligible to participate in the plan upon hire. The Company's contributions to the plan totaled \$132,000, \$138,000 and \$130,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

**Note 9—Commitments****Operating leases**

The Company has leased facilities in the states of New Jersey, Colorado and Minnesota. The aggregate future minimum lease payments under non-cancellable operating leases that have initial or remaining terms in excess of one year as of December 31, 2015 are as follows (\$ in thousands):

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 160
2017	117
2018	9
2019 and thereafter	—
Total	<u>\$ 286</u>

Rent expense for operating leases for the years ended December 31, 2015, 2014 and 2013 totaled \$167,000, \$167,000 and \$142,000, respectively.

**Employment agreements**

The Company has employment agreements with two of its key executives setting forth key compensation terms (generally annual salary plus a defined bonus) and providing each executive with a severance benefit in the case the executive's employment is terminated without cause or the executive resigns with good reason, each as defined.

**Note 10—Related Party Transactions**

At December 31, 2015, all of the Company's Digital Systems are leased to the Exhibitors under the ELAs. For the years ended December 31, 2015, 2014 and 2013, revenues earned from the Exhibitors totaled \$18,062,000, \$16,368,000 and \$15,252,000, respectively. Net accounts receivable due from the Exhibitors totaled \$1,102,000 and \$2,456,000 at December 31, 2015 and 2014, respectively, and will be settled in cash. Payments under the ELAs are generally due on the fifth day of the month after billing. At times, the Company purchases digital equipment from the Exhibitors at cost subject to caps established in the ELAs. For the years ended December 31, 2015 and 2014, the Company had no liability for reimbursement of equipment purchases due to the Exhibitors. The \$4,695,000 warranty reimbursement liability represents a liability to reimburse the Exhibitors for the extended equipment warranty and other replacement costs (as defined in the ELAs) as cash payments that began in 2011 and continues through the DCDA End Date (see Note 2). Warranty reimbursements earned for the years ended December 31, 2015, 2014 and 2013 totaled \$16,791,000, \$11,513,000 and \$7,051,000, respectively. Cash reimbursement payments for the years ended December 31, 2015, 2014 and 2013

**DIGITAL CINEMA IMPLEMENTATION PARTNERS, LLC**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 10—Related Party Transactions (Continued)**

totaled \$15,410,000, \$10,471,000 and \$6,141,000, and payables totaled \$4,695,000 and \$3,314,000 as of December 31, 2015 and 2014, respectively.

In 2015, 2014 and 2013, the Exhibitors terminated their ELAs with respect to an aggregate of 34, 35 and 23 Digital Systems, respectively. Pursuant to the terms of the ELAs, the Exhibitors were required to purchase these Digital Systems from the Company at a defined Termination Amount per Digital System. In 2015, 2014 and 2013, total Termination Amounts paid by the Exhibitors in the aggregate were \$1,856,000, \$1,955,000 and \$1,616,000, respectively, resulting in a gain (loss) on sale to the Company of \$104,000, (\$129,000) and \$191,000, in 2015, 2014, and 2013 respectively.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

Not applicable

**Item 9A. 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 Annual Report on Form 10-K and have determined that such disclosure controls and procedures were effective.

- (b) Management's annual report on internal control over financial reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13a-15(f) of the Exchange Act. With management's participation, an evaluation of the effectiveness of internal control over financial reporting was conducted as of December 31, 2015, based on the framework and criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company acquired SMH Theatres, Inc. in December 2015. Due to the timing of the acquisition, and in accordance with SEC requirements, management excluded SMH Theatres, Inc. from its assessment of the effectiveness of the internal control over financial reporting as of December 31, 2015. The internal control over SMH Theatres, Inc.'s financial reporting is associated with total assets of \$194.4 million and total revenues of \$7.9 million included in the consolidated financial statements of AMC Entertainment Holdings, Inc. as of and for the year ended December 31, 2015. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2015. The effectiveness of our internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their attestation report in Item 8 of Part II of this Annual Report on Form 10-K.

- (c) Changes in internal control over financial reporting.

There has been no change in our internal control over financial reporting during the most recent calendar quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

**Item 9B. Other Information**

None

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

For information with respect to the executive officers of the Company, see "Executive Officers" included as a separate item at the end of Part I of this Report.

All other information called for by this item is hereby incorporated herein by reference to the relevant portions of our definitive proxy statement on Schedule 14A in connection with our 2016

Annual Meeting of Stockholders, to be filed within 120 days after December 31, 2015 (the "Proxy Statement").

**Item 11. Executive Compensation.**

The information called for by this item is hereby incorporated herein by references to the relevant portions of the Proxy Statement.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information called for by this item is hereby incorporated herein by references to the relevant portions of the Proxy Statement.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information called for by this item is hereby incorporated herein by references to the relevant portions of the Proxy Statement.

**Item 14. Principal Accounting Fees and Services**

The information called for by this item is hereby incorporated herein by references to the relevant portions of the Proxy Statement.



**PART IV**

**Item 15. Exhibits, Financial Statement Schedules**

- (a) (1) The following financial statements are included in Part II Item 8.:

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">68</a>
<a href="#">Consolidated Statements of Operations—12 Months ended December 31, 2015, December 31, 2014, and December 31, 2013</a>	<a href="#">71</a>
<a href="#">Consolidated Statements of Comprehensive Income—12 Months ended December 31, 2015, December 31, 2014, and December 31, 2013</a>	<a href="#">72</a>
<a href="#">Consolidated Balance Sheets—December 31, 2015 and December 31, 2014</a>	<a href="#">73</a>
<a href="#">Consolidated Statements of Cash Flows—12 Months ended December 31, 2015, December 31, 2014, and December 31, 2013</a>	<a href="#">74</a>
<a href="#">Consolidated Statements of Stockholders' Equity—12 Months ended December 31, 2015, December 31, 2014, and December 31, 2013</a>	<a href="#">75</a>
<a href="#">Notes to Consolidated Financial Statements—Periods ended December 31, 2015, December 31, 2014, and December 31, 2013</a>	<a href="#">76</a>

- (a) (2) Financial Statement Schedules—All schedules have been omitted because the necessary information is included in the Notes to the Consolidated Financial Statements.

- (b) Exhibits

A list of exhibits required to be filed as part of this report on Form 10-K is set forth in the Exhibit Index, which immediately precedes such exhibits.

- (c) Separate Financial Statements of Subsidiaries Not Consolidated

The following financial statements of National CineMedia, LLC are as follows:

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">134</a>
<a href="#">Balance Sheets—January 1, 2014 and January 1, 2014</a>	<a href="#">135</a>
<a href="#">Statements of Income—Years Ended January 1, 2014, January 1, 2014, and December 27, 2013</a>	<a href="#">136</a>
<a href="#">Statements of Comprehensive Income—Years Ended January 1, 2014, January 1, 2014, and December 27, 2013</a>	<a href="#">137</a>
<a href="#">Statements of Members' Equity (Deficit)—Years Ended January 1, 2014, January 1, 2014, and December 27, 2013</a>	<a href="#">138</a>
<a href="#">Statements of Cash Flows—Years Ended January 1, 2014, January 1, 2014, and December 27, 2013</a>	<a href="#">139</a>
<a href="#">Notes to Financial Statements</a>	<a href="#">140</a>

The following financial statements of Digital Cinema Implementation Partners, LLC are as follows:

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	<a href="#">170</a>
<a href="#">Consolidated Balance Sheets—December 31, 2015 and December 31, 2014</a>	<a href="#">171</a>
<a href="#">Consolidated Statements of Operations—Years Ended December 31, 2015, 2014, and 2013</a>	<a href="#">172</a>
<a href="#">Consolidated Statements of Members' Equity—Years Ended December 31, 2015, 2014, and 2013</a>	<a href="#">173</a>
<a href="#">Consolidated Statements of Cash Flows—Years Ended December 31, 2015 and 2014</a>	<a href="#">174</a>
<a href="#">Notes to Financial Statements</a>	<a href="#">175</a>

<b>Exhibit Number</b>	<b>Description</b>
2.1	Agreement and Plan of Merger, dated May 21, 2012, by and among AMC Entertainment Holdings, Inc., Dalian Wanda Group Co., Ltd. and, solely with respect to certain sections, the stockholder representative referenced therein (incorporated by reference from Exhibit 2.1 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
2.2	Stock Purchase Agreement by and among AMC Entertainment Holdings, Inc., SMH Theatres, Inc., the Shareholders of SMH Theatres, Inc. and the Representative named herein dated as of July 13, 2015. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. AMC agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon request (incorporated by reference from Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 1-33892) filed on July 14, 2015).
2.3	Agreement and Plan of Merger dated as of March 3, 2016, by and among AMC Entertainment Holdings, Inc., Congress Merger Subsidiary, Inc., and Carmike Cinemas, Inc. (incorporated by reference from Exhibit 2.1 to the Company's Form 8-K (File No. 1-333829) filed on March 4, 2016.)
3.1	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).
3.2	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).
4.1(a)	Credit Agreement, dated April 30, 2013, by and among AMC Entertainment Inc., the lenders and the issuers party thereto, Citicorp North America, Inc., as agent, and the other agents and arrangers party thereto (incorporated by reference from Exhibit 10.1 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on May 3, 2013).
4.1(b)	Guaranty, dated as of April 30, 2013, by AMC Entertainment Inc. and each of the other Guarantors party thereto in favor of the Guaranteed Parties named therein (incorporated by reference from Exhibit 10.2 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on May 3, 2013).
4.1(c)	Pledge and Security Agreement, dated as of April 30, 2013, by AMC Entertainment Inc. and each of the other Grantors party thereto in favor of Citicorp North America, Inc., as agent for the Secured Parties (incorporated by reference from Exhibit 10.3 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on May 3, 2013).
*4.1(d)	First Amendment to Credit Agreement, dated as of December 11, 2015, by and among AMC Entertainment Inc., as borrower, the other loan parties party thereto, the lenders party thereto and Citicorp North America, Inc., as administrative agent.
4.2	Indenture, dated as of February 7, 2014, respecting AMC Entertainment Inc.'s 5.875% Senior Subordinated Notes due 2022, among AMC Entertainment Inc. and U.S. Bank National Association, as Trustee (incorporated by reference from Exhibit 4.1 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on February 10, 2014).

<b>Exhibit Number</b>	<b>Description</b>
4.3	Indenture, dated as of June 5, 2015, respecting AMC Entertainment Inc.'s 5.75% Senior Subordinated Notes due 2025, among AMC Entertainment Inc., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on June 5, 2015).
4.3(a)	Registration Rights Agreement, dated as of June 5, 2015, respecting AMC Entertainment Inc.'s 5.75% Senior Subordinated Notes due 2025, among AMC Entertainment Inc. and Citigroup Global Markets Inc., as representatives of the initial purchasers of the 5.75% Senior Subordinated Notes due 2025 (incorporated by reference from Exhibit 4.2 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on June 5, 2015).
***10.1	Management Stockholders Agreement of AMC Entertainment Holdings, Inc., dated August 30, 2012, by and among AMC Entertainment Holdings, Inc., Dalian Wanda Group Co., Ltd. and the management stockholders of AMC Entertainment Holdings, Inc. party thereto (incorporated by reference from Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
***10.1(a)	Amendment No. 1 to the Management Stockholders Agreement of AMC Entertainment Holdings, Inc., dated December 17, 2013, by and among AMC Entertainment Holdings, Inc., Dalian Wanda Group Co., Ltd. and the management stockholders of AMC Entertainment Holdings, Inc. party thereto (incorporated by reference from Exhibit 10.1(a) to the Company's Form 10-K (File No. 1-33892) filed March 10, 2015).
***10.2	Defined Benefit Retirement Income Plan for Certain Employees of American Multi-Cinema, Inc., as Amended and Restated, effective December 31, 2006, and as Frozen, effective December 31, 2006 (incorporated by reference from Exhibit 10.15(a) to AMCE's Form 10-K (File No. 1-8747) filed June 18, 2007).
***10.2(a)	American Multi-Cinema, Inc. Supplemental Executive Retirement Plan, as Amended and Restated, generally effective January 1, 2006, and as Frozen, effective December 31, 2006 (incorporated by reference from Exhibit 10.15(b) to AMCE's Form 10-K (File No. 1-8747) filed June 18, 2007).
***10.3	AMC Non-Qualified Deferred Compensation Plan, as Amended and Restated, effective January 1, 2005 (incorporated by reference from Exhibit 10.22 to AMCE's Form 10-K (File No. 1-8747) filed June 18, 2007).
***10.4	Employment Agreement between AMC Entertainment Inc., American Multi-Cinema, Inc. and John D. McDonald which commenced July 1, 2001 (incorporated by reference from Exhibit 10.29 to Amendment No. 1 to the AMCE's Form 10-K (File No. 1-8747) filed on July 27, 2001).
***10.5	Employment Agreement between AMC Entertainment Inc., American Multi-Cinema, Inc. and Craig R. Ramsey which commenced on July 1, 2001 (incorporated by reference from Exhibit 10.36 to AMCE's Form 10-Q (File No. 1-8747) filed on August 12, 2002).
10.6	Amended and Restated Exhibitor Services Agreement dated as of February 13, 2007 and Amended and Restated as of December 26, 2013, by and between National CineMedia, LLC and American Multi-Cinema, Inc. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.) (incorporated by reference from Exhibit 10.2.4 to National CineMedia, Inc.'s Form 10-K (File No. 1-33296) filed February 21, 2014).

<b>Exhibit Number</b>	<b>Description</b>
10.7	Third Amended and Restated Limited Liability Company Operating Agreement, dated February 13, 2007 between American Multi-Cinema, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc. (incorporated by reference from Exhibit 10.3 to the AMCE's Current Report on Form 8-K (File No. 1-8747) filed February 20, 2007).
10.7(a)	First Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated as of March 16, 2009, by and among American Multi-Cinema, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc. (incorporated by reference from Exhibit 10.1.1 to National CineMedia, Inc.'s Form 10-Q (File No. 1-33296) filed August 7, 2009).
10.7(b)	Second Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated as of August 6, 2010, by and among American Multi-Cinema, Inc., AMC Showplace Theatres, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc. (incorporated by reference from Exhibit 10.1 to National CineMedia, Inc.'s Form 8-K (File No. 1-33296) filed August 10, 2010).
10.7(c)	Third Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated September 3, 2013, by and among American Multi-Cinema, Inc., AMC ShowPlace Theatres, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC, Regal Cinemas, Inc. and National CineMedia, Inc. (incorporated by reference from Exhibit 10.23.5 to National CineMedia, Inc.'s Form 10-K (File No. 1-33296) filed February 22, 2013).
***10.8	Employment Agreement, dated as of November 6, 2002, by and among Kevin M. Connor, AMC Entertainment Inc. and American Multi-Cinema, Inc. (incorporated by reference from Exhibit 10.49 to AMCE's Form 10-K (File No. 1-8747) filed on June 18, 2007).
***10.9	Employment Agreement, dated as of April 7, 2009, by and between Robert J. Lenihan and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.51 to AMCE's Form 10-K (File No. 1-8747) filed on June 15, 2010).
***10.10	Employment Agreement, dated as of November 24, 2009, by and between Stephen A. Colanero and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.48 to AMCE's Form 10-K (File No. 1-8747) filed on June 3, 2011).
***10.11	Employment Agreement, dated as of July 1, 2001, by and between Mark A. McDonald and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.48 to AMCE's Form 10-K (File No. 1-8747) filed on June 18, 2008).
***10.12	Employment Agreement, dated as of August 18, 2010, by and between Elizabeth Frank and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.65 to AMCE's Form 10-KT (File No. 1-8747) filed on March 13, 2013).
***10.13	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and Craig R. Ramsey (incorporated by reference from Exhibit 10.21 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).

<b>Exhibit Number</b>	<b>Description</b>
***10.14	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and Elizabeth Frank (incorporated by reference from Exhibit 10.22 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
***10.15	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and John D. McDonald (incorporated by reference from Exhibit 10.23 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
***10.16	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and Mark A. McDonald (incorporated by reference from Exhibit 10.24 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
10.17	Registration Rights Agreement dated December 23, 2013 by and among AMC Entertainment Holdings, Inc. and Dalian Wanda Group Co., LTD. (incorporated by reference from Exhibit 10.17 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
10.18	Form of Indemnification Agreement by and between AMC Entertainment Holdings, Inc. and its Directors and Executive Officers (incorporated by reference from Exhibit 10.26 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on November 22, 2013, as amended).
***10.19	Employment Agreement, dated as of December 14, 2015, by and among AMC Entertainment Holdings, Inc. and Adam M. Aron (incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (File No. 1-33892) filed on December 15, 2015).
***10.20	Form of Stock Award Agreement (incorporated by reference from Exhibit 10.29 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on November 27, 2013, as amended).
***10.21	Form of Performance Stock Unit Award Agreement (incorporated by reference from Exhibit 10.30 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on November 27, 2013, as amended).
***10.22	Form of Performance Stock Unit Award Notice and Agreement (incorporated by reference from Exhibit 10.22 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
***10.23	Form of Restricted Stock Unit Award Notice and Agreement for individuals covered by Section 1629(m) of the Internal Revenue Code (incorporated by reference from Exhibit 10.23 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
***10.24	Form of Restricted Stock Unit Award Notice and Agreement (incorporated by reference from Exhibit 10.24 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
10.25	Tax Payment Agreement dated October 15, 2013 among Wanda America Investment Holding Co. Ltd, AMC Entertainment Holdings, Inc. and American Multi-Cinema Inc. (incorporated by reference from Exhibit 10.33 to the Company's Form 10-K (File No. 1-33892) filed on March 4, 2014).

<b>Exhibit Number</b>	<b>Description</b>
***10.26	Non-employee Director Compensation Program (incorporated by reference from Exhibit 10.1 to the Company's Form 10-Q (File No. 1-33892) filed on November 7, 2014).
***10.27	AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan (incorporated by reference from Exhibit 10.2 to the Company's Form 10-Q (File No. 1-33892) filed on November 7, 2014).
***10.27(a)	AMC Entertainment Holdings, Inc. Clarifying Amendment to 2013 Equity Incentive Plan (incorporated by reference from Exhibit 10.27(a) to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
***10.28	American Multi-Cinema, Inc. Nonqualified Deferred Compensation Plan, as Amended and Restated, effective January 1, 2005 (incorporated by reference from Exhibit 10.1 to the Company's Form 10-Q (File No. 1-33892) filed on August 5, 2015).
***10.29	Annual Incentive Compensation Program (incorporated by reference from Exhibit 10.29 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
*10.30***	Annual Incentive Compensation Program.
*10.31***	Form of Performance Stock Unit Award Notice and Agreement under the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan.
*10.32***	Form of Restricted Stock Unit Award Notice and Agreement under the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan for officers covered by Section 162(m) of the Internal Revenue Code.
*10.33***	Form of Restricted Stock Unit Award Notice and Agreement under the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan.
10.34	Debt Commitment Letter dated March 3, 2016, by and among AMC Entertainment Inc. and Citigroup Global Markets, Inc. (incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (File No. 1-333892) filed on March 4, 2016).
*21	Subsidiaries of AMC Entertainment Holdings, Inc.
*23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm, as to AMC Entertainment Holdings, Inc.'s consolidated financial statements as of December 31, 2015 and for each of the periods ended December 31, 2015, December 31, 2014 and December 31, 2013.
*23.2	Consent of Deloitte & Touche LLP as to National CineMedia, LLC's financial statements.
*23.3	Consent of CohnReznick LLP as to Digital Cinema Implementation Partners, LLC's financial statements.
*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 Craig R. Ramsey (Chief Financial Officer) furnished in accordance with Securities Act Release 33-8212.
**101.INS	XBRL Instance Document

<b>Exhibit Number</b>	<b>Description</b>
**101.SCH	XBRL Taxonomy Extension Schema Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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\* Filed herewith.

\*\* Submitted electronically with this Report.

\*\*\* Management contract, compensatory plan or arrangement.





<hr/> <i>/s/ KATHLEEN PAWLUS</i> <hr/> Kathleen Pawlus	Director	March 8, 2016
<hr/> <i>/s/ HOWARD KOCH, JR.</i> <hr/> Howard Koch, Jr.	Director	March 8, 2016
<hr/> <i>/s/ CRAIG R. RAMSEY</i> <hr/> Craig R. Ramsey	Executive Vice President and Chief Financial Officer (principal financial officer)	March 8, 2016
<hr/> <i>/s/ CHRIS A. COX</i> <hr/> Chris A. Cox	Senior Vice President and Chief Accounting Officer (principal accounting officer)	March 8, 2016

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
2.1	Agreement and Plan of Merger, dated May 21, 2012, by and among AMC Entertainment Holdings, Inc., Dalian Wanda Group Co., Ltd. and, solely with respect to certain sections, the stockholder representative referenced therein (incorporated by reference from Exhibit 2.1 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
2.2	Stock Purchase Agreement by and among AMC Entertainment Holdings, Inc., SMH Theatres, Inc., the Shareholders of SMH Theatres, Inc. and the Representative named herein dated as of July 13, 2015. (Schedules and exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K. AMC agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon request (incorporated by reference from Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 1-33892) filed on July 14, 2015).
2.3	Agreement and Plan of Merger dated as of March 3, 2016, by and among AMC Entertainment Holdings, Inc., Congress Merger Subsidiary, Inc., and Carmike Cinemas, Inc. (incorporated by reference from Exhibit 2.1 to the Company's Form 8-K (File No. 1-333829) filed on March 4, 2016.)
3.1	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).
3.2	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).
4.1(a)	Credit Agreement, dated April 30, 2013, by and among AMC Entertainment Inc., the lenders and the issuers party thereto, Citicorp North America, Inc., as agent, and the other agents and arrangers party thereto (incorporated by reference from Exhibit 10.1 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on May 3, 2013).
4.1(b)	Guaranty, dated as of April 30, 2013, by AMC Entertainment Inc. and each of the other Guarantors party thereto in favor of the Guaranteed Parties named therein (incorporated by reference from Exhibit 10.2 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on May 3, 2013).
4.1(c)	Pledge and Security Agreement, dated as of April 30, 2013, by AMC Entertainment Inc. and each of the other Grantors party thereto in favor of Citicorp North America, Inc., as agent for the Secured Parties (incorporated by reference from Exhibit 10.3 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on May 3, 2013).
*4.1(d)	First Amendment to Credit Agreement, dated as of December 11, 2015, by and among AMC Entertainment Inc., as borrower, the other loan parties party thereto, the lenders party thereto and Citicorp North America, Inc., as administrative agent.
4.2	Indenture, dated as of February 7, 2014, respecting AMC Entertainment Inc.'s 5.875% Senior Subordinated Notes due 2022, among AMC Entertainment Inc. and U.S. Bank National Association, as Trustee (incorporated by reference from Exhibit 4.1 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on February 10, 2014).

<b>Exhibit Number</b>	<b>Description</b>
4.3	Indenture, dated as of June 5, 2015, respecting AMC Entertainment Inc.'s 5.75% Senior Subordinated Notes due 2025, among AMC Entertainment Inc., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on June 5, 2015).
4.3(a)	Registration Rights Agreement, dated as of June 5, 2015, respecting AMC Entertainment Inc.'s 5.75% Senior Subordinated Notes due 2025, among AMC Entertainment Inc. and Citigroup Global Markets Inc., as representatives of the initial purchasers of the 5.75% Senior Subordinated Notes due 2025 (incorporated by reference from Exhibit 4.2 to AMCE's Current Report on Form 8-K (File No. 1-8747) filed on June 5, 2015).
***10.1	Management Stockholders Agreement of AMC Entertainment Holdings, Inc., dated August 30, 2012, by and among AMC Entertainment Holdings, Inc., Dalian Wanda Group Co., Ltd. and the management stockholders of AMC Entertainment Holdings, Inc. party thereto (incorporated by reference from Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
***10.1(a)	Amendment No. 1 to the Management Stockholders Agreement of AMC Entertainment Holdings, Inc., dated December 17, 2013, by and among AMC Entertainment Holdings, Inc., Dalian Wanda Group Co., Ltd. and the management stockholders of AMC Entertainment Holdings, Inc. party thereto (incorporated by reference from Exhibit 10.1(a) to the Company's Form 10-K (File No. 1-33892) filed March 10, 2015).
***10.2	Defined Benefit Retirement Income Plan for Certain Employees of American Multi-Cinema, Inc., as Amended and Restated, effective December 31, 2006, and as Frozen, effective December 31, 2006 (incorporated by reference from Exhibit 10.15(a) to AMCE's Form 10-K (File No. 1-8747) filed June 18, 2007).
***10.2(a)	American Multi-Cinema, Inc. Supplemental Executive Retirement Plan, as Amended and Restated, generally effective January 1, 2006, and as Frozen, effective December 31, 2006 (incorporated by reference from Exhibit 10.15(b) to AMCE's Form 10-K (File No. 1-8747) filed June 18, 2007).
***10.3	AMC Non-Qualified Deferred Compensation Plan, as Amended and Restated, effective January 1, 2005 (incorporated by reference from Exhibit 10.22 to AMCE's Form 10-K (File No. 1-8747) filed June 18, 2007).
***10.4	Employment Agreement between AMC Entertainment Inc., American Multi-Cinema, Inc. and John D. McDonald which commenced July 1, 2001 (incorporated by reference from Exhibit 10.29 to Amendment No. 1 to the AMCE's Form 10-K (File No. 1-8747) filed on July 27, 2001).
***10.5	Employment Agreement between AMC Entertainment Inc., American Multi-Cinema, Inc. and Craig R. Ramsey which commenced on July 1, 2001 (incorporated by reference from Exhibit 10.36 to AMCE's Form 10-Q (File No. 1-8747) filed on August 12, 2002).
10.6	Amended and Restated Exhibitor Services Agreement dated as of February 13, 2007 and Amended and Restated as of December 26, 2013, by and between National CineMedia, LLC and American Multi-Cinema, Inc. (Portions omitted pursuant to request for confidential treatment and filed separately with the Commission.) (incorporated by reference from Exhibit 10.2.4 to National CineMedia, Inc.'s Form 10-K (File No. 1-33296) filed February 21, 2014).

<b>Exhibit Number</b>	<b>Description</b>
10.7	Third Amended and Restated Limited Liability Company Operating Agreement, dated February 13, 2007 between American Multi-Cinema, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc. (incorporated by reference from Exhibit 10.3 to the AMCE's Current Report on Form 8-K (File No. 1-8747) filed February 20, 2007).
10.7(a)	First Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated as of March 16, 2009, by and among American Multi-Cinema, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc. (incorporated by reference from Exhibit 10.1.1 to National CineMedia, Inc.'s Form 10-Q (File No. 1-33296) filed August 7, 2009).
10.7(b)	Second Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated as of August 6, 2010, by and among American Multi-Cinema, Inc., AMC Showplace Theatres, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC and National CineMedia, Inc. (incorporated by reference from Exhibit 10.1 to National CineMedia, Inc.'s Form 8-K (File No. 1-33296) filed August 10, 2010).
10.7(c)	Third Amendment to the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC dated September 3, 2013, by and among American Multi-Cinema, Inc., AMC ShowPlace Theatres, Inc., Cinemark Media, Inc., Regal CineMedia Holdings, LLC, Regal Cinemas, Inc. and National CineMedia, Inc. (incorporated by reference from Exhibit 10.23.5 to National CineMedia, Inc.'s Form 10-K (File No. 1-33296) filed February 22, 2013).
***10.8	Employment Agreement, dated as of November 6, 2002, by and among Kevin M. Connor, AMC Entertainment Inc. and American Multi-Cinema, Inc. (incorporated by reference from Exhibit 10.49 to AMCE's Form 10-K (File No. 1-8747) filed on June 18, 2007).
***10.9	Employment Agreement, dated as of April 7, 2009, by and between Robert J. Lenihan and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.51 to AMCE's Form 10-K (File No. 1-8747) filed on June 15, 2010).
***10.10	Employment Agreement, dated as of November 24, 2009, by and between Stephen A. Colanero and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.48 to AMCE's Form 10-K (File No. 1-8747) filed on June 3, 2011).
***10.11	Employment Agreement, dated as of July 1, 2001, by and between Mark A. McDonald and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.48 to AMCE's Form 10-K (File No. 1-8747) filed on June 18, 2008).
***10.12	Employment Agreement, dated as of August 18, 2010, by and between Elizabeth Frank and AMC Entertainment Inc. (incorporated by reference from Exhibit 10.65 to AMCE's Form 10-KT (File No. 1-8747) filed on March 13, 2013).
***10.13	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and Craig R. Ramsey (incorporated by reference from Exhibit 10.21 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).

<b>Exhibit Number</b>	<b>Description</b>
***10.14	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and Elizabeth Frank (incorporated by reference from Exhibit 10.22 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
***10.15	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and John D. McDonald (incorporated by reference from Exhibit 10.23 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
***10.16	Management Subscription Agreement, dated as of May 21, 2012, by and among AMC Entertainment Holdings, Inc. and Mark A. McDonald (incorporated by reference from Exhibit 10.24 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on October 8, 2013, as amended).
10.17	Registration Rights Agreement dated December 23, 2013 by and among AMC Entertainment Holdings, Inc. and Dalian Wanda Group Co., LTD. (incorporated by reference from Exhibit 10.17 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
10.18	Form of Indemnification Agreement by and between AMC Entertainment Holdings, Inc. and its Directors and Executive Officers (incorporated by reference from Exhibit 10.26 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on November 22, 2013, as amended).
***10.19	Employment Agreement, dated as of December 14, 2015, by and among AMC Entertainment Holdings, Inc. and Adam M. Aron (incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (File No. 1-33892) filed on December 15, 2015).
***10.20	Form of Stock Award Agreement (incorporated by reference from Exhibit 10.29 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on November 27, 2013, as amended).
***10.21	Form of Performance Stock Unit Award Agreement (incorporated by reference from Exhibit 10.30 to the Company's Registration Statement on Form S-1 (File No. 333-190904) filed on November 27, 2013, as amended).
***10.22	Form of Performance Stock Unit Award Notice and Agreement (incorporated by reference from Exhibit 10.22 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
***10.23	Form of Restricted Stock Unit Award Notice and Agreement for individuals covered by Section 1629(m) of the Internal Revenue Code (incorporated by reference from Exhibit 10.23 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
***10.24	Form of Restricted Stock Unit Award Notice and Agreement (incorporated by reference from Exhibit 10.24 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
10.25	Tax Payment Agreement dated October 15, 2013 among Wanda America Investment Holding Co. Ltd, AMC Entertainment Holdings, Inc. and American Multi-Cinema Inc. (incorporated by reference from Exhibit 10.33 to the Company's Form 10-K (File No. 1-33892) filed on March 4, 2014).

<b>Exhibit Number</b>	<b>Description</b>
***10.26	Non-employee Director Compensation Program (incorporated by reference from Exhibit 10.1 to the Company's Form 10-Q (File No. 1-33892) filed on November 7, 2014).
***10.27	AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan (incorporated by reference from Exhibit 10.2 to the Company's Form 10-Q (File No. 1-33892) filed on November 7, 2014).
***10.27(a)	AMC Entertainment Holdings, Inc. Clarifying Amendment to 2013 Equity Incentive Plan (incorporated by reference from Exhibit 10.27(a) to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
***10.28	American Multi-Cinema, Inc. Nonqualified Deferred Compensation Plan, as Amended and Restated, effective January 1, 2005 (incorporated by reference from Exhibit 10.1 to the Company's Form 10-Q (File No. 1-33892) filed on August 5, 2015).
***10.29	Annual Incentive Compensation Program (incorporated by reference from Exhibit 10.29 to the Company's Form 10-K (File No. 1-33892) filed on March 10, 2015).
*10.30***	Annual Incentive Compensation Program.
*10.31***	Form of Performance Stock Unit Award Notice and Agreement under the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan.
*10.32***	Form of Restricted Stock Unit Award Notice and Agreement under the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan for officers covered by Section 162(m) of the Internal Revenue Code.
*10.33***	Form of Restricted Stock Unit Award Notice and Agreement under the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan.
10.34	Debt Commitment Letter dated March 3, 2016, by and among AMC Entertainment Inc. and Citigroup Global Markets, Inc. (incorporated by reference from Exhibit 10.1 to the Company's Form 8-K (File No. 1-333892) filed on March 4, 2016).
*21	Subsidiaries of AMC Entertainment Holdings, Inc.
*23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm, as to AMC Entertainment Holdings, Inc.'s consolidated financial statements as of December 31, 2015 and for each of the periods ended December 31, 2015, December 31, 2014 and December 31, 2013.
*23.2	Consent of Deloitte & Touche LLP as to National CineMedia, LLC's financial statements.
*23.3	Consent of CohnReznick LLP as to Digital Cinema Implementation Partners, LLC's financial statements.
*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 Craig R. Ramsey (Chief Financial Officer) furnished in accordance with Securities Act Release 33-8212.
**101.INS	XBRL Instance Document

<b>Exhibit Number</b>	<b>Description</b>
**101.SCH	XBRL Taxonomy Extension Schema Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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\* Filed herewith.

\*\* Submitted electronically with this Report.

\*\*\* Management contract, compensatory plan or arrangement.





## FIRST AMENDMENT TO CREDIT AGREEMENT

This **FIRST AMENDMENT TO CREDIT AGREEMENT**, dated as of December 11, 2015 (this "Amendment"), is entered into by and among AMC Entertainment Inc., a Delaware corporation (the "Borrower"), the other Loan Parties (as defined in the Existing Credit Agreement (as defined below)) party hereto, the Swing Line Lender and each other Lender party hereto (including the Incremental Lenders and the Replacement Lenders (each, as defined below)) and Citicorp North America, Inc. ("Citi"), as administrative agent (in such capacity, the "Administrative Agent").

## RECITALS

**WHEREAS**, the Borrower has entered into that certain Credit Agreement, dated as of April 30, 2013 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time immediately prior to the date hereof, the "Existing Credit Agreement"), with the Lenders from time to time party thereto, the Administrative Agent and the other parties party thereto;

**WHEREAS**, the Borrower has requested that the Existing Credit Agreement be amended into the form attached hereto as Exhibit A-1 (the "Amended Credit Agreement"); except as otherwise provided herein, all capitalized terms used but not defined herein shall have the meanings ascribed to such terms therein) so as to, among other things, (i) extend the Initial Revolving Credit Termination Date, (ii) extend the Initial Term Loan Maturity Date and (iii) provide for New Incremental Term Loans in the aggregate principal amount of \$125,000,000 (the "2015 Incremental Term Loans");

**WHEREAS**, each Lender that executes and delivers a signature page to this Amendment hereby agrees to the terms and conditions of this Amendment (each such Lender that has executed and delivered a signature page to this Amendment on or prior to the Consent Deadline (as defined in Section 3 of this Amendment), a "Consenting Lender");

**WHEREAS**, the Lenders party hereto constitute (i) at least the Requisite Lenders under the Existing Credit Agreement, (ii) all of the Revolving Credit Lenders and (iii) all of the Term Lenders, other than, in the case of clauses (ii) and (iii), the Non-Consenting Lenders (as defined below);

**WHEREAS**, each Lender holding Revolving Credit Commitments, Revolving Credit Outstandings or Term Loans that does not execute and deliver a signature page to this Amendment on or prior to the Consent Deadline (each, a "Non-Consenting Lender") shall assign all of its interests, rights and obligations under the Existing Credit Agreement with respect to its Revolving Credit Commitments, Revolving Credit Outstandings and/or Term Loans, as applicable, to a Replacement Lender pursuant to Section 11.1(c) of the Existing Credit Agreement and Section 2(b) of this Amendment;

**WHEREAS**, on the Effective Date (as defined in Section 3 of this Amendment) each Person party hereto that elects to make 2015 Incremental Term Loans (each, an "Incremental Lender") severally (and not jointly) agrees to extend 2015 Incremental Term Loans in an aggregate principal amount not to exceed the amount set forth opposite such Person's name on

*Schedule I (Commitments)* to the Amended Credit Agreement (as in effect on the First Amendment Effective Date) under the caption "2015 Incremental Term Commitment" (such amount, its "New Incremental Term Commitment"); and

**WHEREAS**, the aggregate proceeds of the 2015 Incremental Term Loans shall be used by the Borrower (i) to finance acquisitions permitted under the Existing Credit Agreement, (ii) for general corporate purposes and (iii) to pay the fees, costs and expenses in connection therewith and the entry into this Amendment.

**NOW, THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1. Amendment to Existing Credit Agreement.** Subject to the satisfaction or waiver of the conditions set forth in Section 3 of this Amendment, on the Effective Date, immediately following the assignment by any Non-Consenting Lenders of its Revolving Credit Commitments, Revolving Credit Outstandings and/or Term Loans to a Replacement Lender (as defined below) and the making of the 2015 Incremental Term Loans:

(a) The Existing Credit Agreement shall be amended in the form of the Amended Credit Agreement attached hereto as Exhibit A-1 and any term or provision of the Existing Credit Agreement which is different from that set forth in the Amended Credit Agreement shall be replaced and superseded in all respects by the terms and provisions of the Amended Credit Agreement; and

(b) The Schedules to the Existing Credit Agreement shall be amended and restated into the form of the schedules attached hereto as Exhibit A-2.

**SECTION 2. Allocations, Reallocations and 2015 Incremental Term Loans.**

(a) Each Incremental Lender agrees, severally and not jointly, to make 2015 Incremental Term Loans to the Borrower on the Effective Date, in accordance with Section 2.1(b) of the Amended Credit Agreement, in an amount to be determined by the Administrative Agent, notified to such Incremental Lender prior to the Effective Date and set forth on Schedule 1 to the Amended Credit Agreement (but in any event not to exceed such Incremental Lender's New Incremental Term Commitment).

(b) The Borrower requests, pursuant to (and in accordance with) Section 11.1(c) of the Existing Credit Agreement, that each Non-Consenting Lender assign its Revolving Credit Commitments, Revolving Credit Outstandings and/or Term Loans, as applicable, to any Eligible Assignee reasonably acceptable to the Administrative Agent (collectively, the "Replacement Lenders"). Each Replacement Lender shall, immediately prior to the effectiveness of this Amendment, purchase the Revolving Credit Commitments, Revolving Credit Outstandings and/or Term Loans, as applicable, of any such Non-Consenting Lender, in each case, in accordance with Section 11.1(c) of the Existing Credit Agreement.

(c) Payment for the purchase of such Non-Consenting Lender's Revolving Credit Commitments, Revolving Credit Outstandings and/or Term Loans, as applicable, shall be made

by the Replacement Lenders to each Non-Consenting Lender on the Effective Date and (without limitation of the right of the Replacement Lenders to require the further execution of an Assignment and Acceptance Agreement) the receipt of such payment by such Non-Consenting Lender shall be deemed to effectuate the consummation of such purchase and the Administrative Agent shall reflect such assignment in the Register. Each Replacement Lender by its signature hereto consents to the amendments to the Existing Credit Agreement set forth in this Amendment. Subject to the return by each Non-Consenting Lender of its Revolving Note or Term Loan Note (in each case, if any) to the Administrative Agent for cancellation, the Borrower shall, if requested by the applicable Replacement Lender, issue and deliver a new Revolving Note or Term Loan Note to the applicable Replacement Lender (or its designee) in accordance with the terms of Section 11.2(d) of the Existing Credit Agreement.

(d) Each Term Lender agrees, severally and not jointly, to purchase Term Loans from, or assign Term Loans to, the Administrative Agent, in each case in an amount determined by the Administrative Agent (and notified to such Term Lender prior to the Effective Date) to be necessary in order that, after giving effect to all assignments of Term Loans by Non-Consenting Lenders, all 2015 Incremental Term Loans made pursuant to Section 2(a) of this Amendment and all such assignments and purchases of Term Loans described in this Section 2(d), the Term Loans will be held by the Term Lenders ratably in accordance with each Lender's Ratable Portion. The 2015 Incremental Term Loans shall be treated as Initial Term Loans for all purposes under the Amended Credit Agreement, including without limitation with respect to maturity, prepayments, repayments, interest rate and other economic terms. Notwithstanding anything in the Amended Credit Agreement to the contrary, the initial Interest Period with respect to the 2015 Incremental Term Loans shall commence on the Effective Date. The Administrative Agent is hereby authorized to take all actions as may be reasonably necessary to ensure that all such 2015 Incremental Term Loans are included in the Term Loans outstanding, on a pro rata basis, and the Administrative Agent shall be authorized to mark the Register accordingly to reflect the amendments and adjustments set forth herein.

(e) Notwithstanding anything herein or in the Existing Credit Agreement to the contrary, the Lenders party hereto waive the payment of any compensation required to be paid pursuant to Section 2.14 of the Existing Credit Agreement (to the extent any right to such compensation arises in connection with this Amendment and the transactions contemplated hereby, including, for the avoidance of doubt, Section 2(e)(ii) of this Amendment).

SECTION 3. Conditions to Effectiveness. This Amendment (including the Amended Credit Agreement) shall become effective when the following conditions have been satisfied or waived (the "Effective Date"):

(a) The Administrative Agent shall have received counterparts (or written evidence satisfactory to the Administrative Agent (which may include a facsimile or other electronic transmission) that such party has signed a counterpart) of this Amendment duly executed by (i) each Loan Party, (ii) the Administrative Agent, (iii) the Swing Line Lender and (iv) the Lenders constituting at least the Requisite Lenders under the Existing Credit Agreement, in the case of this clause (iv), prior to 5:00 p.m., New York City time, on December 9, 2015 (the "Consent Deadline").

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(b) The Replacement Lenders shall have, immediately prior to the effectiveness of this Amendment, paid to each Non-Consenting Lender all amounts required to be paid by the applicable Replacement Lender pursuant to Section 11.1(c) of the Existing Credit Agreement in order to give effect to the transaction contemplated by Section 2(c) of this Amendment.

(c) The Borrower shall have paid all fees and reasonable expenses (including, without limitation, reasonable fees and expenses of counsel) of the First Amendment Arrangers, the Administrative Agent and the Lenders, as applicable, to the extent required pursuant to Section 11.3 of the Existing Credit Agreement or the First Amendment Engagement Letter, as applicable, and invoiced to the Borrower on or before the Effective Date.

(d) The Administrative Agent shall have received written opinions of Weil, Gotshal & Manges LLP and counsel to the Loan Parties in each of the jurisdictions listed on Schedule 3.1(a) to the Existing Credit Agreement, in each case, addressed to the Administrative Agent, the Issuers and the Lenders and in form and substance reasonably satisfactory to the Administrative Agent (and each Loan Party hereby instructs such counsel to deliver such opinions to the Administrative Agent).

(e) The Administrative Agent shall have received (i) copies of each Constituent Document of each Loan Party, certified as of a recent date by the Secretary of State of the state of organization of such Loan Party, together with certificates of such official attesting to the good standing of each such Loan Party; (ii) a certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of each officer of such Loan Party that has been authorized to execute and deliver this Amendment or any other Loan Document required to be delivered hereunder and (iii) the resolutions of such Loan Party's Board of Directors (or equivalent governing body) approving and authorizing the execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party, certified as of the Effective Date by its Secretary or an Assistant Secretary as being in full force and effect without modification or amendment; provided that, in lieu of delivering the Constituent Documents required by clause (i), the Borrower may deliver a certificate of an Responsible Officer certifying that there have been no amendments to those Constituent Documents previously delivered to the Administrative Agent in connection with the Existing Credit Agreement.

(f) The Administrative Agent shall have received a certificate of the Chief Financial Officer of the Borrower, stating that the Borrower and its Subsidiaries are Solvent on a Consolidated basis, after giving effect to the transactions to occur on the date hereof, including the incurrence of the 2015 Incremental Term Loans and the use of proceeds thereof.

(g) No Default or an Event of Default shall have occurred and be continuing.

(h) The representations and warranties contained in Article IV of the Amended Credit Agreement and in the other Loan Documents shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such

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representations and warranties shall have been true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date.

(i) The Administrative Agent shall have received a fully executed and delivered Borrowing Notice with respect to the 2015 Incremental Term Loans.

(j) To the extent requested in writing to the Borrower at least 5 Business Days prior to the Effective Date, the Replacement Lenders shall have received, at least three days prior to the Effective Date, all documentation and other information relating to the Loan Parties required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the PATRIOT Act.

SECTION 4. 2015 Incremental Term Loans. The parties hereto hereby agree that the 2015 Incremental Term Loans contemplated by this Amendment constitute 2015 Incremental Term Loans incurred pursuant to (and in accordance with) Section 2.19 of the Existing Credit Agreement. For the avoidance of doubt, the incurrence of the 2015 Incremental Term Loans on the Effective Date shall not constitute usage of the "Facility Increase Allowance" under and as defined in the Amended Credit Agreement.

SECTION 5. Representations. Each Loan Party hereby represents and warrants to the Administrative Agent and Lenders that the execution, delivery, and performance of this Amendment (i) has been duly executed and delivered by each Loan Party and (ii) do not require the consent of, authorization by, approval of, notice to, or filing or registration with, any Governmental Authority or any other Person, other than those that have been or will be, prior to the Effective Date, obtained or made, copies of which have been or will be delivered to the Administrative Agent, and which on the Effective Date will be in full force and effect and, with respect to the Collateral, filings required to perfect the Liens created by the Collateral Documents.

SECTION 6. Effect on Loan Documents. Except as specifically amended herein, all the Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. Except as specifically set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents or in any way limit, impair or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Loan Documents. The Borrower and the other Loan Parties acknowledge and agree that, on and after the Effective Date, this Amendment and each of the other Loan Documents to be executed and delivered by a Loan Party in connection herewith shall constitute a Loan Document for all purposes of the Amended Credit Agreement. On and after the Effective Date, each reference in the Amended Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Existing Credit Agreement, and each reference in the other Loan Documents to "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement shall mean and be a reference to the Amended Credit Agreement, and this Amendment and the Amended Credit Agreement shall be read together and construed as a single instrument. Nothing herein shall be deemed to entitle the Borrower to a further consent to, or a further waiver, amendment, modification or other change of, any of the terms, conditions,

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obligations, covenants or agreements contained in the Amended Credit Agreement or any other Loan Document in similar or different circumstances. For the avoidance of doubt, this Amendment does not constitute a novation or termination by any Loan Party of the Indebtedness and Obligations under the Existing Credit Agreement.

SECTION 7. Indemnification. The provisions of Section 11.4 of the Amended Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

SECTION 8. Amendments; Severability.

(a) This Amendment may not be amended nor may any provision hereof be waived except pursuant to a writing signed by each party hereto.

(b) In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 9. Reaffirmation. Each of the Loan Parties party hereto, including each Guarantor, hereby (a) acknowledges and agrees that the 2015 Incremental Term Loans and the Incremental Lenders constitute Loans and Lenders, respectively, under the Loan Documents, and that all of such Loan Party's obligations under the Collateral Documents and the other Loan Documents to which it is a party are reaffirmed and remain in full force and effect on a continuous basis, (b) reaffirms each Lien granted by it to the Administrative Agent for the benefit of the Secured Parties and the guaranties made by it pursuant to the Guaranty, (c) acknowledges and agrees that the grants of security interests by and the guaranties of the Loan Parties contained in the Existing Credit Agreement and the Collateral Documents are, and shall remain, in full force and effect after giving effect to this Amendment and the transactions contemplated hereby, and (d) agrees that the Obligations include the 2015 Incremental Term Loans.

SECTION 10. GOVERNING LAW; WAIVER OF JURY TRIAL; JURISDICTION; SERVICE OF PROCESS. THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AMENDMENT. The provisions of Section 11.12 (Submission to Jurisdiction; Service of Process) of the Amended Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

SECTION 11. Section Titles. The section titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto, except when used to reference a section. Any reference to the number of a clause, sub-clause or subsection hereof immediately followed by a reference in

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parenthesis to the title of the Section containing such clause, sub-clause or subsection is a reference to such clause, sub-clause or subsection and not to the entire Section; provided, however, that, in case of direct conflict between the reference to the title and the reference to the number of such Section, the reference to the title shall govern absent manifest error. If any reference to the number of a Section (but not to any clause, sub-clause or subsection thereof) is followed immediately by a reference in parenthesis to the title of a Section, the title reference shall govern in case of direct conflict absent manifest error.

SECTION 12. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed signature page of this Amendment by facsimile transmission, electronic mail or by posting on the Approved Electronic Platform shall be as effective as delivery of a manually executed counterpart hereof. A set of the copies of this Amendment signed by all parties shall be lodged with the Borrower and the Administrative Agent.

SECTION 13. Tax Treatment. Solely for purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) the Loans (including any Initial Term Loans or Revolving Credit Outstandings) as not qualifying as "grandfathered obligations" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i) or 1.1471-2T(b)(2)(i). The Borrower intends to treat this Amendment as resulting in a significant modification of the Initial Term Loans within the meaning of Section 1.1001-3 of the Treasury Regulations. In addition, the issue price of the Term Loans (including the modified Initial Term Loans) shall be determined based on the amount of cash paid for the New Incremental Term Loans in accordance with Section 1.1273-2(a)(1) of the Treasury Regulations.

[Remainder of page intentionally left blank.]

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

**AMC ENTERTAINMENT INC.**, as Borrower

By: /s/ Craig R. Ramsey  
Name: Craig R. Ramsey  
Title: Chief Financial Officer

**AMC CARD PROCESSING SERVICES, INC.**  
**AMC CONCESSIONAIRE SERVICES OF FLORIDA, LLC**  
**AMC ITD, INC.**  
**AMC LICENSE SERVICES INC.**  
**AMERICA MULTI-CINEMA, INC.**  
**CLUB CINEMA OF MAZZA, INC.**  
**LOEWS CITYWALK THEATRE CORPORATION,**  
as Guarantors

By: /s/ Craig R. Ramsey  
Name: Craig R. Ramsey  
Title: Chief Financial Officer

Signature Page to  
AMC First Amendment to Credit Agreement

**CITICORP NORTH AMERICA, INC.**,  
as Administrative Agent

By: /s/ Matthew S. Burta  
Name: Matthew S. Burta  
Title: Vice President

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**CITIBANK, N.A.**,  
as Swing Line Lender, an Issuer, a Lender and a  
Replacement Lender

By: /s/ Matthew S. Burta  
Name: Matthew S. Burta  
Title: Vice President

Signature Page to  
AMC First Amendment to Credit Agreement

**EXHIBIT A-1**  
**Amended Credit Agreement**

[Attached.]

*EXHIBIT A-1 to  
First Amendment*

**CREDIT AGREEMENT**

**Dated as of April 30, 2013**

among  
AMC ENTERTAINMENT INC.  
*as Borrower*

and

THE LENDERS AND ISSUERS PARTY HERETO

and

CITICORP NORTH AMERICA, INC.  
*as Administrative Agent*

BANK OF AMERICA, N.A.  
*as Syndication Agent*

BARCLAYS BANK PLC  
CREDIT SUISSE SECURITIES (USA) LLC and  
HSBC BANK USA, N.A  
*as Co-Documentation Agents*

CITIGROUP GLOBAL MARKETS INC.  
MERRILL LYNCH, PIERCE, FENNER AND SMITH INCORPORATED  
BARCLAYS BANK PLC  
CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH and  
HSBC SECURITIES (USA), INC.  
*as Joint Bookrunners*

and

CITIGROUP GLOBAL MARKETS INC. and  
MERRILL LYNCH, PIERCE, FENNER AND SMITH INCORPORATED  
*as Joint Lead Arrangers*

AS AMENDED BY THAT CERTAIN FIRST AMENDMENT TO CREDIT  
AGREEMENT DATED DECEMBER 11, 2015

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**CREDIT AGREEMENT**, dated as of April 30, 2013 (as amended by the First Amendment), by and among AMC ENTERTAINMENT INC., a Delaware corporation (the “*Company*”), the Lenders and the Issuers, CITICORP NORTH AMERICA, INC. (“*Citicorp*”), as agent for the Lenders and the Issuers and as agent for the Secured Parties under the Collateral Documents (in such capacity, the “*Administrative Agent*”) and the other Agents and the Arrangers party hereto.

#### WITNESSETH:

WHEREAS, pursuant to that certain Credit Agreement, dated as of April 30, 2013 (the “*Original Credit Agreement*”), by and among the Borrower, the Lenders party thereto from time to time (the “*Original Lenders*”) and Citicorp, as administrative agent, the Original Lenders extended certain credit facilities to the Borrower; and

WHEREAS, the Borrower has requested that the 2015 Incremental Lenders extend, on the First Amendment Effective Date, the 2015 Incremental Term Loans in an aggregate principal amount of \$125,000,000 and that the Lenders, the Administrative Agent and the other persons party to the First Amendment amend the Original Credit Agreement in the form hereof, which amendment shall become effective on the First Amendment Effective Date as provided in the First Amendment.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:



## ARTICLE I

### DEFINITIONS, INTERPRETATION AND ACCOUNTING TERMS

#### Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Acceptable Discount” has the meaning specified in Section 2.8(e)(iv)(B) (Optional Prepayments).

“Acceptable Prepayment Amount” has the meaning specified in Section 2.8(e)(iv)(C) (Optional Prepayments).

“Acceptance and Prepayment Notice” means an irrevocable written notice delivered pursuant to Section 2.8(e)(iv)(B) (Optional Prepayments) setting forth the Acceptable Discount substantially in the form of Exhibit K (Form of Acceptance and Prepayment Notice).

“Acceptance Date” has the meaning specified in Section 2.8(e)(iv)(B) (Optional Prepayments).

“Account” has the meaning given to such term in the UCC.

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CREDIT AGREEMENT  
AMC ENTERTAINMENT INC.

“Activities” has the meaning specified in Section 10.10(a) (Activities of Agents’ Group).

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

“Affected Lender” has the meaning specified in Section 2.17(b) (Mitigation Obligations; Substitution of Lenders).

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling or that is controlled by or is under common control with such Person. For the purposes of this definition, “control” means the possession of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Affiliated Lender” means, at any time, any Lender that is a member of the Wanda Group.

“Affiliated Lender Cap” has the meaning specified in Section 11.2(j) (Assignments and Participations).

“Agent Affiliate” has the meaning specified in Section 10.3 (Posting of Approved Electronic Communications).

“Agents” means, collectively, the Administrative Agent, the Syndication Agent, and the Co-Documentation Agents.

“Agents’ Group” has the meaning specified in Section 10.10(a) (Activities of Agents’ Group).

“Agreement” means this Credit Agreement as amended by the First Amendment (and as otherwise amended, restated, amended and restated, supplemented or otherwise modified from time to time).

“All-In Yield” means, as to any Indebtedness, the yield thereof, whether in the form of interest rate, margin, OID, upfront fees, a Eurodollar Rate or Base Rate floor, or otherwise; *provided*, that OID and upfront fees shall be equated to interest rate assuming a 4-year life to maturity (or, if less, the Weighted Average Life to Maturity at the time of its incurrence of the applicable Indebtedness); *provided, further*, that “All-In Yield” shall not include arrangement fees, structuring fees, commitment fees, underwriting fees, amendment fees or other fees paid to one or more arrangers of such Indebtedness.

“Alternative Currency” means any of Canadian Dollars, Euros, Japanese Yen, Pound Sterling and Swiss Francs and any other lawful currency acceptable to the applicable Issuer from time to time.

“AMC Merger” has the meaning specified in Section 8.6(b) (Restrictions on Fundamental Changes).

“Annualized EBITDA” means, with respect to any Person, the Consolidated EBITDA of such Person as of the last day of any Fiscal Quarter (computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters), adjusted as follows: Consolidated EBITDA during any applicable period that is attributable to (a) a division, product line, a particular theatre, a particular screen or other facility used for operations of such Person, which was closed for business or disposed of during a Fiscal Quarter (excluding any theatre closed in the ordinary course of business within 120 days of lease expiration), (b) any Annualized Project opened (or re-opened, as the case may be) or any Person, business or particular theatre acquired by the Borrower or a Subsidiary during a Fiscal Quarter, (c) any cost savings initiative or (d) any designation of a Subsidiary as an Unrestricted Subsidiary or an Unrestricted Subsidiary as a Subsidiary, in each case, shall be determined on a Pro Forma Basis.

“Annualized Project” means, for any period, with respect to any Person and its Subsidiaries, any New Project identified to the Administrative Agent that has been completed, and has completed less than four full Fiscal Quarters of operations, and that is owned by such Person or one of its Subsidiaries.

“Applicable Discount” has the meaning specified in Section 2.8(e)(iii) (Optional Prepayments).

“Applicable Lending Office” means, with respect to each Lender, its Domestic Lending Office in the case of a Base Rate Loan and its Eurodollar Lending Office in the case of a Eurodollar Rate Loan.

“Applicable Margin” means a rate equal to:

- (i) with respect to Initial Term Loans, (x) for Base Rate Loans, 2.25% *per annum* and (y) for Eurodollar Rate Loans, 3.25% *per annum*.
- (ii) with respect to Initial Revolving Loans, (A) during the period commencing on the First Amendment Effective Date and ending on the first Business Day after the receipt by the Administrative Agent of the Financial Statements for the first full Fiscal Quarter ending after the First Amendment Effective Date required to be delivered pursuant to *Section 6.1(a) or (b) (Financial Statements)*, as applicable, with respect to Initial Revolving Loans maintained as (x) Base Rate Loans, a rate equal to 1.50% *per annum* and (y) Eurodollar Rate Loans, a rate equal to 2.50% *per annum*, and (B) thereafter, as of any date of determination, a *per annum* rate equal to the rate set forth below opposite the applicable Type of Initial Revolving Loan and the then applicable Net Senior Secured Leverage Ratio (determined as of the last day of the most recently ended Test Period) set forth below:

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NET SENIOR SECURED LEVERAGE RATIO	REVOLVING LOANS	
	BASE RATE LOANS	EURODOLLAR RATE LOANS
Greater than 1.25 to 1.00	1.50%	2.50%
Less than or equal to 1.25 to 1.00	1.25%	2.25%

Changes in the Applicable Margin resulting from a change in the Net Senior Secured Leverage Ratio on the last day of any subsequent Fiscal Quarter shall become effective as to all Initial Revolving Loans upon delivery by the Borrower to the Administrative Agent of new Financial Statements pursuant to *Section 6.1(a) or (b) (Financial Statements)*, as applicable. Notwithstanding anything to the contrary set forth in this Agreement (including the then effective Net Senior Secured Leverage Ratio), if the Borrower shall fail to deliver such Financial Statements within any of the time periods specified in *Section 6.1(a) or (b) (Financial Statements)*, the Applicable Margin from and including the date on which such Financial Statements were required to have been delivered but were not delivered to but not including the date the Borrower delivers to the Administrative Agent such Financial Statements shall equal the highest possible Applicable Margin provided for by this definition. Notwithstanding the foregoing, at any time prior to the First Amendment Effective Date, the Applicable Margin shall be determined in accordance with the Original Credit Agreement.

“Applicable Unused Commitment Fee Rate” means 0.50% *per annum*.

“Approved Electronic Communications” means each notice, demand, communication, item of information, document and other material that any Loan Party is obligated to, or otherwise chooses to, provide to the Administrative Agent pursuant to any Loan Document or the transactions contemplated therein, including (a) any supplement to the Guaranty, any joinder to the Pledge and Security Agreement and any other written Contractual Obligation delivered or required to be delivered in respect of any Loan Document or the transactions contemplated therein and (b) any Financial Statement, financial and other report, notice, request, certificate and other information material; *provided, however*, that “Approved Electronic Communication” shall exclude (i) any Notice of Borrowing, Letter of Credit Request, Swing Loan Request, Notice of Conversion or Continuation, and any other notice, demand, communication, information, document and other material relating to a request for a new, or a conversion of an existing, Borrowing, (ii) any notice pursuant to *Section 2.8 (Optional Prepayments)* and *Section 2.9 (Mandatory Prepayments)* and any other notice relating to the payment of any principal or other amount due under any Loan Document prior to the scheduled date therefor, (iii) all notices of any Default or Event of Default and (iv) any notice, demand, communication, information, document and other material required to be delivered to satisfy any of the conditions set forth in *Article III (Conditions to Loans and Letters of*

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*Credit)* or *Section 2.4(a) (Letters of Credit)* or any other condition to any Borrowing or other extension of credit hereunder or any condition precedent to the effectiveness of this Agreement.

“Approved Electronic Platform” has the meaning specified in *Section 10.3 (Posting of Approved Electronic Communications)*.

“Approved Fund” means any Fund that is advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or Affiliate of an entity that administers or manages a Lender.

“Arrangers” means, collectively, (i) CGMI and MLPFS, in their capacities and joint lead arrangers, (ii) CGMI, MLPFS, Barclays, Credit Suisse and HSBC Securities in their capacities as joint bookrunners, in each case, under this Agreement and (iii) after the First Amendment Effective Date, the First Amendment Arrangers.

“Asset Sale” has the meaning specified in *Section 8.4 (Sale of Assets)*.

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of *Exhibit A (Form of Assignment and Acceptance)*.

“Auction Agent” means (a) the Administrative Agent, (b) any other nationally-recognized financial institution or advisor employed by the Borrower to act as an arranger in connection with any Discounted Term Loan Prepayment pursuant to *Section 2.8 (Optional Prepayments)*, or (c) any other financial institution or advisor employed by the Borrower (and reasonably acceptable to the Administrative Agent) to act as an arranger in connection with any Discounted Term Loan Prepayment pursuant to *Section 2.8(e) (Optional Prepayments)*; *provided*, that the Borrower shall not designate the Administrative Agent as the Auction Agent without the written consent of the Administrative Agent (it being understood that the Administrative Agent shall be under no obligation to agree to act as the Auction Agent); *provided, further*, that neither the Borrower nor any of its Affiliates may act as the Auction Agent.

“Available Amount” means, at any date, the sum, without duplication, of \$100,000,000, plus (a) (x) Consolidated EBITDA for the Available Amount Computation Period, minus (y) 1.70 multiplied by Consolidated Interest Expense for the Available Amount Computation Period; plus (b) the aggregate Net Cash Proceeds, including the fair market value of property other than cash (as determined by the board of directors of the Borrower, whose determination shall be conclusive, except that for any property whose fair market value exceeds \$10,000,000 such fair market value shall be confirmed by an independent appraisal obtained by the Borrower), received after the relevant issue date by the Borrower from the issuance or sale (other than to any of its Subsidiaries) of shares of Stock of Holdings or, after a Qualifying IPO of the Borrower, the Borrower (other than Disqualified Stock or Permitted Cure Securities) or warrants, options or rights to purchase such shares of Stock, in each case, after the Closing Date (which, in the case of Holdings, the proceeds of which have been contributed to the Borrower); plus (c) the aggregate Net Cash Proceeds, including the fair market value of property other than cash (as determined by the board of directors of the Borrower, whose determination shall be

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conclusive, except that for any property whose fair market value exceeds \$10,000,000 such fair market value shall be confirmed by an independent appraisal obtained by the Borrower), received by the Borrower from debt securities that have been converted into or exchanged for Stock of the Borrower (other than Disqualified Stock) to the extent such debt securities were originally sold for such Net Cash Proceeds plus the aggregate cash received by the Borrower at the time of such conversion, in each case, after the Closing Date; plus (d) the aggregate amount of any capital contributions received by the Borrower or any direct or indirect parent thereof and contributed by such parent to the Borrower (excluding any Permitted Cure Securities), in each case, after the Closing Date minus (e) the aggregate amount of the Available Amount previously utilized pursuant to Section 8.3(k) (Investments) and Section 8.5(g) (Restricted Payments) after the Closing Date.

“*Available Amount Computation Period*” means, as of any date of determination, the period (taken as one accounting period) from April 1, 2013 to the last day of the most recently ended Test Period.

“*Available Credit*” means, at any time, (a) the then effective Revolving Credit Commitments minus (b) the aggregate Revolving Credit Outstandings at such time.

“*Bankruptcy Code*” means title 11, United States Code.

“*Barclays*” means Barclays Bank PLC.

“*Base Rate*” means, for any period, a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall be equal at all times to the highest of the following:

- (a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank’s base rate;
- (b) 0.5% per annum plus the Federal Funds Rate; and
- (c) the Eurodollar Rate applicable for an Interest Period of one month plus 1.00%;

provided, that in no event shall the Base Rate be less than 1.75% per annum.

“*Base Rate Loan*” means any Swing Loan or any other Loan during any period in which it bears interest based on the Base Rate.

“*BofA*” means Bank of America, N.A.

“*Borrower*” means prior to the consummation of the AMC Merger, AMC Entertainment Inc., a Delaware corporation and from and after the consummation of the AMC Merger, AMC Entertainment Holdings, Inc., a Delaware corporation.

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“*Borrower Offer of Specified Discounted Prepayment*” means the offer by the Borrower to make a voluntary prepayment of Term Loans at a specified discount to par pursuant to Section 2.8(e)(ii) (Optional Prepayments).

“*Borrower Solicitation of Discount Range Prepayment Offers*” means the solicitation by the Borrower of offers for, and the corresponding acceptance by a Lender of, a voluntary prepayment of Term Loans at a specified range of discounts to par pursuant to Section 2.8(e)(iii) (Optional Prepayments).

“*Borrower Solicitation of Discounted Prepayment Offers*” means the solicitation by the Borrower of offers for, and the corresponding acceptance, if any, by a Lender of, a voluntary prepayment of Term Loans at a discount to par pursuant to Section 2.8(e)(iv) (Optional Prepayments).

“*Borrower’s Accountants*” means KPMG LLP or any other independent nationally-recognized public accountants selected by the Borrower.

“*Borrowing*” means a Revolving Credit Borrowing or a Term Loan Borrowing.

“*Business Day*” means a day of the year on which banks are not required or authorized to close in New York City and, if the applicable Business Day relates to notices, determinations, fundings and payments in connection with the Eurodollar Rate or any Eurodollar Rate Loans, a day on which dealings in Dollar deposits are also carried on in the London interbank market.

“*Canadian Dollar*” means the lawful money of Canada.

“*Capital Expenditures*” means, for any Person for any period, the aggregate of amounts that would be reflected as additions to property, plant or equipment on a Consolidated balance sheet of such Person and its Subsidiaries prepared in accordance with GAAP, excluding interest capitalized during construction.

“*Capital Lease*” means, with respect to any Person, any lease of, or other arrangement conveying the right to use, property by such Person as lessee that would be classified or accounted for as a capital lease on a balance sheet of such Person prepared in conformity with GAAP as in effect on the Closing Date.

“*Capital Lease Obligation*” means, with respect to any Person as of any date, the amount as of such date of all Consolidated obligations of such Person or any of its Subsidiaries that would be required to be capitalized in accordance with GAAP as in effect on the Closing Date under Capital Leases; for the avoidance of doubt, any obligations relating to a lease that was accounted for by such Person as an operating lease as of the Closing Date and any similar lease entered into after the Closing Date by such Person shall be accounted for as obligations relating to an operating lease and not as Capital Lease Obligations.

“*Capitalized Software Expenditures*” shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in accordance with GAAP, are or are required

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to be reflected as capitalized costs on the consolidated balance sheet of such Person and its Subsidiaries.

“Cash Collateral Account” means any Deposit Account or Securities Account that is (a) established by the Administrative Agent from time to time in its sole discretion to receive cash and Cash Equivalents (or purchase cash or Cash Equivalents with funds received) from the Loan Parties or Persons acting on their behalf pursuant to the Loan Documents, (b) with such depositaries and securities intermediaries as the Administrative Agent may determine in its sole discretion, (c) in the name of the Administrative Agent (although such account may also have words referring to the Borrower and the account’s purpose), (d) under the control of the Administrative Agent and (e) in the case of a Securities Account, with respect to which the Administrative Agent shall be the Entitlement Holder and the only Person authorized to give Entitlement Orders with respect thereto.

“Cash Equivalents” means at any time: (a) any evidence of Indebtedness with a maturity of twelve months or less issued or directly and fully guaranteed or insured by the United States or guaranteed by a government that is a member of the Organization for Economic Cooperation and Development (“OECD Country”) or any agency, instrumentality, state or political subdivision thereof which is rated “A-” or better by S&P; (b) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers’ acceptances with a maturity of twelve months or less of, or dollar deposits in, any financial institution that is a member of the Federal Reserve System or an applicable central bank of an OECD Country having a combined capital and surplus and undivided profits of not less than \$500,000,000; (c) commercial paper with a maturity of twelve months or less rated at least “A-1” (or its equivalent) by S&P or at least “P-1” (or its equivalent) by Moody’s; (d) repurchase agreements and reverse repurchase agreements relating to marketable direct obligations issued or unconditionally guaranteed by the government of the United States or issued by any agency thereof and backed by the full faith and credit of the government of the United States, in each case maturing within one year from the date of acquisition, provided that the terms of such agreements comply with the guidelines set forth in the Federal Financial Agreements of Depository Institutions with Securities Dealers and Others, as adopted by the Comptroller of the Currency; (e) qualified purchaser funds regulated by the exemption provided by Section 3(c)(7) of the Investment Company Act of 1940, as amended, which funds possess a “AAA” rating from at least two nationally recognized agencies and provide daily liquidity; (f) money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (e) of this definition; (g) instruments equivalent to those referred to in clauses (a) through (f) above denominated in Pesos, Euros or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Subsidiary organized in such jurisdiction; and (h) auction rate securities issued by any domestic corporation or any domestic government instrumentality, in each case rated at least “A-1” (or its equivalent) by S&P or at least “P-1” (or its equivalent) by Moody’s and maturing

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within six months of the date of acquisition (or with interest rates or dividend yields that are re-set at least every 35 days).

“Cash Management Document” means any certificate, agreement or other document executed by any Loan Party in respect of the Cash Management Obligations of any Loan Party.

“Cash Management Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person in respect of cash management services (including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements) provided after the Closing Date (regardless of whether these or similar services were provided prior to the Closing Date by any Agent, any Lender or any Affiliate of any of them) by any Agent, any Lender or any Affiliate of any of them in connection with this Agreement or any Loan Document (other than Cash Management Documents), including obligations for the payment of fees, interest, charges, expenses, attorneys’ fees and disbursements in connection therewith.

“CFC” shall mean a “controlled foreign corporation” within the meaning of Section 957(a) of the Code.

“CGMP” means Citigroup Global Markets Inc.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided*, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means the occurrence of any of the following:

(a) the Permitted Holders ceasing to have the power, directly or indirectly, to vote or direct the voting of a majority of the Voting Stock of Holdings (or, at any time after the consummation of a Qualifying IPO of the Borrower, the Borrower); *provided, however*, that the occurrence of the foregoing event shall not be deemed a Change of Control if (i) at any time prior to the consummation of a Qualifying IPO of Holdings or the Borrower, and for any reason whatever, (A) the Permitted Holders otherwise have the right, directly or indirectly, to designate (and do so designate) a majority of the board of directors of Holdings or (B) the Permitted Holders own, directly or indirectly, of record and beneficially an amount of Voting Stock of Holdings equal to an amount more

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than thirty-five percent (35%) of the amount of Voting Stock of Holdings owned, directly or indirectly, by the Permitted Holders of record and beneficially as of the Closing Date and such ownership by the Permitted Holders represents the largest single block of Voting Stock of Holdings held by any Person or related group for purposes of Section 13(d) of the Exchange Act, or (ii) at any time after the consummation of a Qualifying IPO of Holdings or the Borrower, and for any reason whatsoever, (A) no “person” or “group” (as such terms are used in sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person and its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), excluding the Permitted Holders, shall become the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under such Act), directly or indirectly, of more than the greater of (x) thirty-five percent (35%) of the outstanding Voting Stock of Holdings or the Borrower, as applicable, and (y) the percentage of the then outstanding Voting Stock of Holdings or the Borrower, as applicable, owned, directly or indirectly, beneficially by the Permitted Holders, and (B) during any period of twelve (12) consecutive months, the board of directors of Holdings or the Borrower, as applicable, shall consist of a majority of the Continuing Directors;

(b) any “Change of Control” (or any comparable term) as defined in any Indenture, the aggregate outstanding principal amount of which is in excess of \$25,000,000; or

(c) prior to (i) the consummation of the AMC Merger or (ii) the consummation of a Qualifying IPO of the Borrower, the Borrower ceasing to be a direct wholly owned Subsidiary of Holdings.

“*Citibank*” means Citibank, N.A., a national banking association.

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

“*Closing Date*” means April 30, 2013.

“*Code*” means the U.S. Internal Revenue Code of 1986, as amended.

“*Co-Documentation Agents*” means Barclays, Credit Suisse AG, Cayman Islands Branch and HSBC Bank, in their capacities as co-documentation agents under this Agreement.

“*Collateral*” means all property and interests in property and proceeds thereof now owned or hereafter acquired by any Loan Party in or upon which a Lien is granted under any Collateral Document.

“*Collateral Documents*” means the Pledge and Security Agreement, the Mortgages and any other document executed and delivered by a Loan Party granting a Lien on any of its property to secure payment of the Obligations.

“*Commitment*” means, with respect to any Lender, such Lender’s Revolving Credit Commitment, if any, and “*Commitments*” means the aggregate Revolving Credit Commitments of all Lenders.

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“*Commodity Exchange Act*” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“*Compliance Certificate*” has the meaning specified in *Section 6.1(c) (Financial Statements)*.

“*Connection Income Taxes*” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“*Consolidated*” means, with respect to any Person, the consolidation of accounts of such Person and its Subsidiaries in accordance with GAAP.

“*Consolidated Cash Taxes*” means, with respect to the Borrower for any period, the Consolidated income, franchise and similar taxes, as determined in accordance with GAAP, to the extent the same are payable in cash with respect to such period (including to the extent applicable in respect of tax liabilities incurred in a prior period, including prior to the Closing Date).

“*Consolidated Current Assets*” means, with respect to any Person at any date, the total Consolidated current assets (other than cash and Cash Equivalents and current deferred tax assets) of such Person and its Subsidiaries at such date.

“*Consolidated Current Liabilities*” means, with respect to any Person at any date, all liabilities of such Person and its Subsidiaries at such date that should be classified as current liabilities on a Consolidated balance sheet of such Person and its Subsidiaries, but excluding, in the case of the Borrower the sum of (a) the principal amount of any current portion of long-term Indebtedness, (b) (without duplication of *clause (a)* above) the then outstanding principal amount of the Loans, (c) the principal amount of any short-term Indebtedness, (d) current deferred tax liabilities, (e) accruals of interest expense (excluding interest expense that is due and unpaid) and (f) accruals of any costs or expenses related to bonuses, pension and other post-retirement benefit obligations.

“*Consolidated EBITDA*” means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period increased (to the extent deducted in determining Consolidated Net Income) by the sum (without duplication) of: (i) all income taxes of such Person and its Subsidiaries paid or accrued in accordance with GAAP for such period (other than income taxes attributable to extraordinary gains or losses), franchise and capital and similar taxes, and any tax distributions made to Holdings in respect of consolidated, combined, unitary or affiliated returns and to pay franchise and capital taxes and other fees, taxes and expenses to maintain its corporate existence (net of comparable tax credits); (ii) interest expense (including (x) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock or Disqualified Stock and (y) costs of surety bonds in connection with financing activities) of such Person and its Subsidiaries for such period (net of interest income); (iii) depreciation expense of such Person and its Subsidiaries for such period; (iv) amortization expense of such Person and its Subsidiaries for such period including amortization of capitalized debt issuance costs, amortization of intangible assets and

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Capitalized Software Expenditures and amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits; (v) any call premium (or original issue discount) expenses (cash and non-cash) associated with the call or repurchases of Indebtedness; (vi) letter of credit fees and annual agency fees paid to the Administrative Agent; (vii) cash expense incurred in connection with any permitted investment, any equity issuance or debt issuance of the Borrower or Holdings or any direct or indirect parent company of Holdings (in each case, whether or not consummated, to the extent that the proceeds of such permitted investment, equity issuance or debt issuance are contributed or proposed to be contributed to the Borrower or any of its Subsidiaries); (viii) to the extent actually reimbursed, expenses incurred to the extent covered by indemnification provisions in any agreement in connection with a Proposed Acquisition permitted under *Section 8.3 (Investments)*; (ix) to the extent covered by insurance under which the insurer has been properly notified and has not denied or contested coverage, expenses with respect to liability or casualty events or business interruption; (x) any fees and expenses (or any accruals relating to such fees and related expenses) and any one-time termination fees in respect of a Change of Control or Qualifying IPO and related indemnities and reasonable out of pocket expenses, in each case, as permitted under this Agreement to be paid to the Permitted Holders; (xi) fees and expenses in connection with refinancings of Indebtedness permitted under this Agreement, including charges attributable to the write-off debt discount and the write-off of deferred financing fees; (xii)(A) non-recurring cash facilities relocation and consolidation costs and (B) other non-recurring fees, cash charges and other non-recurring cash expenses (including restructuring charges and severance costs), whether incurred prior to or after the Closing Date; (xiii) non-cash straight line rent operating lease adjustments reducing Consolidated Net Income, less any such adjustments increasing Consolidated Net Income, in each case as required under GAAP; (xiv) any other non-cash charges and expenses of such Person and its Subsidiaries for such period (including non-cash expenses recognized in accordance with SFAS No. 106); (xv) costs incurred in connection with the closing or disposition of any theatre or screen within a theatre during any applicable period; (xvi) costs incurred in connection with any newly opened theatre, any theatre newly acquired from other than an Affiliate and unconsummated theatre acquisitions from other than an Affiliate (but not to exceed \$10,000,000 for any single unconsummated theatre acquisition), all as determined in accordance with GAAP; (xvii) fees, expenses and other costs incurred in connection with the Transactions and any potential amendments or waivers to the Loan Documents (whether or not successful); (xviii) any cost or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expense is funded with cash proceeds contributed to the capital of the Borrower or a Guarantor (other than contributions received from the Borrower or another Guarantor) or Net Cash

Proceeds of an issuance of Stock of the Borrower (other than Disqualified Stock or Permitted Cure Securities); (xix) one-time costs associated with commencing Public Company Compliance; and (xx) losses attributable to currency remeasurements of Indebtedness, and losses resulting from Hedging Contracts for currency exchange risk; (xxi) amounts estimated in good faith to be received with respect

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to liability or casualty events or business interruption insurance in respect of lost revenues or earnings (with a deduction for amounts actually received up to such estimated amount to the extent included in Consolidated Net Income in a future period) to the extent covered by insurance and either actually reimbursed, or, so long as such person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (x) not denied by the applicable carrier in writing within 180 days and (y) in fact reimbursed within 365 days following the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days); and (xxii) for purposes of determining compliance with *Article V (Financial Covenant)* only, the Cure Amount, if any, received by the Borrower for such period and permitted to be included in Consolidated EBITDA pursuant to *Section 9.5 (Right to Cure)*, all determined on a Consolidated basis in accordance with GAAP, plus unrealized losses and minus unrealized gains in respect of Hedging Contracts, all as determined in accordance with GAAP.

“*Consolidated Interest Expense*” means, with respect to any Person for any period, without duplication, (i) the sum of (a) gross interest expense of such Person and its Subsidiaries for such period as determined on a Consolidated basis in accordance with GAAP consistently applied, but excluding, to the extent included in interest expense, (A) amortization of fees and expenses associated with the consummation of the Transactions, (B) annual agency fees paid to the Administrative Agent, (C) costs associated with obtaining or terminating Hedging Contracts, (D) amortization of fees and expenses associated with any permitted investment, equity issuance or debt issuance (whether or not consummated), (E) pay-in-kind interest expense or other noncash interest expense (including as a result of the effects of purchase accounting) and (F) any payments made in respect of operating leases entered into by the Borrower or its Subsidiaries after May 21, 1998 and required to be reflected on a Consolidated balance sheet pursuant to EITF 97-10 and (b) the aggregate amount of the interest component of Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries during such period as determined on a Consolidated basis in accordance with GAAP consistently applied, less (ii) the interest income (exclusive of deferred financing fees) of such Person and its Subsidiaries for such period as determined on a Consolidated basis in accordance with GAAP consistently applied, and with respect to *clauses (i) and (ii)*, only to the extent the same are paid or payable (or received or receivable) in cash with respect to such period; *provided, however*, that, Consolidated Interest Expense shall be calculated after giving effect to any payments made by such Person minus any payments received by such Person in respect of Hedging Contracts.

“*Consolidated Net Income*” means, with respect to any Person (the “*Determination Person*”), for any period, the Consolidated net income (or loss) of such Determination Person and its Subsidiaries for such period as determined in accordance with GAAP; *provided*, that (i) to the extent included in calculating such net income, Consolidated Net Income shall exclude the following: (A) all after-tax extraordinary gains or losses (net of reasonable fees and expenses relating to the transaction giving rise thereto), (B) the cumulative effect of a change in accounting principles as well as any

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current period impact of new accounting pronouncements including those related to purchase accounting, (C) any net after-tax gains or losses attributable to the early extinguishment of Indebtedness, (D) any non-cash income or charges resulting from mark-to-market accounting under Statement of Financial Accounting Standard No. 52 — Foreign Currency Translation relating to indebtedness denominated in foreign currencies, (E) any non-cash impairment charges or asset write offs resulting from the application of Statement of Financial Accounting Standards No. 142 — Goodwill and Other Intangibles and No. 144 — Accounting for the Impairment or Disposal of Long-Lived Assets and the amortization of intangibles and other fair value adjustments including arising pursuant to Statement of Financial Accounting Standards No. 141 — Business Combinations, (F) inventory purchase accounting adjustments and amortization, impairment and other non-cash charges (including asset revaluations) resulting from purchase accounting adjustments with respect to any Proposed Acquisition permitted under *Section 8.3 (Investments)*, (G) gains or losses incurred in connection with Asset Sales other than those in the ordinary course of business and (H) any expenses related to the Transactions, (ii) the net income (or loss) of any other Person in which such Determination Person or one of its Subsidiaries or a Joint Venture of such Determination Person has an ownership interest with a third party (which interest of such Determination Person or Subsidiary or Joint Venture does not cause the net income of such other Person to be Consolidated into the net income of such Determination Person) shall be included in the Consolidated Net Income of such Determination Person for such period (or, if later, the period in which the cash dividend or distribution referred to below is received) only to the extent of the amount that has been actually received and retained by such Determination Person or its Subsidiary or Joint Venture in the form of cash dividends or other cash distributions during such period (or such later period, as applicable) and (iii) there shall be included in Consolidated Net Income the deferred revenue eliminated as a consequence of the application of purchase accounting adjustments due to the Transactions or any Proposed Acquisition permitted under *Section 8.3 (Investments)* for the fiscal periods that such revenue would otherwise have been recognized.

“*Consolidated Total Assets*” shall mean, as of any date of determination, the total assets of the Borrower and the consolidated Subsidiaries without giving effect to any amortization of the amount of intangible assets since the Closing Date, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the Borrower as of the most recently ended Test Period, calculated on a Pro Forma Basis after giving effect to any acquisition or Disposition of a Person or assets that may have occurred on or after the last day of such fiscal quarter.

“*Constituent Documents*” means, with respect to any Person, (a) the articles of incorporation, certificate of incorporation, constitution or certificate of formation (or the equivalent organizational documents) of such Person, (b) the by-laws or operating agreement (or the equivalent governing documents) of such Person and (c) any document setting forth the manner of election or duties of the directors or managing members of such Person (if any) and the designation, amount or relative rights, limitations and preferences of any class or series of such Person’s Stock.

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“*Contaminant*” means any material, substance or waste that is classified or regulated under any Environmental Law as hazardous, toxic, a contaminant or a pollutant or by other words of similar meaning, including any petroleum or petroleum-derived substance or waste, asbestos and polychlorinated biphenyls.

“*Continuing Directors*” shall mean the directors of Holdings on the Closing Date, and each other director, if, in each case, such other director’s nomination for election to the board of directors of Holdings is recommended by a majority of the then Continuing Directors or such other director receives the vote of Wanda in his or her election by the stockholders of Holdings.

“*Contractual Obligation*” of any Person means any obligation, agreement, undertaking or similar provision of any Security issued by such Person or of any agreement, undertaking, contract, lease, indenture, mortgage, deed of trust or other instrument (excluding a Loan Document) to which such Person is a party or by which it or any of its property is bound.

“*Corporate Chart*” means a corporate organizational chart, list or other similar document in each case in form reasonably acceptable to the Administrative Agent and setting forth, for each Person that is a Loan Party, that is subject to *Section 7.11 (Additional Collateral and Guaranties)* or that is a Subsidiary of any of them, (a) the full legal name of such Person (and any trade name, fictitious name or other name such Person may have had or operated under), (b) the jurisdiction of organization, the organizational number (if any) and the tax identification number (if any) of such Person, (c) the location of such Person’s chief executive office (or sole place of business) and (d) the number of shares of each class of such Person’s Stock authorized (if applicable), the number outstanding as of the date of delivery and the number and percentage of such outstanding shares for each such class owned (directly or indirectly) by any Loan Party or any Subsidiary of any of them.

“*Credit Suisse*” means Credit Suisse Securities (USA) LLC.

“*Cure Amount*” has the meaning specified in *Section 9.5 (Right to Cure)*.

“*Cure Right*” has the meaning specified in *Section 9.5 (Right to Cure)*.

“*DCIP*” means Digital Cinema Implementation Partners, LLC, a Delaware limited liability company.

“*DCIP Entity*” means DCIP and its direct and indirect subsidiaries.

“*DCIP Investment Transaction*” means (a) a capital contribution by the Borrower or any Subsidiary (of cash or of Digital Cinema Equipment), whether directly or indirectly (including, without limitation, through an Unrestricted Subsidiary), to any DCIP Entity or (b) the sale of Digital Cinema Equipment of the Borrower or any Subsidiary to any DCIP Entity as part of a sale and leaseback transaction with any DCIP Entity for such equipment in which the Borrower or a Subsidiary is the lessee, in each case, in connection with the implementation, maintenance and support of digital cinema in theaters of the Borrower and its Subsidiaries; *provided*, that the Borrower is the

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beneficial owner of no less than 5% of the ordinary Stock of DCIP at the time of such contribution or sale.

“*Debt Issuance*” means the incurrence of Indebtedness of the type specified in *clause (a) or (b)* of the definition of “*Indebtedness*” by the Borrower or any of its Subsidiaries.

“*Default*” means any event that, with the passing of time or the giving of notice or both, would become an Event of Default.

“*Defaulting Lender*” means, at any time, a Lender as to which the Administrative Agent has notified the Borrower or has received a notice from the Borrower pursuant to *clause (ii)* below that (i) such Lender has failed for two or more Business Days to comply with its obligations under this Agreement to make a Loan, make a payment to the Issuer in respect of a Letter of Credit and/or make a payment to the Swing Lender in respect of a Swing Loan (each a “*funding obligation*”), (ii) such Lender has notified the Administrative Agent or the Borrower in writing (and the Borrower has notified the Administrative Agent thereof in writing), or has stated publicly, that it will not comply with any such funding obligation hereunder, (iii) such Lender has, for three or more Business Days, failed to confirm in writing to the Administrative Agent, in response to a written request of the Administrative Agent, that it will comply with its funding obligations hereunder, or (iv) a Lender Insolvency Event has occurred and is continuing with respect to such Lender (*provided*, that neither the reallocation of funding obligations provided for in *Section 2.18 (Defaulting Lender)* as a result of a Lender being a Defaulting Lender nor the performance by Non-Defaulting Lenders of such reallocated funding obligations will by themselves cause the relevant Defaulting Lender to become a Non-Defaulting Lender).

“*Deferred Prepayment Amount*” means, with respect to any Net Cash Proceeds of any Deferred Prepayment Event, the portion of such Net Cash Proceeds subject to a Deferred Prepayment Notice.

“*Deferred Prepayment Date*” means, with respect to any Net Cash Proceeds of any Deferred Prepayment Event, the earlier of (a) the date occurring 365 days after such Deferred Prepayment Event or, if a definitive letter of intent or agreement has been executed during such 365 day period with respect to the reinvestment of such Net Cash Proceeds, the date occurring six months after the date of such letter of intent or agreement, as the case may be, and (b) the date that is five Business Days after the date on which the Borrower shall have notified the Administrative Agent of (i) the Borrower’s determination not to reinvest in assets useful in the Borrower’s or a Subsidiary’s business or (ii) the determination by the applicable Subsidiary of the Borrower not to repay the applicable Indebtedness with all or any portion of the relevant Deferred Prepayment Amount for such Net Cash Proceeds.

“*Deferred Prepayment Event*” means any Asset Sale or Property Loss Event in respect of which the Borrower has delivered a Deferred Prepayment Notice.

“*Deferred Prepayment Notice*” means a written notice executed by a Responsible Officer of the Borrower stating that no Default or Event of Default has

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occurred and is continuing and that the Borrower (directly or indirectly through one of its Subsidiaries) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Property Loss Event to acquire, upgrade, improve, repair or replace assets useful in its or one of its Subsidiaries’ businesses.

“*Deposit Account*” has the meaning given to such term in the UCC.

“*Designated Non-Cash Consideration*” shall mean the fair market value (as determined in good faith by the Borrower) of non-cash consideration received by the Borrower or one of its Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer of the Borrower, setting forth the basis of such valuation, less the amount of cash or cash equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

“*Digital Cinema Equipment*” means digital cinema projectors, servers, media blocks and any equipment to the extent attached to or affixed to such projectors, servers and/or media blocks including by means of network interface or otherwise necessary to enable such projectors, servers and/or media blocks to operate as functional digital projection systems. For the avoidance of doubt, equipment that is necessary to enable such digital cinema projectors, servers or media blocks to operate as functional digital projection systems shall include all such equipment whether or not readily replaceable at minimal cost.

“*Disclosure Documents*” means, collectively, the Lender Presentation dated April 2013 and all other written materials prepared in connection with the syndication of the Facilities.

“Discounted Prepayment Accepting Lender” has the meaning specified in Section 2.8(e)(ii)(B) (Optional Prepayments).

“Discount Range” has the meaning specified in Section 2.8(e)(iii) (Optional Prepayments).

“Discount Range Prepayment Amount” has the meaning specified in Section 2.8(e)(iii) (Optional Prepayments).

“Discount Range Prepayment Notice” means a written notice of a Borrower Solicitation of Discount Range Prepayment Offers made pursuant to Section 2.8(e)(iii) (Optional Prepayments) substantially in the form of Exhibit K (Form of Discount Range Prepayment Notice).

“Discount Range Prepayment Offer” means the irrevocable written offer by a Lender, substantially in the form of Exhibit L (Form of Discount Range Prepayment Offer), submitted in response to an invitation to submit offers following the Auction Agent’s receipt of a Discount Range Prepayment Notice.

“Discount Range Prepayment Response Date” has the meaning specified in Section 2.8(e)(iii) (Optional Prepayments).

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“Discount Range Proration” has the meaning specified in Section 2.8(e)(iii) (Optional Prepayments).

“Discounted Term Loan Prepayment” has the meaning specified in Section 2.8(e)(i) (Optional Prepayments).

“Discounted Prepayment Determination Date” has the meaning specified in Section 2.8(e)(iv) (Optional Prepayments).

“Discounted Prepayment Effective Date” means, in the case of a Borrower Offer of Specified Discounted Prepayment, a Borrower Solicitation of Discount Range Prepayment Offer or a Borrower Solicitation of Discounted Prepayment Offer, five Business Days following the Specified Discounted Prepayment Response Date, the Discount Range Prepayment Response Date or the Acceptance Date, respectively, in accordance with Section 2.8(e)(ii) (Optional Prepayments), Section 2.8(e)(iii) (Optional Prepayments) or Section 2.8(e)(iv) (Optional Prepayments), respectively, unless a shorter period is agreed to between the Borrower and the Auction Agent.

“Dispose” or “Disposition” has the meaning specified in Section 8.4 (Sale of Assets).

“Disqualified Institution” means (a) those persons identified by the Borrower in writing to the Arrangers prior to December 2, 2015, (ii) any person identified by name by the Borrower in writing to the Administrative Agent and the Lenders from time to time that is or becomes a competitor of the Borrower or any of its Subsidiaries, (iii) any Affiliates (other than any Debt Fund Affiliate (as defined below)) of any Person described in clause (i) or (ii) above that are clearly identifiable as Affiliates solely on the basis of their name (provided that the Administrative Agent shall have no obligation to carry out due diligence in order to identify such Affiliates) and (iv) any other Affiliate of any Person described in clause (ii) above that is identified in writing to the Administrative Agent and the Lenders from time to time; provided that any designations after the date hereof shall become effective two days after delivery of each written supplement to the Administrative Agent and the Lenders, but shall not apply retroactively to disqualify any Persons that have previously acquired an assignment or participation interest in the Loans. Notwithstanding the foregoing, any list of Disqualified Institutions shall be required to be available to any Lender that requests a copy of such list from the Administrative Agent.

For purposes of the foregoing, “Debt Fund Affiliate” means, with respect to any Person, a bona fide debt fund that is an affiliate of such person and that is primarily engaged in, or advises fund or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, notes, bonds and similar extensions of credit or securities in the ordinary course of its business, whose managers have fiduciary duties to the investors independent of their duties to such person or other affiliates, and with respect to which such person and its other affiliates do not, directly or indirectly, possess the power to direct or cause the direction of the investment policies of such entity.

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“Disqualified Stock” means with respect to any Person, any Stock that, by its terms (or by the terms of any Security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures or is mandatorily redeemable (other than solely for Qualified Stock), pursuant to a sinking fund obligation or otherwise, or is exchangeable for Indebtedness of such Person (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations (other than Cash Management Obligations, Obligations arising under Cash Management Documents and Hedging Contracts and contingent indemnification obligations as to which no claim in pending) that are accrued and payable and the termination of the Commitments), or (b) is redeemable at the option of the holder thereof (other than solely for Qualified Stock), (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Security that would constitute Disqualified Stock, in each case, in whole or in part, on or prior to the Latest Maturity Date (*provided*, that only the portion of the Securities that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock). Notwithstanding the foregoing: (i) any Security issued to any employee or to any plan for the benefit of employees of the Borrower or the Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability, (ii) any class of Securities of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of Securities that are not Disqualified Stock shall not be deemed to be Disqualified Stock, and (iii) Securities constituting Qualified Stock when issued shall not cease to constitute Qualified Stock as a result of the subsequent extension of the Initial Term Loan Maturity Date.

“Documentary Letter of Credit” means any Letter of Credit that is drawable upon presentation of documents evidencing the sale or shipment of goods purchased by the Borrower or any of its Subsidiaries in the ordinary course of its business.

“Dollar” and the sign “\$” each mean the lawful money of the United States of America.

“Dollar Equivalent” of any amount means, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, (b) if such amount is expressed in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the applicable Issuer, as the case may be, at such time on the basis of the Spot Rate (determined, in the case of any Letters of Credit, in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency and (c) if such amount is denominated in any other currency, the equivalent of such amount in Dollars as determined by the Administrative Agent or the applicable Issuer using any method of determination it deems appropriate.

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“*Domestic Lending Office*” means, with respect to any Lender, the office of such Lender specified as its “*Domestic Lending Office*” opposite its name on *Schedule II (Applicable Lending Offices and Addresses for Notices)* or on the Assignment and Acceptance by which it became a Lender or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

“*Domestic Person*” means any “*United States person*” under and as defined in Section 7701(a)(30) of the Code.

“*Domestic Loan Party*” means any Loan Party organized under the laws of any state of the United States of America or the District of Columbia.

“*Domestic Subsidiary*” means any Subsidiary of the Borrower organized under the laws of any state of the United States of America or the District of Columbia.

“*Eligible Assignee*” means (a) a Lender or an Affiliate or Approved Fund of any Lender, (b) a commercial bank having total assets whose Dollar Equivalent exceeds \$5,000,000,000, (c) a finance company, insurance company or any other financial institution or Fund, in each case reasonably acceptable to the Administrative Agent and regularly engaged in making, purchasing or investing in loans and having a net worth, determined in accordance with GAAP, whose Dollar Equivalent exceeds \$250,000,000 (or, to the extent net worth is less than such amount, a finance company, insurance company, other financial institution or Fund, reasonably acceptable to the Administrative Agent and the Borrower) or (d) a savings and loan association or savings bank organized under the laws of the United States or any State thereof having a net worth, determined in accordance with GAAP, whose Dollar Equivalent exceeds \$250,000,000; *provided*, that notwithstanding the foregoing, “*Eligible Assignee*” shall not include (i) the Borrower or any of its Affiliates other than pursuant to the procedures set forth in *Section 11.2 (Assignments and Participations)* or (ii) any Disqualified Institution.

“*Engagement Letter*” means that certain Engagement Letter, dated April 30, 2013 (as amended, supplemented or otherwise modified from time to time), by and among the Borrower and the Arrangers.

“*Entitlement Holder*” has the meaning given to such term in the UCC.

“*Entitlement Order*” has the meaning given to such term in the UCC.

“*Environmental Laws*” means all applicable Requirements of Law now or hereafter in effect and as amended or supplemented from time to time, relating to pollution or the protection of human health, the environment or natural resources or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. § 9601 *et seq.*); the Hazardous Material Transportation Act, as amended (49 U.S.C. § 5101 *et seq.*); the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. § 136 *et seq.*); the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 *et seq.*); the Toxic Substance Control Act, as amended (15 U.S.C. § 2601 *et seq.*); the Clean Air Act, as amended (42 U.S.C. § 7401 *et seq.*); the

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Federal Water Pollution Control Act, as amended (33 U.S.C. § 1251 *et seq.*); the Occupational Safety and Health Act, as amended (29 U.S.C. § 651 *et seq.*); the Safe Drinking Water Act, as amended (42 U.S.C. § 300f *et seq.*); and each of their state and local counterparts or equivalents and any transfer of ownership notification or approval statute, including the Industrial Site Recovery Act (N.J. Stat. Ann. § 13:1K-6 *et seq.*).

“*Environmental Liabilities and Costs*” means, with respect to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages (but excluding any punitive, consequential or treble damages), costs and expenses (including all fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines and penalties, whether contingent or otherwise, arising under any Environmental Law, Permit, order or agreement with any Governmental Authority or other Person, in each case relating to any environmental, health or safety condition or to any Release or threatened Release and resulting from the past, present or future operations of, or ownership of property by, such Person or any of its Subsidiaries or exposure to any Contaminant.

“*Environmental Lien*” means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

“*Equity Issuance*” means the issue or sale of any Stock of Holdings, the Borrower or any Subsidiary of the Borrower by Holdings, the Borrower or any Subsidiary of the Borrower to any Person other than Holdings, the Borrower or any Subsidiary of the Borrower.

“*ERISA*” means the United States Employee Retirement Income Security Act of 1974.

“*ERISA Affiliate*” means any trade or business (whether or not incorporated) under common control or treated as a single employer with the Borrower or any of its Subsidiaries within the meaning of Section 414(b), (c), (m) or (o) of the Code.

“*ERISA Event*” means (a) a reportable event described in Section 4043(c)(1), (2), (3), (5), (6), (8) or (9) of ERISA with respect to a Title IV Plan, other than events for which the thirty (30) day notice period has been waived, (b) the withdrawal of the Borrower or any of its Subsidiaries or any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (c) the complete or partial withdrawal of the Borrower or any of its Subsidiaries or any ERISA Affiliate from any Multiemployer Plan, (d) notice of reorganization or insolvency of a Multiemployer Plan, (e) the filing of a notice of intent to terminate a Title IV Plan or the treatment of a plan amendment as a termination under Section 4041 of ERISA, (f) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC, (g) the failure to make any required contribution to a Title IV Plan or Multiemployer Plan, (h) the imposition of a lien under Section 412 of the Code or Section 302 of ERISA on the Borrower or any of its Subsidiaries or any ERISA Affiliate or (i) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV

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Plan or Multiemployer Plan or the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA.

“*Euro*” means the single currency of participating member States of the European Union.

“*Eurocurrency Liabilities*” has the meaning assigned to that term in Regulation D of the Federal Reserve Board.

“*Eurodollar Base Rate*” means, with respect to any Interest Period for any Eurodollar Rate Loan, the rate determined by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the commencement of such Interest Period by reference to the ICE Benchmark

Administration Interest Settlement Rates (or by reference to the rates provided by any Person that takes over the administration of such rate if the ICE Benchmark Administration is no longer making a “LIBO Rate” rate available) for deposits in Dollars (as set forth by the Bloomberg Information Service or any successor thereto or any other service selected by the Administrative Agent that has been nominated by the ICE Benchmark Administration (or any successor thereto) as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period (the “Screen Rate”); provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, “Eurodollar Base Rate” shall be the interest rate per annum equal to the Interpolated Screen Rate. Notwithstanding the foregoing, in no event shall the Eurodollar Base Rate be less than 0.75% per annum.

“Eurodollar Lending Office” means, with respect to any Lender, the office of such Lender specified as its “Eurodollar Lending Office” opposite its name on Schedule II (Applicable Lending Offices and Addresses for Notices) or on the Assignment and Acceptance by which it became a Lender (or, if no such office is specified, its Domestic Lending Office) or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Administrative Agent.

“Eurodollar Rate” means, with respect to any Interest Period for any Eurodollar Rate Loan, an interest rate per annum equal to the rate per annum obtained by dividing (a) the Eurodollar Base Rate by (b)(i) a percentage equal to 100% *minus* (ii) the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the Eurodollar Rate is determined) having a term equal to such Interest Period.

“Eurodollar Rate Loan” means any Loan that, for an Interest Period, bears interest based on the Eurodollar Rate.

“Event of Default” has the meaning specified in Section 9.1 (Events of Default).

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“Excess Cash Flow” means, with respect to the Borrower and its Subsidiaries on a Consolidated basis for any period, an amount equal to (a) Consolidated EBITDA *plus* (b) the excess, if any, of the Working Capital at the beginning of such period over the Working Capital at the end of such period *minus* (c) without duplication:

(i) Capital Expenditures to the extent permitted by this Agreement and paid in cash, during such period, or which the Borrower or any Subsidiary has become obligated to make payments with respect thereto in the following period but that are not made during such period; *provided*, that (i) the Borrower shall deliver a certificate to the Administrative Agent not later than 90 days after the end of such period, signed by a Responsible Officer of the Borrower and certifying that payments in respect of such Capital Expenditures are reasonably expected to be made in the following period, and (ii) any amount so deducted shall not be deducted again in a subsequent period and any amount so deducted that is not used to make payments in respect of Capital Expenditures in the following period shall be added back to Excess Cash Flow in such period;

(ii) total Consolidated Interest Expense paid in cash;

(iii) Consolidated Cash Taxes paid or that will be paid within six months after the end of such period (which payments would have been deducted in calculating Excess Cash Flow for such period had they been made during such period); *provided, however*, that with respect to Consolidated Cash Taxes that will be paid within six months after the end of such period, (w) the Borrower shall have established adequate reserves therefor on the books of the Borrower in conformity with GAAP, (x) the Borrower shall deliver a certificate to the Administrative Agent not later than 90 days after the end of such period, signed by a Responsible Officer of the Borrower, describing the nature and amount of such Consolidated Cash Taxes and certifying that such Consolidated Cash Taxes will be paid within six months after the end of such period, (y) if such payment is not made at any time during the following period, the amount of such payment shall be added back to Excess Cash Flow in such period and (z) any deduction from Excess Cash Flow made with respect to such Consolidated Cash Taxes pursuant to this *clause (iii)* in such period, to the extent made in the following period, shall not be deducted in computing Excess Cash Flow for the period in which such Consolidated Cash Taxes are paid;

(iv) the aggregate principal amount of Indebtedness repaid or prepaid, excluding (A) Indebtedness in respect of Revolving Loans, Letters of Credit and any other Indebtedness that consists of a revolving line of credit, (B) Term Loans prepaid pursuant to Sections 2.8 (Optional Prepayments) and 2.9 (Mandatory Prepayments) and (C) repayments or prepayments of Indebtedness that, in accordance with GAAP, constitutes (or when incurred constituted) a long-term liability and current maturities of such long-term liabilities financed by incurring other such long-term Indebtedness;

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(v) Restricted Payments made in cash to the extent permitted under Section 8.5(c), (d), (f) or (h) (Restricted Payments);

(vi) letter of credit and commitment or facility fees (including the Applicable Unused Commitment Fee Rate and similar fees in respect of any other revolving or committed line of credit);

(vii) proceeds received from insurance claims with respect to casualty events or business interruption which reimburse prior business expenses to the extent such expenses were added to Consolidated Net Income in determining Consolidated EBITDA;

(viii) cash payments made in satisfaction of non-current liabilities (other than Indebtedness);

(ix) cash expenses incurred in connection with the Transactions or, to the extent permitted hereunder, any Investment permitted under Section 8.3 (Investments), Equity Issuance or Debt Issuance (whether or not consummated), or early extinguishment of Indebtedness;

(x) fees and expenses in connection with exchanges or refinancings permitted by Section 8.5(e) (Restricted Payments);

(xi) cash indemnity payments received pursuant to indemnification provisions in any agreement in connection with any Permitted Acquisition or any other Investment permitted hereunder (or in any similar agreement related to any other acquisition consummated prior to the Closing Date);

(xii) extraordinary and non-recurring cash charges to the extent included in determining Consolidated EBITDA;

(xiii) cash expenses incurred in connection with deferred compensation arrangements in connection with the Transactions;

(xiv) cash from operations used to consummate a Permitted Acquisition, New Project or Investment permitted under *Section 8.3(e)* or (i) (*Investments*) or any Proposed Acquisition permitted under *Section 8.3 (Investments)*, in each case, to the extent permitted by this Agreement and paid in cash during such period, or which the Borrower or any Subsidiary has become obligated to make payments with respect thereto but that are not made during such period; *provided*, that (i) the Borrower shall deliver a certificate to the Administrative Agent not later than 90 days after the end of such period, signed by a Responsible Officer of the Borrower and certifying that payments in respect of such Permitted Acquisition, New Project or Investment are reasonably expected to be made in the following period, and (ii) any amount so deducted

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shall not be deducted again in a subsequent period and any amount so deducted that is not used to make payments in respect of Capital Expenditures in the following period shall be added back to Excess Cash Flow in such period;

(xv) to the extent added to Consolidated Net Income in determining Consolidated EBITDA, losses from discontinued operations;

(xvi) cash expenditures made in respect of Hedging Contracts to the extent not reflected in the computation of Consolidated EBITDA or Consolidated Interest Expense;

(xvii) to the extent not deducted in the computation of Net Cash Proceeds in respect of any asset disposition or condemnation giving rise thereto, the amount of any mandatory prepayment of Indebtedness (other than Indebtedness hereunder or under any other Loan Document), together with any interest, premium or penalties required to be paid (and actually paid) in connection therewith (in the case of the foregoing *clauses (c)(i)* through *(xvii)*, to the extent made, paid, incurred or for, as the case may be, during such period);

(xviii) payments with respect to contingent contractual obligations required to be paid in the six months after the end of such period (which payments would have been deducted in calculating Excess Cash Flow for such period had they been made during such period); *provided, however*, that (x) the Borrower shall deliver a certificate to the Administrative Agent not later than 90 days after the end of such period, signed by a Responsible Officer of the Borrower, describing the nature and amount of such contingent contractual obligation and certifying that such contingent contractual obligation will be paid within six months after the end of such period, (y) if such payment is not made within six months after the end of such period, then the Borrower shall promptly make an optional prepayment of Term Loans in accordance with *Section 2.8 (Optional Prepayments)* in an amount, if positive, equal to (A) the amount that would have been paid pursuant to *Section 2.9(b) (Mandatory Prepayments)* with respect to such period but for this *clause (xviii)* minus (B) the amount of the payment made pursuant to *Section 2.9(b) (Mandatory Prepayments)* with respect to such fiscal period and (z) any deduction from Excess Cash Flow made with respect to contingent contractual obligations pursuant to this *clause (xviii)* in such period shall not be deducted in computing Excess Cash Flow for the period in which such contingent obligations are paid; and

(xix) the excess, if any, of the Working Capital at the end of such period over the Working Capital at the beginning of such period.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Excluded Swap Obligation*” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap

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Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder (determined after giving effect to any “keepwell”, support or other similar agreement, if any, for the benefit of such Guarantor and any and all guarantees of such Guarantor’s Swap Obligations by other Loan Parties) at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal in accordance with the first sentence of this definition.

“*Excluded Taxes*” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under *Section 2.17(b) (Mitigation Obligations; Substitution of Lenders)*) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to *Section 2.16 (Taxes)*, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with *Section 2.16(g)* and (d) any U.S. federal withholding Taxes imposed under FATCA.

“*Existing Credit Agreement*” means the Credit Agreement, dated as of January 26, 2006 and as amended, supplemented or otherwise modified from time to time, among the Borrower, the institutions party thereto as lenders and issuing banks and Citicorp, as administrative agent.

“*Existing Letters of Credit*” means the letters of credit set forth on *Schedule 2.4 (Existing Letters of Credit)* issued under the Existing Credit Agreement.

“*Extended Loans*” has the meaning specified in *Section 2.20(a) (Amend and Extend Transactions)*.

“*Extended Revolving Commitment*” has the meaning specified in *Section 2.20(a) (Amend and Extend Transactions)*.

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“*Extended Revolving Loan*” has the meaning specified in *Section 2.20(a) (Amend and Extend Transactions)*.

“*Extended Term Loan*” has the meaning specified in *Section 2.20(a) (Amend and Extend Transactions)*.

“*Extension*” has the meaning specified in *Section 2.20(a) (Amend and Extend Transactions)*.

“*Extension Amendment*” means an amendment to this Agreement in form and substance reasonably satisfactory to the Administrative Agent and the Borrower executed by each of (a) the Borrower, (b) the Administrative Agent and (c) each Lender agreeing to the applicable Extension, in accordance with *Section 2.20 (Amend and Extend Transactions)*.

“*Extension Notice*” has the meaning specified in *Section 2.20(a) (Amend and Extend Transactions)*.

“*Extension Offer*” has the meaning specified in *Section 2.20(c)(i) (Amend and Extend Transactions)*.

“*Facilities*” means (a) the Term Loan Facilities and (b) the Revolving Credit Facility.

“*Facility Increase*” has the meaning specified in *Section 2.19(a) (Facility Increases)*.

“*Facility Increase Allowance*” means, at any time after the First Amendment Effective Date, an amount equal to the greater of (x) \$450,000,000 *minus* the aggregate principal amount of any and all New Incremental Loans (excluding, for the avoidance of doubt, the 2015 Incremental Term Loans), New Incremental Revolving Commitments and issuances of New Incremental Notes and prior to such time and (y) an additional amount, so long as immediately after giving effect to the incurrence of such New Incremental Loans (and, with respect to any New Incremental Revolving Commitment, assuming a borrowing of the full amount of such New Incremental Revolving Commitments, with such calculation to be made excluding the cash proceeds of any debt incurred in respect thereof for cash netting purposes) or New Incremental Notes, as applicable, the First Lien Senior Secured Leverage Ratio of the Borrower does not exceed 2.25 to 1.0; *provided*, however, that notwithstanding anything to the contrary herein, New Incremental Revolving Commitments and/or New Incremental Revolving Loans shall not exceed \$75,000,000 in the aggregate.

“*Fair Market Value*” means (a) with respect to any asset or group of assets (other than a marketable Security) at any date, the value of the consideration obtainable in a sale of such asset at such date assuming a sale by a willing seller to a willing purchaser dealing at arm’s length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as reasonably determined by a Responsible Officer of the Borrower or, if such asset shall have been the subject of a relatively contemporaneous appraisal by an independent third party appraiser,

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the basic assumptions underlying which have not materially changed since its date, the value set forth in such appraisal and (b) with respect to any marketable Security at any date, the closing sale price of such Security on the Business Day next preceding such date, as appearing in any published list of any national securities exchange or the NASDAQ Stock Market or, if there is no such closing sale price of such Security, the final price for the purchase of such Security at face value quoted on such Business Day by a financial institution of recognized standing regularly dealing in Securities of such type and selected by the Administrative Agent.

“*FATCA*” means Sections 1471 through 1474 of the Code of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and, any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“*Federal Funds Rate*” means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“*Federal Reserve Board*” means the Board of Governors of the United States Federal Reserve System, or any successor thereto.

“*Fee Letter*” means that certain Administrative Agency Fee Letter, dated the April 30, 2013 (as amended, supplemented or otherwise modified from time to time), between the Borrower and the Administrative Agent with respect to the annual administrative agency fee to be paid to the Administrative Agent.

“*Financial Statements*” means the financial statements of the Borrower and its Subsidiaries delivered in accordance with *Section 4.4 (Financial Statements)* and *Section 6.1 (Financial Statements)*.

“*First Amendment*” means that certain First Amendment to Credit Agreement, dated as of December 11, 2015, by and among the Borrower, the other Guarantors party thereto, the Lenders party thereto and Citicorp, as Administrative Agent.

“*First Amendment Arrangers*” means, collectively, CGMI, MLPFS, Barclays, Credit Suisse and HSBC Securities as joint lead arrangers and joint bookrunners under the First Amendment.

“*First Amendment Effective Date*” means December 11, 2015.

“*First Amendment Engagement Letter*” means that certain Engagement Letter, dated December 2, 2015 (as amended, supplemented or otherwise modified from time to time), by and among the Borrower and the First Amendment Arrangers.

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“*First Amendment Transactions*” means the entry into the First Amendment and all transactions in connection therewith and related thereto and the payment of fees, costs and expenses related to each of the foregoing.

“*First Lien Senior Secured Leverage Ratio*” means, as of any date of determination, on a Pro Forma Basis, the ratio of (i) Senior Secured Indebtedness of the Borrower and its Subsidiaries (excluding any Senior Secured Indebtedness of the Borrower and its Subsidiaries secured by a Lien on the Collateral ranking junior to the Lien securing the Obligations) as of such date to (ii) Annualized EBITDA for the Borrower and its Subsidiaries for the most recently ended Test Period.

“*Fiscal Quarter*” means each of the three month periods ending on or around March 31, June 30, September 30 and December 31.

“Fiscal Year” means the twelve month period ending on or around December 31.

“Flood Certificate Documents” has the meaning specified in Section 3.1(a)(iv) (Conditions Precedent to Initial Loans and Letters of Credit).

“Flood Insurance Laws” means, collectively, (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (iii) the National Flood Insurance Reform Act of 1994 as now or hereafter in effect or any successor statute thereto and (iv) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto.

“Foreign Lender” means (a) each Lender (or the Administrative Agent) and each Issuer that is a foreign person as defined in Treasury Regulations Section 1.1441-1(c)(2) or (b) each Lender (or the Administrative Agent) and each Issuer that is wholly-owned domestic entity that is disregarded for United States federal tax purposes under Treasury Regulations Section 301.7701-2(c)(2) as an entity separate from its owner and whose single owner is a foreign person within the meaning of Treasury Regulations Section 1.1441-1(c)(2).

“Foreign Subsidiary” means any Subsidiary of the Borrower that is not a Domestic Subsidiary.

“FSHCO” shall mean any Subsidiary that owns no material assets other than the equity interests of one or more Foreign Subsidiaries that are CFCs and/or of one or more FSHCOs.

“Fund” means any Person (other than a natural Person) that is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

“GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as

may be approved by a significant segment of the accounting profession of the United States.

“Governmental Authority” means any nation, sovereign or government, any state or other political subdivision thereof and any entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any central bank or stock exchange and any supranational bodies such as the European Union or the European Central Bank.

“Group Member” means, collectively, Holdings, the Borrower and their respective Subsidiaries.

“Guarantor” means the Borrower and each Subsidiary of the Borrower party to, or that becomes party to, the Guaranty.

“Guaranty” means the guaranty, in substantially the form of Exhibit H (Form of Guaranty), executed by the Guarantors.

“Guaranty Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any Indebtedness of another Person, if the purpose or intent of such Person in incurring the Guaranty Obligation is to provide assurance to the obligee of such Indebtedness that such Indebtedness will be paid or discharged, that any agreement relating thereto will be complied with, or that any holder of such Indebtedness will be protected (in whole or in part) against loss in respect thereof, including (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of Indebtedness of another Person and (b) any liability of such Person for Indebtedness of another Person through any agreement (contingent or otherwise) (i) to purchase, repurchase or otherwise acquire such Indebtedness or any security therefor or to provide funds for the payment or discharge of such Indebtedness (whether in the form of a loan, advance, stock purchase, capital contribution or otherwise), (ii) to maintain the solvency or any balance sheet item, level of income or financial condition of another Person, (iii) to make take-or-pay or similar payments, if required, regardless of non-performance by any other party or parties to an agreement, (iv) to purchase, sell or lease (as lessor or lessee) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss or (v) to supply funds to, or in any other manner invest in, such other Person (including to pay for property or services irrespective of whether such property is received or such services are rendered), if in the case of any agreement described under clause (b)(i), (ii), (iii), (iv) or (v) above the primary purpose or intent thereof is to provide assurance that Indebtedness of another Person will be paid or discharged, that any agreement relating thereto will be complied with or that any holder of such Indebtedness will be protected (in whole or in part) against loss in respect thereof. The amount of any Guaranty Obligation shall be equal to the amount of the Indebtedness so guaranteed or otherwise supported (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such contingent obligation) or, if the amount is not stated or determinable, the maximum reasonably

anticipated liability with respect thereto as determined by such Person in good faith. The term “Guarantee” used as a verb herein has a corresponding meaning.

“Hedging Contracts” means all Interest Rate Contracts, foreign exchange contracts, currency swap or option agreements, forward contracts, commodity swap, purchase or option agreements, other commodity price hedging arrangements and all other similar agreements or arrangements designed to alter the risks of any Person arising from fluctuations in interest rates, currency values or commodity prices; provided, that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees, or consultants of Holdings, the Borrower or any of the Subsidiaries shall be a Hedging Contract.

“Holdings” means prior to the consummation of the AMC Merger, AMC Entertainment Holdings, Inc., a Delaware corporation and from and after the consummation of the AMC Merger, each reference to “Holdings” shall be deemed a reference to “Borrower”.

“HSBC Bank” means HSBC Securities (USA) Inc.

“HSBC Securities” means HSBC Bank USA, N.A.

“Incremental/Extended/Refinancing Amendment” has the meaning specified in Section 2.22(a) (Incremental/Extended/Refinancing Amendments Generally).

“Incremental/Extended/Refinancing Effective Date” has the meaning specified in Section 2.22(a) (Incremental/Extended/Refinancing Amendments Generally).

“*Incur*”, “*Incurrence*” or “*Incurred*” has the meaning specified in the 2025 Senior Notes.

“*Indebtedness*” means, with respect to any Person, without duplication, (a) all obligations for borrowed money, (b) all obligations evidenced by bonds, debentures, notes or other similar instruments, (c) all Capital Lease Obligations, (d) all obligations issued or assumed as the deferred purchase price of property (other than current and non-current accrued expenses, deferred revenue, all employee retirement obligations, and trade debt incurred in the ordinary course of business) which would appear as liabilities on a balance sheet of such Person, all conditional sale obligations (as determined under GAAP) and all obligations under any title retention agreement (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (e) all obligations for the reimbursement of any obligor on any letter of credit, banker’s acceptance or similar credit transactions, (f) all obligations of the type referred to in *clauses (a) through (e)* above of other Persons for the payment of which such Person is directly or indirectly responsible or liable as obligor, guarantor or otherwise (limited to the stated or determinable amount of the related primary obligation, or portion thereof, or if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith), and (g) all obligations of the type referred to in *clauses (a) through (f)* above of other Persons which are secured by any lien on any property or asset of such Person, the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured; *provided, however*, that “*Indebtedness*” shall not

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include (i) any Non-Recourse Indebtedness, any obligations under any operating leases (as determined under GAAP as in effect on the First Amendment Effective Date), trade accounts payable arising in the ordinary course of business and trade letters of credit issued in support of trade accounts payable arising in the ordinary course of business, (ii) regardless of any change in GAAP after the Closing Date, amounts owing in respect of preferred stock (other than Disqualified Stock issued after the Closing Date that would be treated as Indebtedness under GAAP as in effect at such time), (iii) any earn-out obligation or post-closing payment adjustment until such obligation becomes certain of payment, (iv) any deferred compensation arrangements, (v) any non-compete or consulting obligations incurred in connection with the Transactions, any Permitted Acquisition or any similar transaction entered into prior to the Closing Date or (vi) items that would appear as a liability upon a balance sheet prepared in accordance with GAAP as a result of the application of EITF 97-10 “*The Effects of Lessee Involvement in Asset Construction*”, (vii) trade and other ordinary-course payables, accrued expenses and intercompany liabilities arising in the ordinary course of business, or (viii) in the case of the Borrower and its Subsidiaries, intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and its Subsidiaries; *provided, further*, that the amount of Indebtedness (x) for which recourse is limited either to a specified amount or to an identified asset of such Person shall be deemed to be equal to such specified amount or the fair market value of such identified asset, as the case may be, and (y) shall be determined by the principal amount thereof (or in the case of Indebtedness issued at a discount, the accreted amount) thereof. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness limits the liability of such Person in respect thereof.

“*Indemnified Matter*” has the meaning specified in *Section 11.4 (Indemnities)*.

“*Indemnified Taxes*” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“*Indemnitee*” has the meaning specified in *Section 11.4 (Indemnities)*.

“*Indenture*” means each of the 2022 Subordinated Note Indenture, the 2025 Subordinated Note Indenture and other indentures, agreements or similar documents evidencing senior or subordinated notes or other debt securities of the Borrower or any of its Subsidiaries.

“*Initial Loans*” means, collectively, the Initial Revolving Loans and the Initial Term Loans.

“*Initial Revolving Credit Commitments*” means, with respect to each Revolving Credit Lender, the commitment of such Revolving Credit Lender to make Revolving Loans to the Borrower pursuant to *Section 2.1(a)* until the applicable Revolving Credit Termination Date and acquire interests in other Revolving Credit

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Outstandings in the aggregate principal amount outstanding not to exceed the amount set forth opposite such Revolving Credit Lender’s name on *Schedule I (Commitments)* under the caption “*Revolving Credit Commitment*,” as amended to reflect each Assignment and Acceptance executed by such Revolving Credit Lender and as such amount may be reduced pursuant to this Agreement.

“*Initial Revolving Credit Facility*” means the Initial Revolving Credit Commitments and the provisions herein related thereto.

“*Initial Revolving Credit Termination Date*” means the earliest of (a) December 15, 2020, (b) the date of termination of all of the Revolving Credit Commitments pursuant to *Section 2.5 (Reduction and Termination of the Commitments)* and (c) the date on which the Obligations payable under this Agreement become due and payable, whether by acceleration or otherwise.

“*Initial Revolving Loans*” has the meaning specified in *Section 2.1(a) (The Commitments)*.

“*Initial Term Loan Maturity Date*” means the earliest of (a) December 15, 2022 and (b) the date on which the Obligations payable under this Agreement become due and payable hereunder, whether by acceleration or otherwise.

“*Initial Term Loans*” has the meaning specified in *Section 2.1(b) (The Commitments)*.

“*Intellectual Property*” has the meaning specified in the Pledge and Security Agreement.

“*Interpolated Screen Rate*” means, with respect to any Eurodollar Rate Loan denominated in any currency for any Interest Period, a rate per annum which results from interpolating on a linear basis between (a) the applicable Screen Rate for the longest maturity for which a Screen Rate is available that is shorter than such Interest Period and (b) the applicable Screen Rate for the shortest maturity for which a Screen Rate is available that is longer than such Interest Period, in each case as of approximately 11:00 a.m. (London time) on the Quotation Day.

“*Interest Period*” means, in the case of any Eurodollar Rate Loan, (a) initially, the period commencing on the date such Eurodollar Rate Loan is made or on the date of conversion of a Base Rate Loan to such Eurodollar Rate Loan and ending one, three or six months thereafter (or if deposits of such duration are available to or agreed to by all applicable Lenders, ending twelve months thereafter), as selected by the Borrower in its Notice of Borrowing or Notice of Conversion or Continuation given to

the Administrative Agent pursuant to *Section 2.2 (Borrowing Procedures)* or *Section 2.11 (Conversion/Continuation Option)* and (b) thereafter, if such Loan is continued, in whole or in part, as a Eurodollar Rate Loan pursuant to *Section 2.11 (Conversion/Continuation Option)*, a period commencing on the last day of the immediately preceding Interest Period therefor and ending one, three or six months thereafter (or if deposits of such duration are available to or agreed to by all applicable Lenders, ending twelve months thereafter), as selected by the Borrower in its Notice of Conversion or Continuation given to the Administrative Agent pursuant to *Section 2.11 (Conversion/Continuation Option)*;

provided, however, that all of the foregoing provisions relating to Interest Periods are subject to the following:

- (i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless the result of such extension would be to extend such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;
- (ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;
- (iii) the Borrower may not select any Interest Period that ends after the date of a scheduled principal payment on the Loans as set forth in *Article II (The Facilities)* unless, after giving effect to such selection, the aggregate unpaid principal amount of the Loans for which Interest Periods end after such scheduled principal payment shall be equal to or less than the principal amount to which the Loans are required to be reduced after such scheduled principal payment is made;
- (iv) the Borrower may not select any Interest Period in respect of Eurodollar Rate Loans having an aggregate principal amount of less than \$1,000,000; and
- (v) there shall be outstanding at any one time no more than 20 Interest Periods in the aggregate for all Loans.

“*Interest Rate Contracts*” means all interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and interest rate insurance.

“*Investment*” means, with respect to any Person, (a) any purchase or other acquisition by such Person of (i) any Security issued by, (ii) a beneficial interest in any Security issued by, or (iii) any other equity ownership interest in, any other Person, (b) any purchase by such Person of all or a significant part of the assets of a business conducted by any other Person, or all or substantially all of the assets constituting the business of a division, branch or other unit operation of any other Person, (c) any loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, accounts receivable and similar items made or incurred in the ordinary course of business as presently conducted) or capital contribution by such Person to any other Person, including all Indebtedness of any other Person to such Person arising from a sale of property by such Person other than in the ordinary course of its business, and (d) any Guaranty Obligation incurred by such Person in respect of Indebtedness of any other Person. For purposes of covenant compliance, (x) the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any

returns or distributions of capital or repayment of principal actually received in cash by such other Person with respect thereto, and (y) Investments will be valued at the time of the making thereof and without giving effect to any write downs or write offs thereof.

“*IRS*” means the Internal Revenue Service of the United States or any successor thereto.

“*Issue*” means, with respect to any Letter of Credit, to issue (including any deemed issuance pursuant to *Section 2.4(k) (Letters of Credit)*), extend the expiry of, renew or increase the maximum face amount (including by deleting or reducing any scheduled decrease in such maximum face amount) of, such Letter of Credit. The terms “*Issued*” and “*Issuance*” shall have a corresponding meaning.

“*Issuer*” means each Lender or Affiliate of a Lender that (a) is listed on the signature pages of the First Amendment as an “*Issuer*” or (b) hereafter becomes an Issuer with the approval of the Administrative Agent and the Borrower by agreeing pursuant to an agreement with and in form and substance satisfactory to the Administrative Agent and the Borrower to be bound by the terms hereof applicable to Issuers.

“*Issuer Sublimit*” means (i) in the case of Citibank, in its capacity as Issuer, \$25,000,000 and (ii) in the case of any other Issuer, the amount agreed to between such Issuer and the Borrower at the time such Issuer becomes an Issuer.

“*Japanese Yen*” means the lawful money of Japan.

“*Joint Venture*” means (a) any Person which would constitute an “*equity method investee*” of the Borrower or any of its Subsidiaries, (b) any other Person designated by the Borrower in writing to the Administrative Agent as a “*Joint Venture*” for purposes of this Agreement and at least 50% but less than 100% of whose equity interests are directly owned by the Borrower or any of its Subsidiaries, and (c) any Person in whom the Borrower or any of its Subsidiaries beneficially owns any Stock that is not a Subsidiary.

“*Junior Lien Intercreditor Agreement*” means a “*junior lien*” intercreditor agreement among the Administrative Agent and one or more Other Debt Representatives for holders of Permitted Junior Lien Refinancing Debt or other secured Indebtedness permitted by *Section 8.2(aa) (Liens, Etc.)*, as applicable, in each case, on reasonable and customary terms and in form and substance reasonably satisfactory to the Administrative Agent and the Borrower.

“*Land*” of any Person means all of those plots, pieces or parcels of land now owned, leased or hereafter acquired or leased or purported to be owned, leased or hereafter acquired or leased (including, in respect of the Loan Parties, as reflected in the most recent Financial Statements) by such Person.

“*Latest Maturity Date*” means, at any date of determination, the latest scheduled maturity date applicable to any Loan hereunder (or, as the context may require, any Tranche of Loans hereunder) at such time, including the latest maturity date of any New Incremental Loan, Refinancing Loan or Extended Loan.

“Leases” means, with respect to any Person, all of those leasehold estates in Real Property of such Person, as lessee, as such may be amended, supplemented or otherwise modified from time to time.

“Lender” means the Swing Lender and each other financial institution or other entity that (a) is listed on the signature pages of the First Amendment as a “Lender” or (b) from time to time becomes a party hereto by execution of an Assignment and Acceptance or an Incremental/Extended/Refinancing Amendment.

“Lender Insolvency Event” means that (i) a Lender or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (ii) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company. Notwithstanding anything to the contrary above, a Lender will not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Stock in such Lender or its Parent Company by any Governmental Authority.

“Letter of Credit” means any letter of credit Issued pursuant to Section 2.4 (Letters of Credit).

“Letter of Credit Obligations” means, at any time, the Dollar Equivalent of the aggregate of all liabilities at such time of the Borrower to all Issuers with respect to Letters of Credit, whether or not any such liability is contingent, including, without duplication, the sum of (a) the Reimbursement Obligations at such time and (b) the Letter of Credit Undrawn Amounts at such time.

“Letter of Credit Reimbursement Agreement” has the meaning specified in Section 2.4(a) (Letters of Credit).

“Letter of Credit Request” has the meaning specified in Section 2.4(c) (Letters of Credit).

“Letter of Credit Sublimit” means \$50,000,000.

“Letter of Credit Undrawn Amounts” means, at any time, the aggregate undrawn face amount of all Letters of Credit outstanding at such time.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, lien (statutory or other), security interest or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever intended to assure payment of any Indebtedness or the performance of any other obligation, including any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease and any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction naming the owner of the asset to which such Lien relates as debtor.

“Loan” means any loan made by any Lender pursuant to this Agreement.

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“Loan Agreement Refinancing Debt” means any (a) Refinancing Loans, (b) Permitted Pari Passu Refinancing Debt, (c) Permitted Junior Lien Refinancing Debt, or (d) Permitted Unsecured Refinancing Debt, in each case, issued, incurred or otherwise obtained (including by means of the extension or renewal of existing Indebtedness) in exchange for, or to extend, renew, replace or refinance, in whole or part, existing Term Loans (including any successive Refinancing Loans) (“Refinanced Debt”); provided, that (i) such exchanging, extending, renewing, replacing or refinancing Indebtedness is in an original aggregate principal amount not greater than the aggregate principal amount of the Refinanced Debt except by an amount equal to unpaid accrued interest and premium (including tender premium) thereon plus reasonable upfront fees and OID on such exchanging, extending, renewing, replacing or refinancing Indebtedness, plus other reasonable and customary fees and expenses in connection with such exchange, modification, refinancing, refunding, renewal, replacement or extension, (ii) such Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Refinanced Debt, (iii) the terms and conditions of such Indebtedness (except as otherwise provided in clause (ii) above and with respect to pricing, premiums and optional prepayment or redemption terms) are substantially identical to, or (taken as a whole) are no more favorable in any material respect to the lenders or holders providing such Indebtedness, than those applicable to the Refinanced Debt being refinanced (except for covenants or other provisions applicable only to periods after the Latest Maturity Date at the time of incurrence of such Indebtedness) (provided, that a certificate of a Responsible Officer delivered to the Administrative Agent at least five (5) Business Days prior to the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Borrower has determined in its good faith that such terms and conditions satisfy the requirement of this clause (iii) shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Administrative Agent notifies the Borrower within such five (5) Business Day period that it disagrees with such determination (including a description of the basis upon which it disagrees)), and (iv) such Refinanced Debt shall be repaid, defeased or satisfied and discharged, and all accrued interest, fees and premiums (if any) in connection therewith shall be paid, on the date such Loan Agreement Refinancing Debt is issued, incurred or obtained.

“Loan Documents” means, collectively, this Agreement, the Notes (if any), the Guaranty, the Fee Letter, each Letter of Credit Reimbursement Agreement, each Hedging Contract between any Loan Party and any Person that was a Lender or an Affiliate of a Lender at the time it entered into such Hedging Contract, each Cash Management Document, the Collateral Documents, each Junior Lien Intercreditor Agreement, each Senior Lien Intercreditor Agreement, the First Amendment and each certificate, agreement or document executed by a Loan Party and delivered to the Administrative Agent or any Lender in connection with or pursuant to any of the foregoing.

“Loan Party” means the Borrower, each Guarantor and each other Subsidiary of the Borrower that executes and delivers a Collateral Document or becomes a Guarantor.

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“Local GAAP” means, with respect to any Foreign Subsidiary, generally accepted accounting principles in the jurisdictions in which such Person is organized and its principal business operations are conducted, consistently applied.

“Mandatory Prepayment” has the meaning specified in Section 2.9(e) (Mandatory Prepayments).

“Material Adverse Change” means a material adverse change in any of (a) the condition (financial or otherwise), business, operations or properties of the Borrower and its Subsidiaries, taken as a whole, (b) the legality, validity or enforceability of any Loan Document, (c) the perfection or priority of the Liens granted pursuant to the Collateral Documents, (d) the ability of the Borrower to repay the Obligations or of the other Loan Parties to perform their respective obligations under the Loan Documents or (e) the rights and remedies of the Administrative Agent, the Lenders or the Issuers under the Loan Documents.



“*Material Adverse Effect*” means an effect that results in or causes, or could reasonably be expected to result in or cause, a Material Adverse Change.

“*Material Domestic Subsidiary*” means a Domestic Subsidiary of the Borrower that has assets or annual revenues in excess of 1.5% of the total assets or annual revenues of the Borrower and its Subsidiaries (in each case on a Consolidated basis with its Subsidiaries); *provided, however*, that the aggregate total assets or revenues of all such subsidiaries not designated as a “Material Domestic Subsidiary” (on a Consolidated basis with their Subsidiaries), shall not exceed 5% of the total assets or annual revenues of the Borrower and the Subsidiaries, taken as a whole.

“*MLPFS*” means Merrill Lynch, Pierce, Fenner and Smith Incorporated.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Mortgage Supporting Documents*” means, with respect to a Mortgage for a parcel of Real Property, each the following:

(a) (i) evidence in form and substance reasonably satisfactory to the Administrative Agent that the recording of counterparts of such Mortgage in the recording offices specified in such Mortgage will create a valid and enforceable first priority lien on property described therein in favor of the Administrative Agent for the benefit of the Secured Parties (or in favor of such other trustee as may be required or desired under local law) subject only to (A) Liens permitted under *Section 8.2 (Liens, Etc.)* and (B) such other Liens as the Administrative Agent may reasonably approve and (ii) an opinion of counsel in each state in which any such Mortgage is to be recorded in form and substance and from counsel reasonably satisfactory to the Administrative Agent;

(b) (i) a Mortgagee’s Title Insurance Policy dated a date reasonably satisfactory to the Administrative Agent, which shall (A) be in an amount not less than the appraised value (determined by reference to an appraisal) of such parcel of Real Property in form and substance satisfactory to the Administrative Agent, (B) be issued at ordinary rates, (C) insure that the Lien granted pursuant to the

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Mortgage insured thereby creates a valid first Lien on such parcel of Real Property free and clear of all defects and encumbrances, except for Liens permitted under *Section 8.2 (Liens, Etc.)* and for such defects and encumbrances as may be approved by the Administrative Agent, (D) name the Administrative Agent for the benefit of the Secured Parties as the insured thereunder, (E) be in the form of ALTA Loan Policy - 1992 (or such local equivalent thereof as is reasonably satisfactory to the Administrative Agent), (F) contain a comprehensive lender’s endorsement (including, but not limited to, a revolving credit endorsement and a floating rate endorsement), (G) be issued by Chicago Title Insurance Company, First American Title Insurance Company, Lawyers Title Insurance Corporation or any other title company reasonably satisfactory to the Administrative Agent (including any such title companies acting as co-insurers or reinsurers) and (H) be otherwise in form and substance reasonably satisfactory to the Administrative Agent, (ii) a copy of all documents referred to, or listed as exceptions to title, in such title policy (or policies) in each case in form and substance reasonably satisfactory to the Administrative Agent and (iii) such affidavits, certificates, information (including financial data) and instruments of indemnification (including a so-called “gap” indemnification) as shall be required to induce the title insurance company to issue the Mortgagee’s Title Insurance Policy and endorsements reasonably requested by Administrative Agent;

(c) copies of the most recent survey (if any) of such parcel of Real Property in the possession of the applicable Loan Party;

(d) evidence in form and substance reasonably satisfactory to the Administrative Agent that all premiums in respect of each Mortgagee’s Title Insurance Policy, all recording fees and stamp, documentary, intangible or mortgage taxes, if any, in connection with the Mortgage have been paid;

(e) if such parcel of Real Property is not used as a theatre for viewing movies, a Phase I environmental report with respect to such parcel of Real Property, dated a date not more than two years prior to the Closing Date, in form and substance reasonably satisfactory to the Administrative Agent;

(f) customary written opinions, addressed to the Administrative Agent and the Lenders, of local counsel to the Loan Parties in each jurisdiction (i) where a Mortgaged Real Property is located and (ii) where the applicable Loan Party granting the Mortgage on said Mortgaged Real Property is organized, regarding the due execution and delivery and enforceability of each such Mortgage, the corporate formation, existence and good standing of the applicable Loan Party, due execution, authorization, enforceability, perfection and such other matters as may be reasonably requested by the Administrative Agent, each in form and substance reasonably satisfactory to the Administrative Agent; and

(g) such other agreements, documents and instruments in form and substance reasonably satisfactory to the Administrative Agent as the Administrative

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Agent deems necessary or appropriate to create, register or otherwise perfect, maintain, evidence the existence, substance, form or validity of, or enforce a valid and enforceable first priority lien on such parcel of Real Property in favor of the Administrative Agent for the benefit of the Secured Parties (or in favor of such other trustee as may be required or desired under local law) subject only to (A) Liens permitted under *Section 8.2 (Liens, Etc.)* and (B) such other Liens as the Administrative Agent may reasonably approve.

“*Mortgaged Real Property*” means the Real Properties listed on *Schedule 1.1 (Mortgaged Real Property)* and any other Real Property of any Loan Party that becomes subject to a Mortgage in accordance with *Section 7.11 (Additional Collateral and Guaranties)*.

“*Mortgagee’s Title Insurance Policy*” means a mortgagee’s title policy (or policies) or marked-up unconditional binder (or binders) for such insurance (or other evidence reasonably acceptable to the Administrative Agent proving ownership thereof).

“*Mortgages*” means the mortgages, deeds of trust or other real estate security documents made or required herein to be made by the Borrower or any other Loan Party, each in form and substance reasonably satisfactory to the Administrative Agent.

“*Mult employer Plan*” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any of its Subsidiaries or any ERISA Affiliate has, or within the five (5) plan years preceding the date of this Agreement has had, any obligation to contribute.

“*Multiplex*” means any theatre owned by the Borrower or its Subsidiary which has ten or less screens for viewing movies.

“*Net Cash Proceeds*” means proceeds received by the Borrower or any of its Subsidiaries after the Closing Date in cash or Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, and casualty

insurance settlements and condemnation awards, but in each case only as and when received) from any (a) Asset Sale (other than an Asset Sale permitted under *Section 8.4(a), (c), (d), (e), (f) or (j) (Sale of Assets)*) or Property Loss Event, net of (i) the costs, fees and expenses actually incurred in connection therewith (including, without limitation, attorneys' fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, other customary expenses and brokerage, consultant and other customary fees), (ii) taxes paid or reasonably estimated to be payable as a result thereof, (iii) any amount required to be paid or prepaid on Indebtedness (other than the Obligations and any Loan Agreement Refinancing Debt) secured by the assets subject to such Asset Sale or Property Loss Event (including any associated premium or penalty), and (iv) any reserve for adjustment in respect of (x) the sale price of such asset or assets established in accordance with GAAP and (y) any liabilities associated with such asset or assets and retained by the Borrower or any of its Subsidiaries after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit

liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, with it being understood that "*Net Cash Proceeds*" shall include, without limitation, any cash or Cash Equivalents (1) received upon the Disposition of any non-cash consideration received by the Borrower or any of its Subsidiaries in any such Disposition and (2) upon the reversal (without the satisfaction of any applicable liabilities in cash in a corresponding amount) of any reserve described in *clause (iv)* above or, if such liabilities have not been satisfied in cash and such reserve not reversed within 365 days after such Asset Sale or Property Loss Event, the amount of such reserve; *provided, however*, that evidence of each of *clauses (i), (ii), (iii) and (iv)* above is provided to the Administrative Agent, or (b) any Debt Issuance, net of underwriting discounts, brokers' and advisors' fees and other costs and expenses incurred in connection with such transaction; *provided, however*, that evidence of such costs is provided to the Administrative Agent. For purposes of calculating the amount of Net Cash Proceeds received by any Foreign Subsidiary with respect to any Asset Sale or Property Loss Event, Net Cash Proceeds received by any Foreign Subsidiary that is not a Loan Party shall not include any cash payments received by such Foreign Subsidiary with respect to such Asset Sale or Property Loss Event until the later of (i) the first date that such Net Cash Proceeds may be repatriated (by reason of a repayment of an intercompany note or otherwise) to the United States without resulting in a material adverse tax consequence to Holdings and its Subsidiaries, or (ii) 270 days after the consummation of such Asset Sale or Property Loss Event, which date may be extended by the Administrative Agent, acting reasonably, from time to time.

"*Net Indebtedness*" means, with respect to any Person at any time, (i) the outstanding principal amount (or in the case of Indebtedness issued at discount, the accreted amount) of Indebtedness of such Person (determined on a Consolidated basis) as of such time *minus* (ii) cash and Cash Equivalents of such Person (determined on a Consolidated basis) at such time (other than any amount that constitutes a Cure Amount); *provided, however*, that, in determining the amount of Net Indebtedness of such Person for purposes of this definition, the amount of Indebtedness of such Person consisting of Revolving Loans and any other Indebtedness that consists of a revolving line of credit as of any date shall be deemed to be the aggregate outstanding principal amount thereof on the last day of each Fiscal Quarter ending during the four Fiscal Quarters most recently ended on or prior to such date, divided by four (4) (with the amount of Indebtedness under any revolving line of credit as of the end of any Fiscal Quarter prior to the Closing Date deemed to be \$0 for purposes of such calculation).

"*Net Senior Secured Indebtedness*" means, with respect to any Person, without duplication, all Net Indebtedness of such Person and its Subsidiaries, excluding any subordinated Indebtedness and other unsecured Indebtedness and any Capital Lease Obligation.

"*Net Senior Secured Leverage Ratio*" means, with respect to any Person, as of any date of determination, on a Pro Forma Basis, the ratio of (i) Net Senior Secured Indebtedness of such Person and its Subsidiaries as of such date to (ii) Annualized EBITDA for such Person and its Subsidiaries as of the four most recently ended Fiscal Quarters ended on or prior to such date.

"*New Incremental Notes*" has the meaning specified in *Section 2.19(d)(i) (Facility Increases)*.

"*New Incremental Revolving Commitments*" has the meaning specified in *Section 2.19(a) (Facility Increases)*.

"*New Incremental Loans*" has the meaning specified in *Section 2.19(a) (Facility Increases)*.

"*New Incremental Revolving Loans*" has the meaning specified in *Section 2.19(a) (Facility Increases)*.

"*New Incremental Term Loan*" has the meaning specified in *Section 2.19(a) (Facility Increases)*.

"*New Lender*" means, at any time, any bank, financial institution or other institutional lender or investor that, in any case, is not a Lender at such time and that agrees to provide any portion of any (a) New Incremental Loans pursuant to *Section 2.19 (Facility Increases)* or (b) Refinancing Loans pursuant to *Section 2.21 (Refinancing Transactions)*; *provided*, that each New Lender shall be reasonably acceptable to the Administrative Agent and, so long as no Event of Default under *Section 9.1(a), (b) or (f) (Events of Default)* shall have occurred and be continuing, the Borrower (which approvals shall not be unreasonably withheld or delayed).

"*New Project*" shall mean (x) each theatre or other project which is either a new theatre or a material expansion, renovation or other improvement of an existing theatre owned by the Borrower or the Subsidiaries which in fact commences operations and (y) each creation (in one or a series of related transactions) of a business unit to the extent such business unit commences operations or each material expansion or improvement (in one or a series of related transactions) of business into a new market.

"*Non-Consenting Lender*" has the meaning specified in *Section 11.1(c) (Amendments, Waivers, Etc.)*.

"*Non-Declining Lender*" has the meaning specified in *Section 2.9(e) (Mandatory Prepayments)*.

"*Non-Defaulting Lender*" means, at any time, a Lender that is not a Defaulting Lender.

"*Non-Recourse Indebtedness*" means Indebtedness as to which (i) neither the Borrower nor any of its Subsidiaries (a) provides credit support (including any undertaking, agreement or instrument which would constitute Indebtedness), (b) is directly or indirectly liable or (c) constitutes the lender (in each case, other than pursuant to and in compliance with *Section 8.3 (Investments)*) and (ii) no default with respect to such Indebtedness (including any rights which the holders thereof may have to take enforcement action against the relevant Unrestricted Subsidiary or its assets) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Borrower or its Subsidiaries (other than Non-Recourse Indebtedness) to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; *provided, however*, that notwithstanding the foregoing,

guaranties of Capital Lease Obligations of any Unrestricted Subsidiary relating to leased property in service outside the United States shall not cause such Capital Lease Obligations to not be Non-Recourse Indebtedness.

“*Note*” means any Revolving Note or Term Loan Note.

“*Note Refinancing Indebtedness*” means a Permitted Refinancing of the 2022 Subordinated Notes or the 2025 Subordinated Notes.

“*Notice of Borrowing*” has the meaning specified in *Section 2.2 (Borrowing Procedures)*.

“*Notice of Conversion or Continuation*” has the meaning specified in *Section 2.11 (Conversion/Continuation Option)*.

“*Notice of Intent to Cure*” has the meaning specified in *Section 6.1(c)*.

“*Obligations*” means the Loans, the Letter of Credit Obligations and all other amounts, obligations, covenants and duties owing by any Loan Party to any Agent, any Lender, any Issuer, any Affiliate of any of them or any Indemnitee, of every type and description (whether by reason of an extension of credit, opening or amendment of a letter of credit or payment of any draft drawn or other payment thereunder, loan, guaranty, indemnification, foreign exchange or currency swap transaction, interest rate hedging transaction or otherwise), present or future, arising under this Agreement, any other Loan Document (including Cash Management Documents and Hedging Contracts that are Loan Documents; *provided*, that the obligations of the Borrower or any Loan Party under any Cash Management Document or Hedging Contract shall be secured and guaranteed pursuant to the Collateral Documents only to the extent that, and for so long as, the other Obligations are so secured and guaranteed and, in the case of obligations under Hedging Contracts, such Obligations are not Excluded Swap Obligations), whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired and whether or not evidenced by any note, guaranty or other instrument or for the payment of money, including all letter of credit, cash management and other fees, interest, charges, expenses, attorneys’ fees and disbursements, Cash Management Obligations and other sums chargeable to the Borrower under this Agreement, any other Loan Document (including Cash Management Documents and Hedging Contracts that are Loan Documents) and all obligations of the Borrower under any Loan Document to provide cash collateral for any Letter of Credit Obligation.

“*Offered Amount*” has the meaning specified in *Section 2.8(e)(iv) (Optional Prepayments)*.

“*Offered Discount*” has the meaning specified in *Section 2.8(e)(iv) (Optional Prepayments)*.

“*Other Connection Taxes*” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received

payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“*Other Debt Representative*” means, with respect to any series of Permitted Pari Passu Refinancing Debt, Permitted Junior Lien Refinancing Debt, New Incremental Notes, Note Refinancing Indebtedness or other Indebtedness secured by Liens permitted by *Section 8.2(aa) (Liens, Etc.)*, as applicable, the trustee, administrative agent, collateral agent, security agent or similar agent under the indenture or agreement pursuant to which such Indebtedness is issued, incurred or otherwise obtained, as the case may be, and each of their successors in such capacities.

“*Other Taxes*” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to *Section 2.17 (b) (Mitigation Obligations; Substitution of Lenders)*).

“*Original Credit Agreement*” has the meaning set forth in the recitals hereto.

“*Original Lenders*” has the meaning set forth in the recitals hereto.

“*Original Term Loan*” has the meaning specified in *Section 2.1(b) (The Commitments)*.

“*Parent Company*” means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the Stock of such Lender.

“*Participant*” has the meaning specified in *Section 11.2(f) (Assignments and Participations)*.

“*Participant Register*” has the meaning specified in *Section 11.2(g) (Assignments and Participations)*.

“*Participating Lender*” has the meaning specified in *Section 2.8(e)(iii) (Optional Prepayments)*.

“*Patriot Act*” means the USA Patriot Act of 2001 (31 U.S.C. 5318 *et seq.*).

“*PBGC*” means the Pension Benefit Guaranty Corporation or any successor thereto.

“*Perfection Certificate*” means a perfection certificate in form and substance satisfactory to the Administrative Agent.

“*Permit*” means any permit, approval, authorization, license, variance or permission required from a Governmental Authority under an applicable Requirement of Law.

“*Permitted Acquisition*” means any Proposed Acquisition subject to the satisfaction of each of the following conditions:

(a) each applicable Loan Party and any such newly created or acquired Subsidiary shall, or will within the times specified therein, have complied with the requirements of *Section 7.11 (Additional Collateral and Guaranties)*;

(b) (i) immediately before and immediately after giving Pro Forma Effect to any such purchase or other acquisition, no Event of Default shall have occurred and be continuing and (ii) immediately after giving effect to such Proposed Acquisition, Holdings, the Borrower and its Subsidiaries shall be in Pro Forma Compliance with the covenant set forth in *Article V (Financial Covenant)*, such compliance to be determined on the basis of the financial information for the most recently ended Test Period as though such purchase or other acquisition had been consummated as of the first day of such Test Period and evidenced by a certificate from the Chief Financial Officer of the Borrower demonstrating such compliance calculation in reasonable detail; and

(c) the Borrower shall have delivered to the Administrative Agent, on behalf of the Lenders, no later than five (5) Business Days after the date on which any such Proposed Acquisition is consummated, a certificate of a Responsible Officer, in form and substance reasonably satisfactory to the Administrative Agent, certifying that all of the requirements set forth in this definition have been satisfied or will be satisfied on or prior to the consummation of such Proposed Acquisition.

“*Permitted Cure Security*” means equity securities of the Borrower or Holdings (a) having no mandatory redemption, repurchase, repayment or similar requirements prior to the date which occurs six months after the Latest Maturity Date and (b) that are not convertible into or exchangeable for (i) debt securities or (ii) any equity securities that have mandatory redemption, repurchase, repayment or similar requirements prior to the date which occurs six months after the Latest Maturity Date and, in each case, upon which any required dividends or distributions shall be payable in additional shares of such security only.

“*Permitted Holder*” means any member of the Wanda Group.

“*Permitted Junior Lien Refinancing Debt*” means any secured Indebtedness incurred by the Borrower; *provided*, that (i) such Indebtedness is secured by the Collateral on a junior priority basis (including in respect of the control of remedies) with the Obligations and is not secured by any property or assets other than the Collateral, (ii) such Indebtedness constitutes Loan Agreement Refinancing Debt, (iii) such Indebtedness does not mature or have scheduled amortization or scheduled payments of principal and is not subject to mandatory redemption, repurchase,

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prepayment or sinking fund obligation (other than customary offers to repurchase upon a change of control, asset sale or casualty event and customary acceleration rights after an event of default) prior to the date that is 91 days following the Latest Maturity Date at the time such Indebtedness is incurred, (iv) the security agreements relating to such Indebtedness are substantially the same as the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (v) such Indebtedness is not guaranteed by any Subsidiaries other than the Guarantors, (vi) immediately after giving effect thereto on a Pro Forma Basis and the use of any proceeds therefrom, no Event of Default shall exist or result therefrom and (vii) an Other Debt Representative acting on behalf of the holders of such Indebtedness shall have become party to or otherwise subject to the provisions of a Junior Lien Intercreditor Agreement; *provided*, that if such Indebtedness is the initial Permitted Junior Lien Refinancing Debt incurred by the Borrower, the Guarantors, the Administrative Agent and the Other Debt Representative for such Indebtedness shall have executed and delivered a Junior Lien Intercreditor Agreement. Permitted Junior Lien Refinancing Debt, if in the form of notes, will include any Registered Equivalent Notes issued in exchange therefor.

“*Permitted Pari Passu Refinancing Debt*” means any secured Indebtedness incurred by the Borrower in the form of one or more series of secured notes (but excluding, for the avoidance of doubt, Indebtedness in the form of loans); *provided*, that (i) such Indebtedness is secured by the Collateral on a pari passu basis (but without regard to the control of remedies) with the Obligations and is not secured by any property or assets other than the Collateral, (ii) such Indebtedness constitutes Loan Agreement Refinancing Debt, (iii) such Indebtedness does not mature or have scheduled amortization or scheduled payments of principal and is not subject to mandatory redemption, repurchase, prepayment or sinking fund obligation (other than customary offers to repurchase upon a change of control, asset sale or casualty event and customary acceleration rights after an event of default) prior to the date that is 91 days following the Latest Maturity Date at the time such Indebtedness is incurred, (iv) the security agreements relating to such Indebtedness are substantially the same as the Collateral Documents (with such differences as are reasonably satisfactory to the Administrative Agent), (v) such Indebtedness is not guaranteed by any Subsidiaries other than the Guarantors, (vi) immediately after giving effect thereto on a Pro Forma Basis and the use of any proceeds therefrom, no Event of Default shall exist or result therefrom and (vii) an Other Debt Representative acting on behalf of the holders of such Indebtedness shall have become party to or otherwise subject to the provisions of a Senior Intercreditor Agreement; *provided*, that if such Indebtedness is the initial Permitted Pari Passu Refinancing Debt incurred by the Borrower, then the Borrower, the Guarantors, the Administrative Agent and the Other Debt Representative for such Indebtedness shall have executed and delivered a Senior Intercreditor Agreement. Permitted Pari Passu Refinancing Debt will include any Registered Equivalent Notes issued in exchange therefor.

“*Permitted Refinancing*” means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; *provided, however*, that (a) the principal amount (or accreted value, if applicable)

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thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended, except by an amount equal to unpaid accrued interest and premium thereon *plus* other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such modification, refinancing, refunding, renewal or extension and by an amount equal to any existing commitments unutilized thereunder or as otherwise permitted pursuant to *Section 8.1 (Indebtedness)*, (b) such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended, (c) if the Indebtedness being modified, refinanced, refunded, renewed or extended is subordinated in right of payment to the Obligations, such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms at least as favorable (including, if applicable, with respect to Collateral) to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended, (d) the terms and conditions (including, if applicable, as to collateral except that Note Refinancing Indebtedness may be secured by a junior Lien as provided in *Section 8.2(aa)*) of any such modified, refinanced, refunded, renewed or extended Indebtedness are not materially less favorable to the Loan Parties, the Lenders or the Secured Parties than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended, (d) if the Indebtedness being modified, refinanced, refunded, renewed, replaced, exchanged or extended is secured by a junior-priority security interest in the Collateral such Indebtedness shall be subject to the provisions of a Junior Lien Intercreditor Agreement, (e) such modification, refinancing, refunding, renewal or extension is incurred by the Person who is the obligor on the Indebtedness being modified, refinanced, refunded, renewed or extended, and (f) at the time thereof, no Event of Default shall have occurred and be continuing.

“*Permitted Subordinated Indebtedness*” means any unsecured Indebtedness of the Borrower that (a) is expressly subordinated to the prior payment in full in cash of the Obligations on terms and conditions no less favorable to the Lenders than the terms and conditions set forth in the 2025 Subordinated Note Indenture, (b) will not mature prior to the date that is ninety-one (91) days after the Latest Maturity Date, (c) has no scheduled amortization or payments of principal prior to the Latest Maturity Date and (d) has covenant, default and remedy provisions no more restrictive, or mandatory prepayment, repurchase or redemption provisions no more onerous or expansive in scope, taken as a whole, than those set forth in the 2025 Subordinated Note Indenture.

“*Permitted Unsecured Refinancing Debt*” means any unsecured Indebtedness incurred by the Borrower in the form of one or more series of unsecured notes or loans; *provided*, that (i) such Indebtedness is not secured by any property or assets of the Borrower or any Subsidiary, (ii) such Indebtedness constitutes Loan Agreement Refinancing Debt, (iii) such Indebtedness does not mature or have scheduled amortization prior to the date that is 91 days following the Latest Maturity Date at the time such Indebtedness is incurred (other than customary offers to repurchase upon a

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change of control, asset sale or casualty event and customary acceleration rights after an event of default), and (iv) such Indebtedness is not guaranteed by any Subsidiaries other than the Guarantors.

“*Person*” means an individual, partnership, corporation (including a business trust), joint stock company, estate, trust, limited liability company, unincorporated association, joint venture or other entity or a Governmental Authority.

“*Pledge and Security Agreement*” means an agreement, in substantially the form of *Exhibit I (Form of Pledge and Security Agreement)*, executed by each Loan Party.

“*Pledged Debt Instruments*” has the meaning specified in the Pledge and Security Agreement.

“*Pledged Stock*” has the meaning specified in the Pledge and Security Agreement.

“*Pound Sterling*” means the lawful money of the United Kingdom.

“*Pro Forma Basis*,” “*Pro Forma Compliance*” or “*Pro Forma Effect*” means, for purposes of calculating compliance with any test under this Agreement in respect of any of the transactions referred to in *clauses (a) through (d)* of the definition of “*Annualized EBITDA*” or the incurrence or retirement of Indebtedness (any of the foregoing, together with any transactions related thereto or in connection therewith, the “*relevant transactions*”), such relevant transaction shall be treated as if such relevant transaction had occurred on the first day of the applicable Test Period; *provided, however*, that pro forma effect shall only be given to operating expense reductions or similar anticipated benefits from any transaction to the extent (a)(i) directly attributable to such transaction, (ii) expected to have a continuing impact on the Borrower and its Subsidiaries and (iii) factually supportable and (b) that such adjustments and the bases therefor are set forth in reasonable detail in a certificate of the Chief Financial Officer of the Borrower delivered to the Administrative Agent and dated the relevant date of determination and which certifies that the Borrower reasonably anticipates that such expense reductions or other benefits will be realized, or all necessary steps for the realization thereof taken, within twelve months following such date; *provided, further*, that any determination of Annualized EBITDA of an Annualized Project shall be as determined in good faith by the Borrower, the calculation of which shall be set forth in reasonable detail in a certificate of the Chief Financial Officer delivered to the Administrative Agent and dated the date of relevant determination; *provided, further*, that if any such Indebtedness being incurred or retired has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination.

“*Projections*” means those financial projections dated April 2013, covering the Fiscal Year ending in 2013 through the Fiscal Year ending 2014 inclusive, to be delivered to the Agents by the Borrower.

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“*Property Loss Event*” means (a) any loss of or damage to property of the Borrower or any of its Subsidiaries that results in the receipt by such Person of proceeds of insurance whose Dollar Equivalent exceeds (i) \$10,000,000 for a single transaction or series of transactions or (ii) \$30,000,000 in the aggregate in any Fiscal Year or (b) any taking of property of the Borrower or any of its Subsidiaries that results in the receipt by such Person of a compensation payment in respect thereof whose Dollar Equivalent exceeds (i) \$10,000,000 for a single transaction or series of transactions or (ii) \$30,000,000 in the aggregate in any Fiscal Year.

“*Proposed Acquisition*” means the proposed acquisition by the Borrower or any of its Subsidiaries of all or substantially all of the assets or Stock of any Proposed Acquisition Target, or the merger of any Proposed Acquisition Target with or into the Borrower or any Subsidiary of the Borrower (and, in the case of a merger with the Borrower, with the Borrower being the surviving corporation).

“*Proposed Acquisition Target*” means any Person or any operating division, branch, business unit or line of business of such Person subject to a Proposed Acquisition.

“*Public Company Compliance*” shall mean compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, the provisions of the Securities Act and the Exchange Act, and the rules of national securities exchange listed companies (in each case, as applicable to companies with equity or debt securities held by the public), including procuring directors’ and officers’ insurance, legal and other professional fees, and listing fees.

“*Purchasing Lender*” has the meaning specified in *Section 11.7 (Sharing of Payments, Etc.)*.

“*Qualified Stock*” means any Stock of any Person that is not Disqualified Stock.

“*Qualifying IPO*” means the issuance by Holdings or the Borrower of its common Stock in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act (whether alone or in connection with a secondary public offering).

“*Qualifying Lender*” has the meaning specified in *Section 2.8(e)(iv) (Optional Prepayments)*.

“*Quotation Day*” means, with respect to any Eurodollar Rate Borrowing and any Interest Period, the Business Day on which it is market practice in the London interbank market for the Administrative Agent to give quotations for deposits in Dollars for delivery on the first day of such Interest Period.

“*Ratable Portion*” or (other than in the expression “*equally and ratably*”) “*ratably*” means, with respect to any Lender, (a) with respect to the Revolving Credit Facility, the percentage obtained by dividing (i) the Revolving Credit Commitment of

such Lender by (ii) the aggregate Revolving Credit Commitments of all Lenders (or, at any time after the Revolving Credit Commitments have been terminated, the percentage obtained by dividing (x) the aggregate outstanding principal balance of the Revolving Credit Outstandings owing to such Lender by (y) the aggregate outstanding principal balance of the Revolving Credit Outstandings owing to all Lenders) and (b) with respect to the Term Loan Facility, the percentage obtained by dividing (i) the principal amount of such Lender's Loans by (ii) the aggregate Term Loans of all Lenders and in each case, when referring to the "Ratable Portion" within each Tranche, the percentage obtained by dividing the principal amount of such Lender's Loans in such Tranche by the aggregate Loans of all Lenders in such Tranche.

"*Real Property*" of any Person means the Land of such Person, together with the right, title and interest of such Person, if any, in and to the streets, the Land lying in the bed of any streets, roads or avenues, opened or proposed, in front of, the air space and development rights pertaining to the Land and the right to use such air space and development rights, all rights of way, privileges, liberties, tenements, hereditaments and appurtenances belonging or in any way appertaining thereto, all fixtures, all easements now or hereafter benefiting the Land and all royalties and rights appertaining to the use and enjoyment of the Land, including all alley, vault, drainage, mineral, water, oil and gas rights, together with all of the buildings and other improvements now or hereafter erected on the Land and any fixtures appurtenant thereto.

"*Recipient*" means (a) the relevant Agent, (b) any Lender and (c) any Issuer, as applicable.

"*Refinanced Debt*" has the meaning assigned to such term in the definition of "*Loan Agreement Refinancing Debt*".

"*Refinancing Loans*" means one or more Tranches of term loans incurred pursuant to *Section 2.21 (Refinancing Transactions)* and meeting the requirements set forth in the proviso in the definition of "*Loan Agreement Refinancing Debt*".

"*Register*" has the meaning specified in *Section 2.7(b)(i) (Evidence of Debt)*.

"*Registered Equivalent Notes*" means, with respect to any notes originally issued in a Rule 144A or other private placement transaction under the Securities Act, substantially identical notes (having the same guarantees) issued in a dollar-for-dollar exchange therefor pursuant to an exchange offer registered with the SEC.

"*Reimbursement Date*" has the meaning specified in *Section 2.4(h) (Letters of Credit)*.

"*Reimbursement Obligations*" means, as and when matured, the obligation of the Borrower to pay, on the date payment is made or scheduled to be made to the beneficiary under each such Letter of Credit (or at such other date as may be specified in the applicable Letter of Credit Reimbursement Agreement) and in the currency drawn (or in such other currency as may be specified in the applicable Letter of Credit Reimbursement Agreement), all amounts of each draft and other requests for payments drawn under Letters of Credit, and all other matured reimbursement or repayment

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obligations of the Borrower to any Issuer with respect to amounts drawn under Letters of Credit.

"*Related Obligations*" has the meaning specified in *Section 10.9 (Collateral Matters Relating to the Related Obligations)*.

"*Related Party*" means, with respect to any Person, such Person's Affiliates and such Person's and such Person's Affiliates' respective managers, administrators, trustees, members, partners, directors, officers, employees, agents, fund managers and advisors.

"*Release*" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration, in each case, of any Contaminant into the indoor or outdoor environment or into or out of any property, including the movement of Contaminants through or in the air, soil, surface water, ground water or property.

"*Remedial Action*" means all actions required pursuant to Environmental Law to (a) clean up, remove, treat or in any other way remediate any Contaminant in the indoor or outdoor environment, (b) reasonably prevent the Release or reasonably minimize the further Release so that a Contaminant does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"*Repricing Transaction*" means, with respect to any Tranche of Term Loans, the refinancing or repricing by the Borrower of the such Tranche of Term Loans (x) with the proceeds of any secured term loans incurred by the Borrower (including, without limitation, any Refinancing Loans or New Incremental Term Loans) or (y) in connection with any amendment to this Agreement, in either case, (i) having or resulting in an effective interest rate or weighted average yield (to be determined by the Administrative Agent, in consultation with the Borrower, consistent with generally accepted financial practice, after giving effect to margins, upfront or similar fees or original issue discount shared with all lenders or holders thereof, but excluding the effect of any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared with all lenders or holders thereof) as of the date of such refinancing that is, or could be by the express terms of such Indebtedness (and not by virtue of any fluctuation in any "base" rate), less than the Applicable Margin for, or weighted average yield (to be determined by the Administrative Agent, in consultation with Borrower, on the same basis) of the such Tranche of Term Loans as of the date of such refinancing or repricing and (ii) in the case of a refinancing of such Tranche of Term Loans, the proceeds of which are used to repay, in whole or in part, principal of outstanding Term Loans under such Tranche.

"*Required Prepayment Date*" has the meaning specified in *Section 2.9(e) (Mandatory Prepayments)*.

"*Requirement of Law*" means, with respect to any Person, the common law and all federal, state, local and foreign laws, treaties, rules and regulations, orders, judgments, decrees and other determinations of, concessions, grants, franchises, licenses

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and other Contractual Obligations with, any Governmental Authority or arbitrator, applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"*Requisite Lenders*" means, collectively, Lenders having more than fifty percent (50%) of the sum of the aggregate outstanding amount of the Revolving Credit Commitments (or, if the Revolving Credit Commitments have been terminated, the aggregate Revolving Credit Outstandings) and the principal amount of all Term Loans then outstanding. A Defaulting Lender or Affiliated Lender shall not be included in the calculation of "*Requisite Lenders*."

“*Requisite Revolving Credit Lenders*” means, collectively, Revolving Credit Lenders having more than fifty percent (50%) of the aggregate outstanding amount of the Revolving Credit Commitments (or, if the Revolving Credit Commitments have been terminated, the aggregate Revolving Credit Outstandings). A Defaulting Lender or Affiliated Lender shall not be included in the calculation of “*Requisite Revolving Credit Lenders*.”

“*Requisite Term Lenders*” means, collectively, Term Lenders having more than 50% of the principal amount of all Term Loans then outstanding. A Defaulting Lender or Affiliated Lender shall not be included in the calculation of “*Requisite Term Lenders*”.

“*Responsible Officer*” means, with respect to any Person, any of the principal executive officers, managing members or general partners of such Person but, in any event, with respect to financial matters, the chief financial officer, treasurer or controller of such Person.

“*Restricted Payment*” means (a) any dividend, distribution or any other payment whether direct or indirect, on account of any Stock or Stock Equivalent of the Borrower or any of its Subsidiaries now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Stock or Stock Equivalent of the Borrower or any of its Subsidiaries now or hereafter outstanding and (c) any redemption, prepayment, defeasement, repurchase or other satisfaction prior to the scheduled maturity of any Subordinated Debt, any other subordinated Indebtedness of the Borrower or any of its Subsidiaries or any Disqualified Stock, or the setting aside of any funds for any of the foregoing.

“*Revaluation Date*” means with respect to any Letter of Credit, each of the following: (a) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (b) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof, (c) each date of any payment by the applicable Issuer under any Letter of Credit denominated in an Alternative Currency and (d) such additional dates as the Administrative Agent or the applicable Issuer shall determine.

“*Revolving Credit Borrowing*” means Revolving Loans made on the same day by the Revolving Credit Lenders ratably according to their respective Revolving Credit Commitments.

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“*Revolving Credit Commitment*” means an Initial Revolving Credit Commitment, a New Incremental Revolving Commitment or an Extended Revolving Commitment, and “*Revolving Credit Commitments*” means all of them, collectively.

“*Revolving Credit Facility*” means the Revolving Credit Commitments and the provisions herein related to the Revolving Loans, Swing Loans and Letters of Credit.

“*Revolving Credit Lender*” means each Lender that (a) has a Revolving Credit Commitment, (b) holds a Revolving Loan or (c) participates in any Letter of Credit or Swing Loans.

“*Revolving Credit Outstandings*” means, at any particular time, the sum of (a) the principal amount of the Revolving Loans outstanding at such time and (b) the Letter of Credit Obligations outstanding at such time.

“*Revolving Credit Termination Date*” shall mean (a) with respect to the Initial Revolving Credit Facility, the Initial Revolving Credit Termination Date, (b) with respect to any New Incremental Revolving Commitments and New Incremental Revolving Loans, the final maturity date as specified in the applicable Incremental/Extended/Refinancing Amendment and (c) with respect to any Extended Revolving Commitments, the earliest of (i) the termination date set forth in the Extension Amendment, (ii) the date of termination of all of the Revolving Credit Commitments pursuant to *Section 2.5 (Reduction and Termination of the Commitments)* and (iii) the date on which the Obligations payable under this Agreement become due and payable, whether by acceleration or otherwise.

“*Revolving Loan*” means each of the Initial Revolving Loans, New Incremental Revolving Loan or Extended Revolving Loans, as the context may require, and the Swing Loans.

“*Revolving Note*” means a promissory note of the Borrower payable to the order of any Revolving Credit Lender in a principal amount equal to the amount of such Lender’s Revolving Credit Commitment or evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from the Revolving Loans owing to such Revolving Credit Lender.

“*S&P*” means Standard & Poor’s Financial Services LLC.

“*SAR*” means any stock appreciation rights or similar phantom stock rights.

“*Sarbanes-Oxley Act*” means the United States Sarbanes-Oxley Act of 2002.

“*Screen Rate*” has the meaning assigned to such term in the definition of “Eurodollar Base Rate.”

“*SEC*” means the Securities and Exchange Commission.

“*Secured Parties*” means the Lenders, the Issuers, the Agents, each Indemnitee and any other holder of any Obligation.

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“*Securities Account*” has the meaning given to such term in the UCC.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Security*” means any Stock, Stock Equivalent, voting trust certificate, bond, debenture, note or other evidence of Indebtedness, whether secured, unsecured, convertible or subordinated, or any certificate of interest, share or participation in, any temporary or interim certificate for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing, but shall not include any evidence of the Obligations.

“*Selling Lender*” has the meaning specified in *Section 11.7 (Sharing of Payments, Etc.)*.

“*Senior Indebtedness*” means with respect to any Person, without duplication, all Indebtedness of such Person and its Subsidiaries (determined on a Consolidated basis); *provided, however*, that Senior Indebtedness will not include: (a) any obligation of the Borrower to any Subsidiary or any obligation of a Subsidiary to the Borrower or another Subsidiary, (b) any liability for Federal, state, foreign, local or other taxes owed or owing by the Borrower or any of its Subsidiaries, (c) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities), (d) any Indebtedness, guarantee or obligation of the Borrower or any of its Subsidiaries that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of the Borrower or any of its Subsidiaries, as the case may be, or (e) any Stock.

“*Senior Intercreditor Agreement*” means a “*pari passu*” intercreditor agreement among the Administrative Agent and one or more Other Debt Representatives for holders of Permitted Pari Passu Refinancing Debt or New Incremental Notes, as applicable, in each case, on reasonable and customary terms and in form and substance reasonably satisfactory to the Administrative Agent and the Borrower.

“*Senior Leverage Ratio*” means, as of any date of determination, on a Pro Forma Basis, the ratio of (i) Senior Indebtedness of the Borrower and its Subsidiaries as of such date to (ii) Annualized EBITDA for the Borrower and its Subsidiaries for the most recently ended Test Period.

“*Senior Secured Indebtedness*” means, with respect to any Person at any time, without duplication, the outstanding principal amount (or in the case of Indebtedness issued at discount, the accreted amount) of Indebtedness of such Person and its Subsidiaries (determined on a Consolidated basis) as of such time, excluding any subordinated Indebtedness and other unsecured Indebtedness and any Capital Lease Obligation; *provided, however*, that, in determining the amount of Indebtedness of such Person for purposes of this definition, the amount of Indebtedness of such Person consisting of Revolving Loans and any other Indebtedness that consists of a revolving line of credit as of any date shall be deemed to be the aggregate outstanding principal amount thereof on the last day of each fiscal quarter ending during the four Fiscal Quarters most recently ended on or prior to such date, divided by four (4).

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“*Significant Subsidiary*” means any Subsidiary that would be a “*Significant Subsidiary*” of the Borrower within the meaning of Rule 1-02 under Regulation S-X under the Securities Act.

“*Solicited Discount Proration*” has the meaning specified in *Section 2.8(e)(iv) (Optional Prepayments)*.

“*Solicited Discounted Prepayment Amount*” has the meaning specified in *Section 2.8(e)(iv) (Optional Prepayments)*.

“*Solicited Discounted Prepayment Notice*” means a written notice of the Borrower of Solicited Discounted Prepayment Offers made pursuant to *Section 2.8(e)(iv) (Optional Prepayments)* substantially in the form of *Exhibit Q (Form of Solicited Discounted Prepayment Notice)*.

“*Solicited Discounted Prepayment Offer*” means the irrevocable written offer by each Lender, substantially in the form of *Exhibit P (Form of Solicited Discounted Prepayment Offer)*, submitted following the Administrative Agent’s receipt of a Solicited Discounted Prepayment Notice.

“*Solicited Discounted Prepayment Response Date*” has the meaning specified in *Section 2.8(e)(iv) (Optional Prepayments)*.

“*Solvent*” means, with respect to any Person as of any date of determination, that, as of such date, (a) the value of the assets of such Person (both at fair value and present fair saleable value) is greater than the total amount of liabilities (including contingent and unliquidated liabilities) of such Person, (b) such Person is able to pay all liabilities of such Person as such liabilities mature and (c) such Person does not have unreasonably small capital. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities shall be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“*Special Purpose Vehicle*” means any special purpose funding vehicle identified as such in writing by any Lender to the Administrative Agent.

“*Specified Discount*” has the meaning specified in *Section 2.8(e)(ii)(A) (Optional Prepayments)*.

“*Specified Discounted Prepayment Amount*” has the meaning specified in *Section 2.8(e)(ii)(A) (Optional Prepayments)*.

“*Specified Discounted Prepayment Notice*” means a written notice of the Borrower Offer of Specified Discounted Prepayment made pursuant to *Section 2.8(e)(ii) (Optional Prepayments)* substantially in the form of *Exhibit N (Form of Specified Discounted Prepayment Notice)*.

“*Specified Discounted Prepayment Response*” means the irrevocable written response by each Lender, substantially in the form of *Exhibit O (Form of Specified Discounted Prepayment Response)*, to a Specified Discounted Prepayment Notice.

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“*Specified Discounted Prepayment Response Date*” has the meaning specified in *Section 2.8(e)(ii)(A) (Optional Prepayments)*.

“*Specified Discount Proration*” has the meaning specified in *Section 2.8(e)(ii)(C) (Optional Prepayments)*.

“*Spot Rate*” for a currency means the rate determined by the Administrative Agent or the applicable Issuer, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. (New York time) on the date two Business Days prior to the date as of which the foreign exchange computation is made; *provided*, that the Administrative Agent or the applicable Issuer may obtain such spot rate from another financial institution designated by the Administrative Agent or the applicable Issuer if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; *provided, further*, that the applicable Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in an Alternative Currency.

“*Standby Letter of Credit*” means any Letter of Credit that is not a Documentary Letter of Credit.

“*Stock*” means shares of capital stock (whether denominated as common stock or preferred stock), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity, whether voting or non-voting.



“*Stock Equivalents*” means all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable.

“*Submitted Amount*” has the meaning specified in *Section 2.8(e)(iii) (Optional Prepayments)*.

“*Submitted Discount*” has the meaning specified in *Section 2.8(e)(iii) (Optional Prepayments)*.

“*Subordinated Debt*” means the 2022 Subordinated Notes, the 2025 Subordinated Notes and any Permitted Subordinated Indebtedness.

“*Subsidiary*” of any Person means (i) any corporation which more than 50% of the outstanding shares of Stock of which having ordinary voting power for the election of directors is owned directly or indirectly by such Person, and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person, directly or indirectly, has more than a 50% equity interest, and, except as otherwise indicated herein, references to Subsidiaries shall refer to Subsidiaries of the Borrower. Notwithstanding the foregoing, for purposes of this Agreement, an Unrestricted Subsidiary shall not be deemed a Subsidiary of the Borrower, other than for purposes of the definition of “*Unrestricted Subsidiary*” and *Sections 4.3(a) (Subsidiaries; Borrower Information)*, *4.17 (Environmental Matters)* and *7.10 (Environmental)*, unless

the Borrower shall have designated in writing to the Administrative Agent an Unrestricted Subsidiary as a Subsidiary.

“*Substitute Institution*” has the meaning specified in *Section 2.17(b) (Mitigation Obligations; Substitution of Lenders)*.

“*Substitution Notice*” has the meaning specified in *Section 2.17(b) (Mitigation Obligations; Substitution of Lenders)*.

“*Swap Obligation*” means, with respect to any Guarantor, any obligation to pay or perform any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“*Swing Lender*” means Citicorp or any other Revolving Credit Lender that becomes the Administrative Agent or agrees, with the approval of the Administrative Agent and the Borrower, to act as the Swing Lender hereunder, in each case in its capacity, as the Swing Lender hereunder.

“*Swing Loan*” has the meaning specified in *Section 2.3 (Swing Loans)*.

“*Swing Loan Request*” has the meaning specified in *Section 2.3(b) (Swing Loans)*.

“*Swing Loan Sublimit*” means \$20,000,000.

“*Swiss Franc*” means the lawful money of Switzerland.

“*Syndication Agent*” means BofA in its capacity as syndication agent under this Agreement.

“*Tax Affiliate*” means, with respect to any Person, (a) any Subsidiary of such Person and (b) any Affiliate of such Person with which such Person files or is required to file consolidated, combined or unitary tax returns.

“*Tax Return*” has the meaning specified in *Section 4.8(a) (Taxes)*.

“*Taxes*” means any and all present or future taxes, levies, imposts, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Term Commitment*” means, with respect to each Term Lender, (i) its obligation to make Original Term Loans to the Borrower on the Closing Date pursuant to *Section 2.1(b) (The Commitments)* in an aggregate principal amount not to exceed the amount set forth opposite such Term Lender’s name on *Schedule I (Commitments)* (as in effect on the Closing Date) under the caption “Term Loan Commitment”, (ii) the commitment of such Lender to make 2015 Incremental Term Loans to the Borrower on the First Amendment Effective Date pursuant to *Section 2(a)* of the First Amendment and *Section 2.1(b) (The Commitments)* in an aggregate principal amount not to exceed the amount set forth opposite such Lender’s name on *Schedule I (Commitments)* (as in effect on the First Amendment Effective Date) under the caption “2015 Incremental Term Commitment” and (iii) any obligation after the First Amendment Effective Date to make

New Incremental Term Loans, Extended Term Loans or Refinancing Loans under this Agreement, as applicable, in each case, as amended to reflect each Assignment and Acceptance executed by such Term Lender. For all purposes hereunder, from and after the First Amendment Effective Date, each reference to a “Term Commitment” in this Agreement and in the Loan Documents shall be deemed to include the commitments to make the 2015 Incremental Term Loans.

“*Term Lender*” means each Lender that holds a Term Loan.

“*Term Loans*” means Original Term Loans, 2015 Incremental Term Loans, New Incremental Term Loans, Extended Term Loans or Refinancing Loans, as the context may require. For all purposes hereunder, from and after the First Amendment Effective Date, each reference to a “Term Loans” in this Agreement and in the Loan Documents shall be deemed to include the 2015 Incremental Term Loan, which, for the avoidance of doubt, constitutes a single “class” and a single Term Loan Tranche with the Initial Term Loans.

“*Term Loan Borrowing*” means a borrowing consisting of Term Loans made by the Term Lenders.

“*Term Loan Facility*” means the provisions herein related to the Term Loans.

“*Term Loan Note*” means a promissory note of the Borrower payable to the order of any Term Lender in a principal amount equal to the amount of the Term Loan owing to such Lender.

“*Test Period*” means, for any determination under this Agreement, the period of four consecutive Fiscal Quarters of the Borrower then last ended and for which Financial Statements have been delivered to the Administrative Agent pursuant to *Section 6.1(a) or (b) (Financial Statements)*, as applicable.

“*Title IV Plan*” means a pension plan, other than a Multiemployer Plan, subject to Title IV of ERISA and that is sponsored or maintained by the Borrower or any of its Subsidiaries or any ERISA Affiliate or to which the Borrower or any of its Subsidiaries or any ERISA Affiliate has, or within the five (5) plan years preceding the date of this Agreement has had, any obligation to contribute.

“*Tranche*” means (a) with respect to Term Loans or commitments, refers to whether such Term Loans or commitments are (i) Initial Term Loans or Term Commitments, (ii) New Incremental Term Loans, (iii) Extended Term Loans or (iv) Refinancing Loans, in each case, with the same terms and conditions and made or extended on the same day and (b) with respect to Revolving Loans or commitments, refers to whether such Revolving Loans or commitments are (i) Initial Revolving Credit Commitments or Initial Revolving Loans, (ii) New Incremental Revolving Commitments or New Incremental Revolving Loans or (iii) Extended Revolving Loans or Extended Revolving Commitments, in each case, with the same terms and conditions and made, established or extended on the same day.

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“*Transactions*” shall mean, collectively, refinancing of the Existing Credit Agreement pursuant to the Original Credit Agreement and all other transactions consummated under the Loan Documents.

“*Type*” means, with respect to a Loan, whether such Loan is a Base Rate Loan or a Eurodollar Rate Loan.

“*UCC*” has the meaning specified in the Pledge and Security Agreement.

“*Unrestricted Subsidiary*” means a Subsidiary of the Borrower designated in writing to the Administrative Agent (i) whose properties and assets, to the extent they secure any Indebtedness at any time, secure only Non-Recourse Indebtedness and (ii) that has no (nor will have any) Indebtedness other than Non-Recourse Indebtedness. Notwithstanding the foregoing, no Subsidiary may be designated an Unrestricted Subsidiary by the Borrower if at the time of such designation it is a Significant Subsidiary. As of the First Amendment Effective Date, each Unrestricted Subsidiary is set forth on *Schedule 4.3(a)*.

“*Unused Commitment Fee*” has the meaning specified in *Section 2.12(a) (Fees)*.

“*Voting Stock*” means Stock of any Person having ordinary power to vote in the election of members of the board of directors, managers, trustees or other controlling Persons, of such Person (irrespective of whether, at the time, Stock of any other class or classes of such entity shall have or might have voting power by reason of the happening of any contingency).

“*Wanda*” means Dalian Wanda Group Co., Ltd., a Chinese private conglomerate.

“*Wanda Group*” means Wanda and any Affiliate of Wanda.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“*Wholly-Owned Subsidiary*” of any Person means any Subsidiary of such Person, all of the Stock of which (other than director’s qualifying shares or as may be required by law) is owned by such Person, either directly or indirectly through one or more Wholly-Owned Subsidiaries of such Person.

“*Withdrawal Liability*” means, with respect to the Borrower or any of its Subsidiaries at any time, the aggregate liability incurred (whether or not assessed) with respect to all Multiemployer Plans pursuant to Section 4201 of ERISA or for increases in contributions required to be made pursuant to Section 4243 of ERISA.

“*Withholding Agent*” means the Borrower and the Administrative Agent.

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“*Working Capital*” means, for any Person at any date, the amount, if any, by which the Consolidated Current Assets of such Person at such date exceeds the Consolidated Current Liabilities of such Person at such date.

“*2015 Incremental Lenders*” means Lenders providing the 2015 Incremental Term Loans on the First Amendment Effective Date.

“*2015 Incremental Term Loans*” means New Incremental Term Loans in an aggregate principal amount of \$125,000,000 made by the 2015 Incremental Lenders on the First Amendment Effective Date pursuant to the terms of the First Amendment.

“*2022 Subordinated Notes*” means the Borrower’s 5.875% Senior Subordinated Notes due 2022 issued pursuant to the 2022 Subordinated Note Indenture in the original principal amount of \$375,000,000 and any additional notes issued pursuant to the 2022 Subordinated Note Indenture which have terms (other than interest rate, issuance price, issuance date, series and title) which are the same as the 2022 Subordinated Note Indenture.

“*2022 Subordinated Note Indenture*” means the Indenture dated as of February 7, 2014 pursuant to which the 2021 Subordinated Notes were issued between the Borrower, the guarantors party thereto and U.S. Bank National Association, as the initial trustee, as amended, supplemented or otherwise modified and in effect from time to time in accordance with *Section 8.10 (Modification of Debt Agreements)*.

“*2025 Subordinated Notes*” means the Borrower’s 5.75% Senior Subordinated Notes due 2025 issued pursuant to the 2025 Subordinated Note Indenture in the original principal amount of \$600,000,000 and any additional notes issued pursuant to the 2025 Subordinated Note Indenture which have terms (other than interest rate, issuance price, issuance date, series and title) which are the same as the 2025 Subordinated Note Indenture.

“*2025 Subordinated Note Indenture*” means the Indenture dated as of June 5, 2015 pursuant to which the 2025 Subordinated Notes were issued between the Borrower, the guarantors party thereto and U.S. Bank National Association, as the initial trustee, as amended, supplemented or otherwise modified and in effect from time to time in accordance with *Section 8.10 (Modification of Debt Agreements)*.

### Section 1.2 Computation of Time Periods

In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding” and the word “through” means “to and including.”

### Section 1.3 Accounting Terms and Principles

(a) Except as set forth below, all accounting terms not specifically defined herein shall be construed in conformity with GAAP and all accounting determinations required to be made pursuant hereto (including for purpose of measuring

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compliance with *Article V (Financial Covenant)*) shall, unless expressly otherwise provided herein, be made in conformity with GAAP.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement, and either the Borrower or the Administrative Agent shall so request, the Administrative Agent and the Borrower shall negotiate in good faith to amend such ratio or requirement so as to equitably reflect such change in GAAP with the desired result that the criteria for evaluating the Borrower’s financial condition shall be the same after such change in GAAP as if such change in GAAP had not been made (subject to the approval of the Requisite Lenders); *provided, however*, that, (i) until so amended, (A) such ratio or requirement shall continue to be computed in accordance with GAAP, as applicable, prior to such change therein and (B) the Borrower shall provide to the Administrative Agent and the Lenders a written reconciliation, in form and substance reasonably satisfactory to the Administrative Agent, between calculations of such ratio or requirement made before and after giving effect to such change in GAAP and (ii) for the avoidance of doubt, (A) the amount of any Capital Lease Obligation shall at all times be calculated in accordance with the definition of that term, and (B) notwithstanding any changes in GAAP after the Closing Date, any lease of the Borrower or the Subsidiaries that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness or a Capital Lease Obligation under this Agreement or any other Loan Document as a result of such changes in GAAP.

(c) For purposes of making all financial calculations to determine compliance with *Article V (Financial Covenant)* and any other financial ratio hereunder, all components of such calculations shall be adjusted to include or exclude, as the case may be, without duplication, such components of such calculations attributable to any business or assets that have been acquired by the Borrower or any of its Subsidiaries (including through Permitted Acquisitions) after the first day of the applicable period of determination and prior to the end of such period, as determined in good faith by the Borrower on a Pro Forma Basis. For the avoidance of doubt, when determining Pro Forma Compliance with *Article V (Financial Covenant)* for purposes of any ratio test set forth in the definition of “Permitted Acquisition” or *Article VIII (Negative Covenants)*, the test set forth in *Article V (Financial Covenant)* shall apply regardless of whether any Revolving Credit Commitment remains outstanding on the relevant test date.

### Section 1.4 Conversion of Foreign Currencies

(a) *Indebtedness.* Indebtedness denominated in any currency other than Dollars shall be calculated using the Dollar Equivalent thereof as of the date of the Financial Statements on which such Indebtedness is reflected; *provided*, that if any basket is exceeded solely as a result of fluctuations in applicable currency exchange rates after the last time such basket was utilized, such basket will not be deemed to have been exceeded solely as a result of such fluctuations in currency exchange rates.

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(b) *Dollar Equivalents.* The Administrative Agent or the applicable Issuer, as applicable, shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Letters of Credit denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the applicable Issuer, as applicable. The Administrative Agent may, but shall not be obligated to, rely on any determination of the Dollar Equivalent of any amount made by any Loan Party in any document delivered to the Administrative Agent.

(c) *Rounding-Off.* The Administrative Agent may set up appropriate rounding off mechanisms or otherwise round-off amounts hereunder to the nearest higher or lower amount in whole Dollar or cent to ensure amounts owing by any party hereunder or that otherwise need to be calculated or converted hereunder are expressed in whole Dollars or in whole cents, as may be necessary or appropriate.

### Section 1.5 Certain Terms

(a) The terms “*herein*,” “*hereof*,” “*hereto*” and “*hereunder*” and similar terms refer to this Agreement as a whole and not to any particular Article, Section, subsection or clause in, this Agreement.

(b) Unless otherwise expressly indicated herein, (i) references in this Agreement to an Exhibit, Schedule, Article, Section, clause or sub-clause refer to the appropriate Exhibit or Schedule to, or Article, Section, clause or sub-clause in this Agreement and (ii) the words “*above*” and “*below*”, when following a reference to a clause or a sub-clause of any Loan Document, refer to a clause or sub-clause within, respectively, the same Section or clause.

(c) Each agreement defined in this *Article I* shall include all appendices, exhibits and schedules thereto. Unless the prior written consent of the Requisite Lenders is required hereunder for an amendment, restatement, supplement or other modification to any such agreement and such consent is not obtained, references in this Agreement to such agreement shall be to such agreement as so amended, restated, supplemented or modified.

(d) References in this Agreement to any statute shall be to such statute as amended or modified from time to time and to any successor legislation thereto, in each case as in effect at the time any such reference is operative.

(e) The term “*including*” when used in any Loan Document means “*including without limitation*” except when used in the computation of time periods.

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(f) The terms “*Lender*,” “*Issuer*,” and “*Administrative Agent*” include, without limitation, their respective successors.

(g) Upon the appointment of any successor Administrative Agent pursuant to *Section 10.7 (Successor Administrative Agent)*, references to Citicorp in *Section 10.4 (Each Agent Individually)* and to Citibank in the definitions of Base Rate, Dollar Equivalent and Eurodollar Base Rate shall be deemed to refer to the financial institution then acting as the Administrative Agent or one of its Affiliates if it so designates.

## ARTICLE II

### THE FACILITIES

#### *Section 2.1 The Commitments*

(a) *Revolving Credit Commitments.* On the terms and subject to the conditions contained in this Agreement, each Revolving Credit Lender severally agrees to make loans in Dollars (each an “*Initial Revolving Loan*”) to the Borrower from time to time on any Business Day during the period from the Closing Date until the Revolving Credit Termination Date in an aggregate principal amount at any time outstanding for all such loans by such Revolving Credit Lender not to exceed such Revolving Credit Lender’s Revolving Credit Commitment; *provided, however*, that at no time shall any Revolving Credit Lender be obligated to make a Revolving Loan in excess of such Revolving Credit Lender’s Ratable Portion of the Available Credit. Within the limits of the Revolving Credit Commitment of each Revolving Credit Lender and the Available Credit, amounts of Revolving Loans repaid may be reborrowed by the Borrower under this *Section 2.1*.

(b) *Term Commitments.* On the Closing Date, the Original Lenders made Term Loans to the Borrower in an aggregate principal amount equal to their Term Commitment on the Closing Date (each, an “*Original Term Loan*”). On the terms and subject to the conditions contained in the First Amendment, each 2015 Incremental Lender severally agrees to make a 2015 Incremental Term Loan in Dollars (each, together with each Original Term Loan, an “*Initial Term Loan*”) to the Borrower on the First Amendment Effective Date, in an amount not to exceed such Term Lender’s Term Commitment on the First Amendment Effective Date. Amounts of Term Loans repaid or prepaid may not be reborrowed.

#### *Section 2.2 Borrowing Procedures*

(a) *Borrowings.*

(i) Each Revolving Credit Borrowing shall be made on notice given by the Borrower to the Administrative Agent not later than 1:00 p.m. (New York time) (i) one Business Day, in the case of a Borrowing of Base Rate Loans

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and (ii) three Business Days, in the case of a Borrowing of Eurodollar Rate Loans, prior to the date of the proposed Borrowing. Each such notice shall be in substantially the form of *Exhibit C (Form of Notice of Borrowing)* (a “*Notice of Borrowing*”), specifying (A) the date of such proposed Borrowing, (B) the aggregate amount of such proposed Borrowing, (C) whether any portion of the proposed Borrowing will be of Base Rate Loans or Eurodollar Rate Loans and (D) for each Eurodollar Rate Loan, the initial Interest Period or Periods thereof. Loans shall be made as Base Rate Loans unless, subject to *Section 2.14 (Special Provisions Governing Eurodollar Rate Loans)*, the Notice of Borrowing specifies that all or a portion thereof shall be Eurodollar Rate Loans. Notwithstanding anything to the contrary contained in *Section 2.3(a) (Swing Loans)*, if any Notice of Borrowing requests a Revolving Credit Borrowing of Base Rate Loans, the Administrative Agent may make a Swing Loan available to the Borrower in an aggregate amount not to exceed such proposed Borrowing, and the aggregate amount of the corresponding proposed Borrowing shall be reduced accordingly by the principal amount of such Swing Loan. Each Revolving Credit Borrowing shall be in an aggregate amount of not less than \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(ii) The Administrative Agent shall give to each Revolving Credit Lender prompt notice of the Administrative Agent’s receipt of a Notice of Borrowing with respect to Revolving Credit Borrowings and, if Eurodollar Rate Loans are properly requested in such Notice of Borrowing, the applicable interest rate determined pursuant to *Section 2.14(a) (Determination of Interest Rate)*. Each Lender shall, before 11:00 am. (New York time) on the date of the proposed Borrowing, make available to the Administrative Agent at its address referred to in *Section 11.8 (Notices, Etc.)*, in immediately available funds, such Lender’s Ratable Portion of such proposed Borrowing. Upon fulfillment (or due waiver in accordance with *Section 11.1 (Amendments, Waivers, Etc.)*) (A) on the Closing Date, of the applicable conditions set forth *Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit)*, (B) on the First Amendment Effective Date, of the applicable conditions set forth in *Section 3* of the First Amendment and (C) at any time (including the Closing Date and the First Amendment Effective Date), of the applicable conditions set forth in *Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit)*, and after the Administrative Agent’s receipt of such funds, the Administrative Agent shall make such funds available to the Borrower.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any proposed Borrowing that such Lender will not make available to the Administrative Agent such Lender’s Ratable Portion of such Borrowing (or any portion thereof), the Administrative Agent may assume that such Lender has made such Ratable Portion available to the Administrative Agent on the date of such Borrowing in accordance with this *Section 2.2* and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such

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Ratable Portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate for the first Business Day and thereafter at the interest rate applicable at the time to the Loans comprising such Borrowing. If such Lender shall repay to the Administrative Agent such corresponding amount, such corresponding amount so repaid shall constitute such Lender’s Loan as part of such Borrowing for purposes of this Agreement. If the Borrower shall repay to the Administrative Agent such corresponding amount, such payment shall not relieve such Lender of any obligation it may have hereunder to the Borrower.

(c) The occurrence of any Revolving Credit Lender becoming a Defaulting Lender shall not relieve any other Revolving Credit Lender of its obligations to make such Revolving Loan or payment on such date but no such other Revolving Credit Lender shall be responsible for the failure of any Defaulting Lender to make a Loan or a payment required under this Agreement.

#### *Section 2.3 Swing Loans*

(a) *Swing Loans*. On the terms and subject to the conditions contained in this Agreement, the Swing Lender shall make loans in Dollars (each a “*Swing Loan*”) otherwise available to the Borrower under the Revolving Credit Facility from time to time on any Business Day during the period from Closing Date until the Revolving Credit Termination Date in an aggregate principal amount at any time outstanding (together with the aggregate outstanding principal amount of any other Loan made by the Swing Lender hereunder in its capacity as a Lender or the Swing Lender) not to exceed the Swing Loan Sublimit; *provided, however*, that at no time shall the Swing Lender make any Swing Loan to the extent that, after giving effect to such Swing Loan, the aggregate Revolving Credit Outstandings would exceed the Revolving Credit Commitments in effect at such time. Each Swing Loan shall be a Base Rate Loan and must be repaid in full within seven days after its making or, if sooner, upon any Revolving Credit Borrowing hereunder and shall in any event mature no later than the Revolving Credit Termination Date. Within the limits set forth in the first sentence of this *clause (a)*, amounts of Swing Loans repaid may be reborrowed under this *clause (a)*.

(b) In order to request a Swing Loan, the Borrower shall telecopy (or forward by electronic mail or similar means) to the Administrative Agent a duly completed request in substantially the form of *Exhibit D (Form of Swing Loan Request)* (a “*Swing Loan Request*”), setting forth the requested amount and date of such Swing Loan, to be received by the Administrative Agent not later than 1:00 p.m. (New York time) on the day of the proposed borrowing. The Administrative Agent shall promptly notify the Swing Lender of the details of the requested Swing Loan. Subject to the terms of this Agreement, the Swing Lender may make a Swing Loan available to the

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Administrative Agent and, in turn, the Administrative Agent shall make such amounts available to the Borrower on the date of the relevant Swing Loan Request. The Swing Lender shall not make any Swing Loan in the period commencing on the first Business Day after it receives written notice from the Administrative Agent or any Revolving Credit Lender that one or more of the conditions precedent contained in *Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit)* shall not on such date be satisfied, and ending when such conditions are satisfied. The Swing Lender shall not otherwise be required to determine that, or take notice whether, the conditions precedent set forth in *Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit)* have been satisfied in connection with the making of any Swing Loan.

(c) The Swing Lender shall notify the Administrative Agent in writing (which writing may be a telecopy or electronic mail) weekly, by no later than 10:00 a.m. (New York time) on the first Business Day of each week, of the aggregate principal amount of its Swing Loans then outstanding.

(d) The Swing Lender may demand at any time that each Revolving Credit Lender pay to the Administrative Agent, for the account of the Swing Lender, in the manner provided in *clause (e)* below, such Revolving Credit Lender’s Ratable Portion of all or a portion of the applicable Swing Loans then outstanding, which demand shall be made through the Administrative Agent, shall be in writing and shall specify the outstanding principal amount of such Swing Loans demanded to be paid. Upon the occurrence of a Default or an Event of Default under *Section 9.1(f) (Events of Default)*, each Revolving Credit Lender shall immediately acquire, without recourse or warranty, an undivided participation in each Swing Loan, by payment to the Administrative Agent, in immediately available funds, an amount equal to such Revolving Credit Lender’s Ratable Portion of such Swing Loan pursuant to *clause (e)* below.

(e) The Administrative Agent shall forward each notice referred to in *clause (c)* above and each demand referred to in *clause (d)* above to each applicable Lender on the day such notice or such demand is received by the Administrative Agent (except that any such notice or demand received by the Administrative Agent after 1:00 p.m. (New York time) on any Business Day or any such demand received on a day that is not a Business Day shall not be required to be forwarded to the applicable Lenders by the Administrative Agent until the next succeeding Business Day), together with a statement prepared by the Administrative Agent specifying the amount of each Revolving Credit Lender’s Ratable Portion of the aggregate principal amount of the Swing Loans stated to be outstanding in such notice or demanded to be paid pursuant to such demand, and, notwithstanding whether or not the conditions precedent set forth in *Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit)* and *2.1(a) (Revolving Credit Commitments)* shall have been satisfied (which conditions precedent the Revolving Credit Lenders hereby irrevocably waive), each applicable Lender shall, before 11:00 a.m. (New York time) on the Business Day next succeeding the date of such Lender’s receipt of such notice or demand, make available to the Administrative Agent, in immediately available funds, for the account of the Swing Lender, the amount specified in such statement. Upon such payment by a Lender, such Lender shall, except as

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provided in *clause (f)* below, be deemed to have made a Revolving Loan to the Borrower. The Administrative Agent shall use such funds to repay the Swing Loans to the Swing Lender. To the extent that any Lender fails to make such payment available to the Administrative Agent for the account of the Swing Lender, the Borrower shall repay such Swing Loan on demand.

(f) Upon the occurrence of a Default or an Event of Default under *Section 9.1(f) (Events of Default)*, each Revolving Credit Lender shall acquire, without recourse or warranty, an undivided participation in each Swing Loan otherwise required to be repaid by such Revolving Credit Lender pursuant to *clause (e)* above, which participation shall be in a principal amount equal to such Revolving Credit Lender’s Ratable Portion of such Swing Loan, by paying to the Swing Lender on the date on which such Lender would otherwise have been required to make a payment in respect of such Swing Loan pursuant to *clause (e)* above, in immediately available funds, an amount equal to such Revolving Credit Lender’s Ratable Portion of such Swing Loan. If all or part of such amount is not in fact made available by any applicable Lender to the Swing Lender on such date, the Swing Lender shall be entitled to recover any such unpaid amount on demand from such Lender together with interest accrued from such date at the Federal Funds Rate for the first Business Day after such payment was due and thereafter at the rate of interest then applicable to Base Rate Loans.

(g) From and after the date on which any Revolving Credit Lender (i) is deemed to have made a Revolving Loan pursuant to *clause (e)* above with respect to any Swing Loan or (ii) purchases an undivided participation interest in a Swing Loan pursuant to *clause (f)* above, the Swing Lender shall promptly distribute to such Revolving Credit Lender such Revolving Credit Lender’s Ratable Portion of all payments of principal of and interest received by the Swing Lender on account of such Swing Loan other than those received from a Lender pursuant to *clause (e)* or *(f)* above.

#### **Section 2.4 Letters of Credit**

(a) On the terms and subject to the conditions contained in this Agreement, each Issuer agrees to Issue at the request of the Borrower and for the account of the Borrower (or a Subsidiary of the Borrower) one or more Letters of Credit from time to time on any Business Day during the period commencing on the Closing Date and ending on the earlier of the Revolving Credit Termination Date and (x) 30 days prior to the Revolving Credit Termination Date, in the case of a Documentary Letter of Credit and (y) 5 days prior to the Revolving Credit Termination Date, in the case of a Standby Letter of Credit; *provided, however*, that no Issuer shall be under any obligation to Issue (and, upon the occurrence of any of the events described in *clauses (ii), (iii), (iv), (v), and (vi)(A)* below, shall not Issue) any Letter of Credit upon the occurrence of any of the following:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall purport by its terms to enjoin or restrain such Issuer from Issuing such Letter of Credit or any Requirement of Law applicable to such

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Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuer shall prohibit, or request that such Issuer refrain from, the Issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuer with respect to such Letter of Credit any restriction or reserve or capital requirement (for which such Issuer is not otherwise compensated) not in effect on the Closing Date or result in any unreimbursed loss, cost or expense that was not applicable, in effect or known to such Issuer as of the Closing Date and that such Issuer in good faith deems material to such Issuer;

- (ii) such Issuer shall have received any written notice of the type described in *clause (d)* below;
- (iii) after giving effect to the Issuance of such Letter of Credit, the aggregate Revolving Credit Outstandings would exceed the aggregate Revolving Credit Commitments in effect at such time;
- (iv) after giving effect to the Issuance of such Letter of Credit, the sum of (i) the Dollar Equivalents of the Letter of Credit Undrawn Amounts at such time and (ii) the Dollar Equivalents of the Reimbursement Obligations at such time exceeds the Letter of Credit Sublimit; *provided, however*, that no Issuer shall be required to Issue in its own name, Letters of Credit, denominated in Dollars or an Alternative Currency, for the account of the Borrower, in excess of its Issuer Sublimit;
- (v) (A) such Letter of Credit is requested to be denominated in any Alternative Currency and the Issuer receives written notice from the Administrative Agent at or before 11:00 a.m. (New York time) on the date of the proposed Issuance of such Letter of Credit that, immediately after giving effect to the Issuance of such Letter of Credit, all Letter of Credit Obligations at such time in respect of each Letter of Credit denominated in currencies other than Dollars would exceed \$5,000,000 or (B) such Letter of Credit is requested to be denominated in any currency other than Dollars or an Alternative Currency;
- (vi) (A) any fees due in connection with a requested Issuance have not been paid, (B) such Letter of Credit is requested to be Issued in a form that is not acceptable to such Issuer or (C) the Issuer for such Letter of Credit shall not have received, in form and substance reasonably acceptable to it and, if applicable, duly executed by the Borrower, applications, agreements and other documentation (collectively, a “*Letter of Credit Reimbursement Agreement*”) such Issuer generally employs in the ordinary course of its business for the Issuance of letters of credit of the type of such Letter of Credit; or
- (vii) the issuance of the Letter of Credit would violate one or more policies of the Issuer applicable to the issuance of letters of credit generally.

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None of the Revolving Credit Lenders (other than the Issuers in their capacity as such) shall have any obligation to Issue any Letter of Credit.

(b) In no event shall the expiration date of any Letter of Credit (i) be more than one year after the date of issuance thereof or (ii) be less than five days prior to the Revolving Credit Termination Date; *provided, however*, that any Letter of Credit with a term less than or equal to one year may provide for the renewal thereof for additional periods less than or equal to one year, as long as, (x) on or before the expiration of each such term and each such period, the Borrower and the Issuer of such Letter of Credit shall have the option to prevent such renewal and (y) neither the Issuer of such Letter of Credit nor the Borrower shall permit any such renewal to extend the expiration date of any Letter of Credit beyond the date set forth in *clause (ii)* above.

(c) In connection with the Issuance of each Letter of Credit, the Borrower shall give the relevant Issuer and the Administrative Agent at least two Business Days’ prior written notice, in substantially the form of *Exhibit E (Form of Letter of Credit Request)* (or in such other written or electronic form as is acceptable to the Issuer), of the requested Issuance of such Letter of Credit (a “*Letter of Credit Request*”). Such notice shall be irrevocable and shall specify the Issuer of such Letter of Credit, the currency of issuance and face amount of the Letter of Credit requested (whose Dollar Equivalent shall not be less than \$500,000 (or such lesser amount as mutually agreed between the Borrower and the relevant Issuer)), the date of Issuance of such requested Letter of Credit, the date on which such Letter of Credit is to expire (which date shall be a Business Day) and, in the case of an issuance, the Person for whose benefit the requested Letter of Credit is to be issued. Such notice, to be effective, must be received by the relevant Issuer and the Administrative Agent not later than 1:00 p.m. (New York time) on the second Business Day prior to the requested Issuance of such Letter of Credit.

(d) Subject to the satisfaction of the conditions set forth in this *Section 2.4*, the relevant Issuer shall, on the requested date, Issue a Letter of Credit on behalf of the Borrower in accordance with such Issuer’s usual and customary business practices. No Issuer shall Issue any Letter of Credit in the period commencing on the first Business Day after it receives written notice from any Revolving Credit Lender that one or more of the conditions precedent contained in *Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit)* or *clause (a)* above (other than those conditions set forth in *clauses (a)(i), (a)(vi)(B)* and *(C)* above and, to the extent such clause relates to fees owing to the Issuer of such Letter of Credit and its Affiliates, *clause (a)(vi)(A)* above) are not on such date satisfied or duly waived and ending when such conditions are satisfied or duly waived. No Issuer shall otherwise be required to determine that, or take notice whether, the conditions precedent set forth in *Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit)* have been satisfied in connection with the Issuance of any Letter of Credit.

(e) The Borrower agrees that, if requested by the Issuer of any Letter of Credit, it shall execute a Letter of Credit Reimbursement Agreement in respect to any Letter of Credit Issued hereunder. In the event of any conflict between the terms of any

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Letter of Credit Reimbursement Agreement and this Agreement, the terms of this Agreement shall govern.

- (f) Each Issuer shall comply with the following:
  - (i) give the Administrative Agent written notice (or telephonic notice confirmed promptly thereafter in writing), which writing may be a telecopy or electronic mail, of the Issuance of any Letter of Credit Issued by it, of all drawings under any Letter of Credit Issued by it and of the payment (or the failure to pay when due) by the Borrower of any Reimbursement Obligation when due (which notice the Administrative Agent shall promptly transmit by telecopy, electronic mail or similar transmission to each Revolving Credit Lender);
  - (ii) upon the request of any Revolving Credit Lender, furnish to such Revolving Credit Lender copies of any Letter of Credit Reimbursement Agreement to which such Issuer is a party and such other documentation as may reasonably be requested by such Revolving Credit Lender; and

(iii) no later than 10 Business Days following the last day of each calendar month, provide to the Administrative Agent (and the Administrative Agent shall provide a copy to each Revolving Credit Lender requesting the same) and the Borrower separate schedules for Documentary Letters of Credit and Standby Letters of Credit issued by it, in form and substance reasonably satisfactory to the Administrative Agent, setting forth the aggregate Letter of Credit Obligations, in each case outstanding at the end of each month and any information requested by the Borrower or the Administrative Agent relating thereto.

(g) Immediately upon the issuance by an Issuer of a Letter of Credit in accordance with the terms and conditions of this Agreement, such Issuer shall be deemed to have sold and transferred to each Revolving Credit Lender, and each Revolving Credit Lender shall be deemed irrevocably and unconditionally to have purchased and received from such Issuer, without recourse or warranty, an undivided interest and participation, to the extent of such Revolving Credit Lender's Ratable Portion of the Revolving Credit Commitments, in such Letter of Credit and the obligations of the Borrower with respect thereto (including all Letter of Credit Obligations with respect thereto) and any security therefor and guaranty pertaining thereto.

(h) The Borrower agrees to pay to the Issuer of any Letter of Credit the amount of all Reimbursement Obligations owing to such Issuer under any Letter of Credit issued for its account in (x) Dollars or (y) with respect to any Letter of Credit issued in an Alternative Currency, in such Alternative Currency (or if requested by the applicable Issuer, the Dollar Equivalent thereof in Dollars), in each case, no later than the date that is the next succeeding Business Day after the Borrower receives written notice from such Issuer that payment has been made under such Letter of Credit (the "*Reimbursement Date*"), irrespective of any claim, set-off, defense or other right that the

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Borrower may have at any time against such Issuer or any other Person. In the event that any Issuer makes any payment under any Letter of Credit and the Borrower shall not have repaid such amount to such Issuer pursuant to this *clause (h)* or any such payment by the Borrower is rescinded or set aside for any reason, such Reimbursement Obligation shall be payable on demand with interest thereon computed (i) from the date on which such Reimbursement Obligation arose to the Reimbursement Date, at the rate of interest applicable during such period to Revolving Loans that are Base Rate Loans and (ii) from the Reimbursement Date until the date of repayment in full, at the rate of interest applicable during such period to past due Revolving Loans that are Base Rate Loans, and such Issuer shall promptly notify the Administrative Agent, which shall promptly notify each Revolving Credit Lender of such failure, and each Revolving Credit Lender shall promptly and unconditionally pay to the Administrative Agent for the account of such Issuer the amount of such Revolving Credit Lender's Ratable Portion of such payment (or the Dollar Equivalent thereof if such payment was made in any currency other than Dollars) in immediately available Dollars. If the Administrative Agent so notifies such Revolving Credit Lender prior to 11:00 a.m. (New York time) on any Business Day, such Revolving Credit Lender shall make available to the Administrative Agent for the account of such Issuer its Ratable Portion of the amount of such payment on such Business Day in immediately available funds. Upon such payment by a Revolving Credit Lender, such Revolving Credit Lender shall, except during the continuance of a Default or Event of Default under *Section 9.1(f) (Events of Default)* and notwithstanding whether or not the conditions precedent set forth in *Section 3.2 (Conditions Precedent to Each Loan and Letter of Credit)* shall have been satisfied (which conditions precedent the Revolving Credit Lenders hereby irrevocably waive), be deemed to have made a Revolving Loan, to the Borrower in the principal amount of such payment. Whenever any Issuer receives from the Borrower a payment of a Reimbursement Obligation as to which the Administrative Agent has received for the account of such Issuer any payment from a Revolving Credit Lender pursuant to this *clause (h)*, such Issuer shall pay over to the Administrative Agent any amount received in excess of such Reimbursement Obligation and, upon receipt of such amount, the Administrative Agent shall promptly pay over to each Revolving Credit Lender, in immediately available funds, an amount equal to such Revolving Credit Lender's Ratable Portion of the amount of such payment adjusted, if necessary, to reflect the respective amounts the Revolving Credit Lenders have paid in respect of such Reimbursement Obligation.

(i) If and to the extent such Revolving Credit Lender shall not have so made its Ratable Portion of the amount of the payment required by *clause (h)* above available to the Administrative Agent for the account of such Issuer, such Revolving Credit Lender agrees to pay to the Administrative Agent for the account of such Issuer forthwith on demand any such unpaid amount together with interest thereon, for the first Business Day after payment was first due at the Federal Funds Rate and, thereafter, until such amount is repaid to the Administrative Agent for the account of such Issuer, at a rate per annum equal to the rate applicable to Revolving Loans that are Base Rate Loans.

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(j) The Borrower's obligation to pay each Reimbursement Obligation and the obligations of the Revolving Credit Lenders to make payments to the Administrative Agent for the account of the Issuers with respect to Letters of Credit shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, including the occurrence of any Default or Event of Default, and irrespective of any of the following:

- (i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;
  - (ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document;
  - (iii) the existence of any claim, set-off, defense or other right that the Borrower, any other party guaranteeing, or otherwise obligated with, the Borrower, any Subsidiary or other Affiliate thereof or any other Person may at any time have against the beneficiary under any Letter of Credit, any Issuer, the Administrative Agent or any Lender or any other Person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;
  - (iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;
  - (v) payment by the Issuer under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit;
  - (vi) any other act or omission to act or delay of any kind of the Issuer, the Lenders, the Administrative Agent or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this *Section 2.4*, constitute a legal or equitable discharge of the Borrower's obligations hereunder;
  - (vii) any waiver by the Issuer of any requirement that exists for the Issuer's protection and not the protection of the Borrower or any waiver by the Issuer which does not in fact materially prejudice the Borrower;
  - (viii) any honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;
- and
- (ix) any payment made by the Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the

date by which documents must be received under, such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable.

Any action taken or omitted to be taken by the relevant Issuer under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not result in any liability of such Issuer to the Borrower or any Lender. In determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof, the Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit, the Issuer may rely exclusively on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever, and any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute willful misconduct or gross negligence of the Issuer.

(k) *Existing Letters of Credit.* The Existing Letters of Credit were issued to the Borrower under the Existing Credit Agreement prior to the Closing Date for the account of the Borrower or its Subsidiaries. On the Closing Date (i) such letters of credit, to the extent outstanding, shall be automatically and without further action by the parties thereto be deemed to be Letters of Credit issued pursuant to this *Section 2.4* for the account of the Borrower or its Subsidiaries, as applicable, and subject to the terms hereof, (ii) the Dollar Equivalent of the face amount of such letters of credit shall be included in the calculation of Letter of Credit Obligations, (iii) all liabilities of the Borrower with respect to such letters of credit shall constitute Obligations and (iv) all applicable fees specified in this Agreement shall be payable with respect to the Existing Letters of Credit (in substitution for any fees set forth in the Existing Credit Agreement or the applicable letter of credit reimbursement agreements or applications relating to such letters of credit) as if such letters of credit had been issued on the Closing Date; *provided*, that, no fees shall be payable on the Closing Date under the Agreement pursuant to *Section 2.12(b)(iii) (Letter of Credit Fees)* in respect of the Existing Letters of Credit.

(l) Any Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(m) Unless otherwise expressly agreed by the applicable Issuer and the Borrower when a Letter of Credit is issued, (i) the rules of the ISP shall apply to each Standby Letter of Credit and (ii) the rules of the UCP shall apply to each Documentary Letter of Credit. Notwithstanding the foregoing, the applicable Issuer shall not be responsible to the Borrower for, and the applicable Issuer's rights and remedies against the Borrower shall not be impaired by, any action or inaction of the applicable Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including any Requirement of Law or any order of a jurisdiction where the applicable Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(n) Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Borrower shall be obligated to reimburse the applicable Issuer for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(o) Any Letter of Credit that, by its terms or the terms of any documentation related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

#### ***Section 2.5 Reduction and Termination of the Commitments***

Upon at least three Business Days' prior notice to the Administrative Agent, the Borrower may terminate in whole or reduce in part ratably the unused portions of the respective Revolving Credit Commitments of the Revolving Credit Lenders; *provided, however*, that each partial reduction shall be in an aggregate amount of not less than \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof. In addition, all outstanding Revolving Credit Commitments shall terminate on the applicable Revolving Credit Termination Date.

#### ***Section 2.6 Repayment of Loans***

(a) (i) The Borrower promises to repay the entire unpaid principal amount of the Initial Revolving Loans on the Initial Revolving Credit Termination Date or earlier, if otherwise required by the terms hereof.

(ii) The Borrower promises to repay the entire unpaid principal amount of any Extended Revolving Loans on the applicable Revolving Credit Termination Date.

(b) (i) The Borrower promises to repay the Initial Term Loans on the fifteenth day following the end of each Fiscal Quarter in an amount equal to 0.25% of the aggregate principal amount of the Initial Term Loans outstanding as of the First Amendment Effective Date; *provided, however*, that the Borrower shall repay the entire unpaid principal amount of the Initial Term Loans on the Initial Term Loan Maturity Date.

(ii) The Borrower promises to repay any New Incremental Loans, Extended Term Loans and Refinancing Loans on each date set forth in the applicable Incremental/Extended/Refinancing Amendment.

#### ***Section 2.7 Evidence of Debt***



(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing Indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(b) (i) The Administrative Agent, acting as agent of the Borrower solely for this purpose and for tax purposes, shall establish and maintain at its address referred to in *Section 11.8 (Notices, Etc.)* a record of ownership (the “Register”) in which the Administrative Agent agrees to register by book entry the Administrative Agent’s, each Lender’s and each Issuer’s interest in each Loan, each Letter of Credit and each Reimbursement Obligation, and in the right to receive any payments hereunder and any assignment of any such interest or rights. In addition, the Administrative Agent, acting as agent of the Borrower solely for this purpose and for tax purposes, shall establish and maintain accounts in the Register in accordance with its usual practice in which it shall record (i) the names and addresses of the Lenders and the Issuers, (ii) the Commitments of each Lender from time to time, (iii) the amount of each Loan made and, if a Eurodollar Rate Loan, the Interest Period applicable thereto, (iv) the amount of any drawn Letter of Credit, (v) the amount of any principal or interest due and payable, and paid, by the Borrower to, or for the account of, each Lender hereunder, (vi) the amount that is due and payable, and paid, by the Borrower to, or for the account of, each Issuer, including the amount of Letter of Credit Obligations (specifying the amount of any Reimbursement Obligations) due and payable to an Issuer, and (vii) the amount of any sum received by the Administrative Agent hereunder from the Borrower, whether such sum constitutes principal or interest (and the type of Loan to which it applies), fees, expenses or other amounts due under the Loan Documents and each Lender’s and Issuer’s, as the case may be, share thereof, if applicable.

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(ii) Notwithstanding anything to the contrary contained in this Agreement, the Loans (including the Notes evidencing such Loans) and the Reimbursement Obligations are registered obligations and the right, title, and interest of the Lenders and the Issuers and their assignees in and to such Loans or Reimbursement Obligations, as the case may be, shall be transferable only upon notation of such transfer in the Register. A Note shall only evidence the Lender’s or a registered assignee’s right, title and interest in and to the related Loan, and in no event is any such Note to be considered a bearer instrument or obligation. This *Section 2.7(b)* and *Section 11.2 (Assignments and Participations)* shall be construed so that the Loans and Reimbursement Obligations are at all times maintained in “registered form” within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations (or any successor provisions of the Code or such regulations).

(c) The entries made in the Register and in the accounts therein maintained pursuant to *clauses (a) and (b)* above shall, to the extent permitted by applicable law, be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided, however*, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrower to repay the Loans owing by it in accordance with their terms. In addition, the Loan Parties, the Administrative Agent, the Lenders and the Issuers shall treat each Person whose name is recorded in the Register as a Lender or as an Issuer, as applicable, for all purposes of this Agreement. Information contained in the Register with respect to any Lender or Issuer shall be available for inspection by the Borrower, the Administrative Agent, such Lender or such Issuer at any reasonable time and from time to time upon reasonable prior notice.

(d) Notwithstanding any other provision of the Agreement, in the event that any Lender requests that the Borrower execute and deliver a promissory note or notes payable to such Lender in order to evidence the Indebtedness owing to such Lender by the Borrower hereunder, the Borrower shall promptly execute and deliver a Note or Notes to such Lender evidencing any Term Loans and Revolving Loans, as the case may be, of such Lender, substantially in the forms of *Exhibit B-1 (Form of Revolving Note)* or *Exhibit B-2 (Form of Term Loan Note)*, respectively.

### **Section 2.8 Optional Prepayments**

(a) *Revolving Loans.* The Borrower may, upon (i) one Business Day’s prior notice in the case of Base Rate Loans and (ii) at least three Business Days’ prior notice in the case of Eurodollar Rate Loans to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, prepay the outstanding principal amount of the Revolving Loans and Swing Loans in whole or in part at any time; *provided, however*, that, if any prepayment of any Eurodollar Rate Loan is made by the Borrower other than on the last day of an Interest Period for such Loan, the Borrower shall also pay any amount owing pursuant to *Section 2.14(d) (Breakage Costs)*. Each partial prepayment of (i) Base Rate Loans shall be in an aggregate amount not less than

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\$500,000 or integral multiples of \$100,000 in excess thereof and (ii) Eurodollar Rate Loans shall be in an aggregate amount not less than \$1,000,000 or integral multiples of \$500,000 in excess thereof.

(b) *Term Loans.* The Borrower may, upon (i) at least one Business Day’s prior notice in the case of Base Rate Loans and (ii) at least three Business Days’ prior notice in the case of Eurodollar Rate Loans to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, prepay the outstanding principal amount of the Term Loans, in whole or in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; *provided, however*, that if any prepayment of any Eurodollar Rate Loan is made by the Borrower other than on the last day of an Interest Period for such Loan, the Borrower shall also pay any amounts owing pursuant to *Section 2.14(d) (Breakage Costs)*. Each partial prepayment of (i) Base Rate Loans shall be in an aggregate amount not less than \$500,000 or integral multiples of \$100,000 in excess thereof and (ii) Eurodollar Rate Loans shall be in an aggregate amount not less than \$1,000,000 or integral multiples of \$500,000 in excess thereof, and any such partial prepayment shall be applied to the remaining installments of the Term Loans as directed by the Borrower. Upon the giving of such notice of prepayment, the principal amount of the Term Loans specified to be prepaid shall become due and payable on the date specified for such prepayment.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Borrower may rescind any notice of prepayment under *Section 2.8(a) or (b)* if such prepayment would have resulted from a refinancing of all of the Facilities, which refinancing shall not be consummated or shall otherwise be delayed.

(d) If on or prior to the date six months after the First Amendment Effective Date, (i) the Borrower makes any prepayment of Initial Term Loans in connection with any Repricing Transaction in respect of such Term Loans, or (ii) effects any amendment of this Agreement resulting in a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable benefit of each Lender in respect of the Initial Term Loans, (A) in the case of clause (i), a prepayment premium of 1.00% of the amount of such Initial Term Loans being prepaid and (B) in the case of clause (ii), a payment equal to 1.00% of the aggregate amount of Initial Term Loans outstanding immediately prior to such amendment that are the subject of such Repricing Transaction.

(e) Notwithstanding anything in any Loan Document to the contrary, the Borrower may prepay the outstanding Term Loans on the following basis; *provided*, that (w) no Default or Event of Default has occurred and is continuing, (x) the Borrower shall represent and covenant as of the date of any such prepayment that it does not have any material non-public information with respect to the Borrower, its Subsidiaries and their respective securities that (I) has not been disclosed to the Lenders (other than Lenders that do not wish to receive material non-public information with respect to the Borrower, its Subsidiaries and their respective securities) prior to such time and (II) could reasonably be expected to have a material effect upon, or otherwise be material to, a Lender’s decision to participate in any such prepayment or the market price of the Term

Loans being prepaid, and (y) subject to *clause (e)(vii)* below, any offer to purchase any Term Loans by the Borrower shall have been made in accordance with the applicable provisions of this *Section 2.8(e) (Optional Prepayments)*:

(i) The Borrower shall have the right, at any time and from time to time (subject to the proviso to this *clause (e)(i)*), to make a voluntary prepayment of Term Loans at a discount to par pursuant to, at the Borrower's election, a Borrower Offer of Specified Discounted Prepayment, a Borrower Solicitation of Discount Range Prepayment Offers or a Borrower Solicitation of Discounted Prepayment Offers (any such prepayment, the "*Discounted Term Loan Prepayment*"); *provided*, that the Borrower shall not initiate any action under this *Section 2.8(e) (Optional Prepayments)* in order to make a Discounted Term Loan Prepayment unless (I) at least ten Business Days (or shorter period approved by the Administrative Agent, acting reasonably) shall have passed since the consummation of the most recent Discounted Term Loan Prepayment as a result of a prepayment made by the Borrower on the applicable Discounted Prepayment Effective Date; or (II) at least three Business Days shall have passed since either (x) the date the Borrower was notified that no Lender was willing to accept any prepayment of any Term Loan at the Specified Discount, within the Discount Range or at any discount to par value, as applicable, or (y) in the case of a Borrower Solicitation of Discounted Prepayment Offers, the date of the Borrower's election not to accept any Solicited Discounted Prepayment Offers.

(ii) (A) Subject to the proviso to *clause (e)(i)* above, the Borrower may, at any time and from time to time, offer to make a Discounted Term Loan Prepayment by providing the Auction Agent with five Business Days' notice in the form of a Specified Discounted Prepayment Notice; *provided*, that (1) any such offer shall be made available, at the sole discretion of the Borrower, to (x) each Lender and/or (y) each Lender with respect to any Tranche of Term Loans on an individual Tranche basis, (2) any such offer shall specify the maximum aggregate principal amount offered to be prepaid (the "*Specified Discounted Prepayment Amount*") with respect to each applicable Tranche of Term Loans subject to such offer and the specific percentage discount to par (the "*Specified Discount*") of the principal amount of such Term Loans to be prepaid (it being understood that different Specified Discounts and/or Specified Discounted Prepayment Amounts may be offered with respect to each Tranche of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section) and the Type(s) of Term Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Term Loans, (3) the Specified Discounted Prepayment Amount shall be in an aggregate amount not less than \$10,000,000 and whole increments of \$500,000 in excess thereof and (4) each such offer shall remain outstanding through the Specified Discounted Prepayment Response Date applicable to such Specified Discounted Prepayment Notice. The Auction Agent will promptly provide each applicable Lender with a copy of such Specified Discounted Prepayment Notice

and a form of the Specified Discounted Prepayment Response to be completed and returned by each such Term Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m. on the third Business Day (or such longer period as may be specified in the applicable Specified Discounted Prepayment Notice) after the date of delivery of such notice to such Lenders (the "*Specified Discounted Prepayment Response Date*").

(B) Each Lender receiving such offer shall notify the Auction Agent (or its delegate) by the Specified Discounted Prepayment Response Date whether or not it agrees to accept a prepayment of any of its applicable then outstanding Term Loans at the Specified Discount and, if so (such accepting Lender, a "*Discounted Prepayment Accepting Lender*"), the amount and the Tranche of Term Loans of such Lender's Loans to be prepaid at the Specified Discount. Each acceptance of a Discounted Term Loan Prepayment by a Discounted Prepayment Accepting Lender shall be irrevocable. Any Lender whose Specified Discounted Prepayment Response is not received by the Auction Agent by the Specified Discounted Prepayment Response Date shall be deemed to have declined to accept the applicable Borrower Offer of Specified Discounted Prepayment.

(C) If there is at least one Discounted Prepayment Accepting Lender, the Borrower will make a prepayment of outstanding Loans pursuant to this *clause (C)* to each Discounted Prepayment Accepting Lender in accordance with the respective outstanding principal amount and Tranche of Term Loans specified in such Lender's Specified Discounted Prepayment Response given pursuant to *clause (B)* of this *clause (e)(ii)*; *provided*, that, if the aggregate principal amount of any Tranche of Term Loans accepted for prepayment by all Discounted Prepayment Accepting Lenders exceeds the Specified Discounted Prepayment Amount with respect to such Tranche of Term Loans, then such prepayment shall be made pro rata among the Discounted Prepayment Accepting Lenders in accordance with the respective principal amounts of the Term Loans of such Tranche accepted to be prepaid by each such Discounted Prepayment Accepting Lender and the Auction Agent (in consultation with the Borrower and subject to rounding requirements of the Auction Agent made in its reasonable discretion) will calculate such proration (the "*Specified Discount Proration*"). The Auction Agent shall promptly, and in any case within five Business Days following the Specified Discounted Prepayment Response Date, notify (a) the Borrower of the respective Lenders' responses to such offer, the Discounted Prepayment Effective Date and the aggregate principal amount of the Discounted Term Loan Prepayment and the Tranches of Term Loans to be prepaid, (b) each Lender of the Discounted Prepayment Effective Date and the aggregate principal amount and the Tranches of Term Loans to be prepaid at the Specified Discount on such date and (c) each Discounted Prepayment Accepting Lender of the Specified Discount Proration, if any, and confirmation of the principal amount, Tranche and Type of Term Loans of such Lender to be prepaid at the Specified

Discount on such date. Each determination by the Auction Agent of the amounts stated in the foregoing notices to the Borrower and such Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with *clause (e)(vi)* below (subject to *clause (f)* below).

(iii) (A) Subject to the proviso to *clause (e)(i)* above, the Borrower may, at any time and from time to time, solicit Discount Range Prepayment Offers by providing the Auction Agent with five Business Days' notice in the form of a Discount Range Prepayment Notice; *provided*, that (1) any such solicitation shall be extended, at the sole discretion of the Borrower, to (x) each Lender and/or (y) each Lender with respect to any Tranche of Term Loans on an individual Tranche basis, (2) any such notice shall specify the maximum aggregate principal amount offered to be prepaid (the "*Discount Range Prepayment Amount*") with respect to each applicable Tranche of Term Loans subject to such offer and the maximum and minimum percentage discounts to par (the "*Discount Range*") of the principal amount of such Term Loans to be prepaid (it being understood that different Discount Ranges and/or Discount Range Prepayment Amounts may be offered with respect to each Tranche of Term Loans and, in such event, each such offer will be treated as a separate offer pursuant to the terms of this Section) and the Type(s) of Term Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Term Loans, (3) the Discount Range Prepayment Amount shall be in an aggregate amount not less than \$10,000,000 and whole increments of \$500,000 in excess thereof and (4) each such solicitation shall remain outstanding through the Discount Range Prepayment Response Date (as defined below). The Auction Agent will promptly provide each applicable Lender with a copy of such Discount Range Prepayment Notice and a form of the Discount Range Prepayment Offer to be submitted by a responding Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m. on the third Business Day (or such longer period as may be specified in the applicable Discount Range Prepayment Offer)

after the date of delivery of such notice to such Lenders (the “Discount Range Prepayment Response Date”). Each Lender’s Discount Range Prepayment Offer shall be irrevocable and shall specify a discount to par within the Discount Range (the “Submitted Discount”) at which such Lender is willing to allow prepayment of any or all of its then outstanding Term Loans of the applicable Tranche or Tranches and the maximum aggregate principal amount of each Tranche of such Lender’s Term Loans (the “Submitted Amount”) that such Lender is willing to have prepaid at the Submitted Discount. Any Lender whose Discount Range Prepayment Offer is not received by the Auction Agent by the Discount Range Prepayment Response Date shall be deemed to have declined to accept a Discounted Term Loan Prepayment of any of its Term Loans at any discount to their par value within the Discount Range with respect to the applicable Borrower Solicitation of Discount Range Prepayment Offers.

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(B) The Auction Agent shall review all Discount Range Prepayment Offers which were received on or before the applicable Discount Range Prepayment Response Date and shall determine (in consultation with the Borrower and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the Applicable Discount (as defined below) and the Term Loans to be prepaid at such Applicable Discount in accordance with this clause (e) (iii). The Borrower agrees to accept on the Discount Range Prepayment Response Date all Discount Range Prepayment Offers received by the Auction Agent by the Discount Range Prepayment Response Date, in the order from the Submitted Discount that is the largest discount to par to the Submitted Discount that is the smallest discount to par, up to and including the Submitted Discount that is the smallest discount to par within the Discount Range (such Submitted Discount that is the smallest discount to par within the Discount Range being referred to as the “Applicable Discount”) which yields a Discounted Term Loan Prepayment in an aggregate principal amount equal to the lower of (a) the Discount Range Prepayment Amount and (b) the sum of all Submitted Amounts. Each Lender that has submitted a Discount Range Prepayment Offer to accept prepayment at a discount to par that is larger than or equal to the Applicable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Submitted Amount (subject to any required proration pursuant to the following clause (C)) at the Applicable Discount (each such Lender, a “Participating Lender”).

(C) If there is at least one Participating Lender, the Borrower will make a prepayment of outstanding Term Loans pursuant to this clause (C) to each Participating Lender in accordance with the respective outstanding principal amount and Tranche of Term Loans specified in such Lender’s Discount Range Prepayment Offer given pursuant to clause (A) of this clause (e)(iii) at the Applicable Discount; provided, that if the Submitted Amount with respect to any Tranche of Term Loans by all Participating Lenders offered at a discount to par greater than the Applicable Discount exceeds the Discount Range Prepayment Amount with respect to such Tranche, then such prepayment shall be made pro rata among the Participating Lenders in accordance with the respective Submitted Amount with respect to such Tranche of Term Loans of each such Participating Lender and the Auction Agent (in consultation with the Borrower and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the “Discount Range Proration”). The Auction Agent shall promptly, and in any case within five Business Days following the Discount Range Prepayment Response Date, notify (a) the Borrower of the respective Lenders’ responses to such solicitation, the Discounted Prepayment Effective Date, the Applicable Discount and the aggregate principal amount of the Discounted Term Loan Prepayment and the Tranche of Term Loans to be prepaid, (b) each Lender of the Discounted Prepayment Effective Date, the Applicable Discount and the aggregate principal amount and the Tranche of Term Loans to be prepaid at the Applicable Discount on such date, (c) each

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Participating Lender of the aggregate principal amount, Tranche and Type of Term Loans of such Lender to be prepaid at the Applicable Discount on such date and (d) if applicable, each Participating Lender of the Discount Range Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with clause (e)(vi) below (subject to clause (f) below).

(iv) (A) Subject to the proviso to clause (e)(i) above, the Borrower may, at any time and from time to time, solicit Solicited Discounted Prepayment Offers by providing the Auction Agent with five Business Days’ notice in the form of a Solicited Discounted Prepayment Notice; provided, that (1) any such solicitation shall be extended, at the sole discretion of the Borrower, to (x) each Lender and/or (y) each Lender with respect to any Tranche of Term Loans on an individual Tranche basis, (2) any such notice shall specify the maximum aggregate principal amount offered to be prepaid (the “Solicited Discounted Prepayment Amount”) with respect to each applicable Tranche of Term Loans at a discount (it being understood that different Solicited Discounted Prepayment Amounts may be offered with respect to each Tranche of Term Loans and, in such event, each such offer will be treated as separate offer pursuant to the terms of this Section) and the Type(s) of Term Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Term Loans, (3) the Solicited Discounted Prepayment Amount shall be in an aggregate amount not less than \$10,000,000 and whole increments of \$500,000 in excess thereof and (4) each such solicitation by the Borrower shall remain outstanding through the Solicited Discounted Prepayment Response Date. The Auction Agent will promptly provide each applicable Lender with a copy of such Solicited Discounted Prepayment Notice and a form of the Solicited Discounted Prepayment Offer to be submitted by a responding Lender to the Auction Agent (or its delegate) by no later than 5:00 p.m. on the third Business Day (or such longer period as may be specified in the applicable Discount Range Prepayment Offer) after the date of delivery of such notice to such Lenders (the “Solicited Discounted Prepayment Response Date”). Each Lender’s Solicited Discounted Prepayment Offer shall (x) be irrevocable, (y) remain outstanding until the Acceptance Date and (z) specify both a discount to par (the “Offered Discount”) at which such Lender is willing to allow prepayment of its then outstanding Term Loan and the maximum aggregate principal amount and Tranches of such Term Loans (the “Offered Amount”) such Lender is willing to have prepaid at the Offered Discount. Any Lender whose Solicited Discounted Prepayment Offer is not received by the Auction Agent by the Solicited Discounted Prepayment Response Date shall be deemed to have declined prepayment of any of its Term Loans at any discount with respect to the applicable Borrower Solicitation of Discounted Prepayment Offers.

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(B) The Auction Agent shall promptly provide the Borrower with a copy of all Solicited Discounted Prepayment Offers received on or before the Solicited Discounted Prepayment Response Date. The Borrower shall review all such Solicited Discounted Prepayment Offers and select the smallest of the Offered Discounts specified by the relevant responding Lenders in the Solicited Discounted Prepayment Offers that is acceptable to the Borrower (the “Acceptable Discount”), if any. If the Borrower elects to accept any Offered Discount as the Acceptable Discount, then as soon as practicable after the determination of the Acceptable Discount, but in no event later than by the third Business Day after the date of receipt by the Borrower from the Auction Agent of a copy of all Solicited Discounted Prepayment Offers pursuant to the first sentence of this clause (B) (the “Acceptance Date”), the Borrower shall submit an Acceptance and Prepayment Notice to the Auction Agent setting forth the Acceptable Discount. If the Auction Agent shall fail to receive an Acceptance and Prepayment Notice from the Borrower by the Acceptance Date, the Borrower shall be deemed to have rejected all Solicited Discounted Prepayment Offers.

(C) Based upon the Acceptable Discount and the Solicited Discounted Prepayment Offers received by the Auction Agent by the Solicited Discounted Prepayment Response Date, within three Business Days after receipt of an Acceptance and Prepayment Notice (the “Discounted Prepayment Determination Date”), the Auction Agent will determine (in consultation with the Borrower and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) the aggregate principal amount and the Term Loans (the “Acceptable Prepayment Amount”) to be prepaid by the Borrower at the

Acceptable Discount in accordance with this *clause (e)(iv)*. If the Borrower elects to accept any Acceptable Discount, then the Borrower agrees to accept all Solicited Discounted Prepayment Offers received by the Auction Agent by the Solicited Discounted Prepayment Response Date, in the order from largest Offered Discount to smallest Offered Discount, up to and including the Acceptable Discount. Each Lender that has submitted a Solicited Discounted Prepayment Offer with an Offered Discount that is greater than or equal to the Acceptable Discount shall be deemed to have irrevocably consented to prepayment of Term Loans equal to its Offered Amount (subject to any required pro rata reduction pursuant to the following sentence) at the Acceptable Discount (each such Lender, a “*Qualifying Lender*”). The Borrower will make a prepayment of the outstanding Term Loans pursuant to this *clause (e)(iv)* to each Qualifying Lender in accordance with the respective outstanding principal amount and Tranche of Term Loans specified in such Lender’s Solicited Discounted Prepayment Offer at the Acceptable Discount; *provided*, that if the aggregate Offered Amount with respect to any Tranche of Term Loans by all Qualifying Lenders whose Offered Discount is greater than or equal to the Acceptable Discount exceeds the Solicited Discounted Prepayment Amount with respect to such Tranche of Term Loans, then such prepayment shall be made pro rata among the Qualifying Lenders in accordance with the respective Offered Amount with

respect to such Tranche of Term Loans of each such Qualifying Lender and the Auction Agent (in consultation with the Borrower and subject to rounding requirements of the Auction Agent made in its sole reasonable discretion) will calculate such proration (the “*Solicited Discount Proration*”). On or prior to the Discounted Prepayment Determination Date, the Auction Agent shall promptly notify (a) the Borrower of the Discounted Prepayment Effective Date and Acceptable Prepayment Amount comprising the Discounted Term Loan Prepayment and the Tranche of Term Loans to be prepaid, (b) each Lender of the Discounted Prepayment Effective Date, the Acceptable Discount and the Acceptable Prepayment Amount of all Term Loans and the Tranche of Term Loans to be prepaid at the Applicable Discount on such date, (c) each Qualifying Lender of the aggregate principal amount, Tranche and Type of Term Loans of such Lender to be prepaid at the Acceptable Discount on such date and (d) if applicable, each Qualifying Lender of the Solicited Discount Proration. Each determination by the Auction Agent of the amounts stated in the foregoing notices to the Borrower and Lenders shall be conclusive and binding for all purposes absent manifest error. The payment amount specified in such notice to the Borrower shall be due and payable by the Borrower on the Discounted Prepayment Effective Date in accordance with *clause (e)(vi)* below (subject to *clause (f)* below).

(v) In connection with any Discounted Term Loan Prepayment, the Borrower and the Lenders acknowledge and agree that the Auction Agent may require, as a condition to any Discounted Term Loan Prepayment, the payment by the Borrower of fees and expenses of the Auction Agent in connection therewith, as agreed to by the Auction Agent and the Borrower.

(vi) If any Term Loans are prepaid in accordance with *clauses (e)(ii)* through *(iv)* of this *Section 2.8(e)*, the Borrower shall prepay such Term Loans on the Discounted Prepayment Effective Date. The Borrower shall make such prepayment to the Administrative Agent, for the account of the Discounted Prepayment Accepting Lenders, the Participating Lenders or the Qualifying Lenders, as applicable, at the Administrative Agent’s Office in immediately available funds not later than 11:00 a.m. on the Discounted Prepayment Effective Date and all such prepayments shall be applied to the remaining principal installments of the relevant Tranche or Tranches of Term Loans on a pro rata basis across such installments. The Term Loans so prepaid shall be accompanied by all accrued and unpaid interest on the par principal amount so prepaid up to, but not including, the Discounted Prepayment Effective Date. Each prepayment of the outstanding Term Loans pursuant to this *Section 2.8(e)* shall be paid to the Discounted Prepayment Accepting Lenders, Participating Lenders, or Qualifying Lenders, as applicable, and shall be applied to the relevant Term Loans of such Lenders in the manner specified in the applicable subsection of this *Section 2.8(e)*. The aggregate principal amount of, and the remaining installments of, each Tranche of Term Loans shall be deemed reduced by the full par value of the

aggregate principal amount of such Tranche of Term Loans prepaid on the Discounted Prepayment Effective Date in any Discounted Term Loan Prepayment.

(vii) To the extent not expressly provided for herein, each Discounted Term Loan Prepayment shall be consummated pursuant to procedures consistent with the provisions in this *Section 2.8(e)* or as may otherwise be established from time to time by the Auction Agent acting in its reasonable discretion and agreed to by the Borrower.

(viii) Notwithstanding anything in any Loan Document to the contrary, for purposes of this *Section 2.8(e)*, each notice or other communication required to be delivered or otherwise provided to the Auction Agent (or its delegate) shall be deemed to have been given upon the Auction Agent’s (or such delegate’s) actual receipt during normal business hours of such notice or communication; *provided*, that any notice or communication actually received outside of normal business hours shall be deemed to have been given as of the opening of business on the next succeeding Business Day.

(ix) The Borrower and the Lenders acknowledge and agree that the Auction Agent may perform any and all of its duties under this *Section 2.8(e)* by itself or through any Affiliate of the Auction Agent and expressly consents to any such delegation of duties by the Auction Agent to such Affiliate and the performance of such delegated duties by such Affiliate. The exculpatory provisions pursuant to this Agreement shall apply to each Affiliate of the Auction Agent and its respective activities in connection with any Discounted Term Loan Prepayment provided for in this *Section 2.8(e)* as well as activities of the Auction Agent.

(f) The Borrower shall have the right, by written notice to the Auction Agent, to revoke in full (but not in part) its offer to make a Discounted Term Loan Prepayment and rescind the applicable Specified Discounted Prepayment Notice, Discount Range Prepayment Notice or Solicited Discounted Prepayment Notice therefor at its discretion at any time on or prior to the applicable Specified Discounted Prepayment Response Date, Discount Range Prepayment Response Date or Solicited Discounted Prepayment Response Date, respectively (and if such offer is revoked pursuant to the preceding clauses, any failure by the Borrower to make any prepayment to a Lender, as applicable, pursuant to *Section 2.8(e) (Optional Prepayments)* shall not constitute a Default or Event of Default).

## **Section 2.9 Mandatory Prepayments**

(a) The Borrower shall prepay the Term Loans in accordance with *clause (c)* below:

(i) within ten Business Days of receipt by the Borrower or any of its Subsidiaries of Net Cash Proceeds arising from (A) any Asset Sale permitted under *Section 8.4(g) (Sale of Assets)* in excess of \$300,000,000, in an amount equal to 100% of such Net Cash Proceeds in excess of \$300,000,000; and (B) any other Asset Sale or any Property Loss Event, in an amount equal to 100% of such Net Cash Proceeds; and

(ii) within ten Business Days of receipt by the Borrower or any of its Subsidiaries of Net Cash Proceeds arising from any Debt Issuance (other than any Debt Issuance permitted by this Agreement (other than pursuant to *Section 8.1(a)(ii) (Indebtedness)*), in an amount equal to 100% of such Net Cash Proceeds.

(b) If the Net Senior Secured Leverage Ratio as of the last day of any Fiscal Year (commencing with the Fiscal Year ended on or around December 31, 2014) is greater than 2.5 to 1.0 and if and to the extent that Excess Cash Flow exceeds \$20,000,000 for the relevant period, the Borrower shall prepay the Term Loans in accordance with *clause (c)* below, within ten Business Days after the delivery of Financial Statements pursuant to *Section 6.1(b) (Financial Statements)* for such Fiscal Year, in an amount equal to (i) 50% of Excess Cash Flow of the Borrower and its Subsidiaries for such Fiscal Year minus (ii) the sum of (x) any optional prepayments of Term Loans made pursuant to *Section 2.8(b) (Optional Prepayments)* in such Fiscal Year or after the end of such Fiscal Year (and not previously applied by the Borrower in such Fiscal Year to reduce the prepayment required by this *clause (b)* for the preceding Fiscal Year) but before the date of prepayment under this *clause (b)* and (y) the amount of any permanent voluntary reductions of the Revolving Credit Commitments hereunder during such Fiscal Year plus the amount of any permanent voluntary reductions of the Revolving Credit Commitments hereunder after the end of such Fiscal Year (and not previously applied by the Borrower in such Fiscal Year to reduce the prepayment required by this *clause (b)* for the preceding Fiscal Year) but before the date of prepayment under this *clause (b)* to the extent that an equal amount of Revolving Loans hereunder was simultaneously repaid; *provided, however*, that (A) any optional prepayments of the Term Loans on or after the date that is 180 days prior to the Latest Maturity Date, (B) any repayment of the Term Loans with proceeds of Loan Agreement Refinancing Debt incurred pursuant to *Section 8.1(a)(ii) (Indebtedness)*, (C) any optional prepayments of the Term Loans pursuant to *Section 2.8(e) (Optional Prepayments)* and (D) any open market purchases by Holdings, the Borrower or any of their respective Subsidiaries pursuant to *Section 11.2(j) (Assignments and Participations)*, shall not be included for purposes of *clause (ii)(A)* above.

(c) Subject to the provisions of *Section 2.13(g) (Payments and Computations)* and *Section 2.22(c) (Incremental/Extended/Refinancing Amendments Generally)*, any prepayments made by the Borrower required to be applied in accordance with this *clause (c)*, except in connection with a Deferred Prepayment Event, shall be applied to repay the outstanding principal balance of the Term Loans, until such Term Loans shall have been prepaid in full. All repayments of the Term Loans made pursuant

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to this *clause (c)* shall be applied to reduce the remaining installments of such outstanding principal amounts of the Term Loans (i) in the stated order of their maturities for eight quarterly installments and then (ii) to reduce the remaining installments on a pro rata basis; *provided, however*, that (A) upon a Deferred Prepayment Event, the repayments required above shall be reduced by the Deferred Prepayment Amount in respect of such Deferred Prepayment Event and (B) on the earlier of (1) the occurrence of an Event of Default and (2) the Deferred Prepayment Date, the remaining balance of such Deferred Prepayment Amount shall be applied as set forth above.

(d) If at any time, the aggregate principal amount of the Revolving Credit Outstandings exceed the aggregate Revolving Credit Commitments at such time, the Borrower shall forthwith prepay the Swing Loans first and then the other Revolving Loans then outstanding in an amount equal to such excess. If any such excess remains after repayment in full of the aggregate outstanding Swing Loans and Revolving Loans, the Borrower shall provide cash collateral for the Letter of Credit Obligations in the manner set forth in *Section 9.3 (Actions in Respect of Letters of Credit)* in an amount equal to 105% of such excess.

(e) Anything contained herein to the contrary notwithstanding, so long as any Term Loans are outstanding, in the event the Borrower is required to make any mandatory prepayment (a "Mandatory Prepayment") of the Term Loans pursuant to this *Section 2.9* (other than pursuant to *Section 2.9(a)(ii)*) not less than five (5) Business Days prior to the date (the "Required Prepayment Date") on which the Borrower is required to make such Mandatory Prepayment the Borrower shall notify the Administrative Agent of the amount and date of such prepayment and the Administrative Agent will promptly thereafter notify each Lender holding an outstanding Term Loan of the amount of such Lender's Ratable Portion of such Mandatory Prepayment and such Lender's option to refuse such amount. Each such Lender may exercise its option to refuse such amount by giving written notice to the Borrower and the Administrative Agent of its election to do so on or before the last Business Day prior to the Required Prepayment Date (it being understood that any Lender that does not notify the Borrower and Administrative Agent of its election to exercise such option on or before the last Business Day prior to the Required Prepayment Date shall be deemed to have elected, as of such date, not to exercise such option (each such Lender, a "Non-Declining Lender"). On the Required Prepayment Date, the Borrower shall pay to the Administrative Agent the aggregate Ratable Portion of the amount of the Mandatory Prepayment payable to all Non-Declining Lenders, which amount shall be applied to prepay the Term Loans of each Non-Declining Lender on a pro rata basis (in accordance with the respective outstanding principal amounts thereof) in an amount equal to its Ratable Portion of the Mandatory Prepayment and the Borrower shall retain any remaining amounts declined by any Lender pursuant to this *clause (e)* after the application of such Mandatory Prepayment in accordance with the terms hereof, such retained amounts may be used for general corporate purposes not otherwise prohibited by the Loan Documents.

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## **Section 2.10 Interest**

### **(a) Rate of Interest.**

(i) Subject to the terms and conditions set forth in this Agreement, at the option of the Borrower, all Revolving Loans and Term Loans shall be made as Base Rate Loans or Eurodollar Rate Loans; *provided, however*, that all such Loans shall be made as Base Rate Loans unless, subject to *Section 2.14 (Special Provisions Governing Eurodollar Rate Loans)*, the Notice of Borrowing specifies that all or a portion thereof shall be Eurodollar Rate Loans, as the case may be. All Swing Loans shall be made as Base Rate Loans, subject to conversion pursuant to *Section 2.3 (Swing Loans)*.

(ii) All Loans and the outstanding amount of all other Obligations (other than pursuant to Hedging Contracts that are Loan Documents, to the extent such Hedging Contracts provide for the accrual of interest on unpaid obligations) shall bear interest, in the case of Loans, on the unpaid principal amount thereof from the date such Loans are made and, in the case of such other Obligations, from the date such other Obligations are due and payable until, in all cases, paid in full, except as otherwise provided in *clause (c)* below, as follows:

(A) if a Base Rate Loan or such other Obligation, at a rate *per annum* equal to the sum of (A) the Base Rate as in effect from time to time and (B) the Applicable Margin; and

(B) if a Eurodollar Rate Loan, at a rate *per annum* equal to the sum of (A) the Eurodollar Rate determined for the applicable Interest Period and (B) the Applicable Margin in effect from time to time during such Interest Period.

(b) *Interest Payments.* (i) Interest accrued on each Base Rate Loan (other than Swing Loans) shall be payable in arrears (A) on the first Business Day of each calendar quarter, commencing on the first such day following the making of such Base Rate Loan, (B) in the case of Base Rate Loans that are Term Loans, upon the payment or prepayment thereof in full or in part on the principal amount paid or prepaid and (C) if not previously paid in full, at maturity (whether by acceleration or otherwise) of such Loan, (ii) interest accrued on Swing Loans shall be payable in arrears on the first Business Day of the immediately succeeding calendar quarter, (iii) interest accrued on each Eurodollar Rate Loan shall be payable in arrears (A) on the last day of each Interest Period applicable to such Loan and, if such Interest Period has a duration of more than three months, on each date during such Interest Period occurring every three months from the first day of such Interest Period, (B) upon the payment or prepayment thereof in

full or in part on the principal amount paid or prepaid and (C) if not previously paid in full, at maturity (whether by acceleration or otherwise) of such Loan and (iv) interest accrued on the amount of all other Obligations shall be payable on demand from and after the time such Obligation becomes due and payable (whether by acceleration or otherwise).

(c) *Default Interest.* Notwithstanding the rates of interest specified in *clause (a)* above or elsewhere herein, effective immediately upon the occurrence of an Event of Default under *Section 9.1(a), (b) or (f) (Events of Default)* and for as long thereafter as such Event of Default shall be continuing, the principal balance of all Loans and the amount of all other Obligations then due and payable shall bear interest at a rate that is two percent per annum in excess of the rate of interest applicable to such Loans or other Obligations from time to time. Such interest shall be payable on the date that would otherwise be applicable to such interest pursuant to *clause (b)* above or otherwise on demand.

#### **Section 2.11 Conversion/Continuation Option**

(a) The Borrower may elect (i) at any time on any Business Day to convert Base Rate Loans (other than Swing Loans) or any portion thereof to Eurodollar Rate Loans and (ii) at the end of any applicable Interest Period, (A) to convert Eurodollar Rate Loans or any portion thereof into Base Rate Loans or (B) to continue Eurodollar Rate Loans, or any portion thereof, for an additional Interest Period; *provided, however*, that (i) the aggregate amount of the Base Rate Loans for each Interest Period must be in the amount of at least \$500,000 or an integral multiple of \$100,000 in excess thereof and (ii) the aggregate amount of the Eurodollar Rate Loans for each Interest Period must be in the amount of at least \$1,000,000 or an integral multiple of \$500,000 in excess thereof. Each conversion or continuation shall be allocated among the Loans of each Lender in accordance with such Lender's Ratable Portion. Each such election shall be in substantially the form of *Exhibit F (Form of Notice of Conversion or Continuation)* (a "Notice of Conversion or Continuation") and shall be made by giving the Administrative Agent at least three Business Days' prior written notice specifying (A) the amount and type of Loan being converted or continued, (B) in the case of a conversion to or a continuation of Eurodollar Rate Loans, the applicable Interest Period and (C) in the case of a conversion, the date of such conversion.

(b) The Administrative Agent shall promptly notify each applicable Lender of its receipt of a Notice of Conversion or Continuation and of the options selected therein. Notwithstanding the foregoing, no conversion in whole or in part of Base Rate Loans to Eurodollar Rate Loans and no continuation in whole or in part of Eurodollar Rate Loans upon the expiration of any applicable Interest Period shall be permitted at any time at which (i) an Event of Default shall have occurred and be continuing or (ii) the continuation of, or conversion into, a Eurodollar Rate Loan would violate any provision of *Section 2.14 (Special Provisions Governing Eurodollar Rate Loans)*. If, within the time period required under the terms of this *Section 2.11*, the Administrative Agent does not receive a Notice of Conversion or Continuation from the Borrower containing a permitted election to continue any Eurodollar Rate Loans for an additional Interest Period or to convert any such Loans, then, upon the expiration of the applicable Interest Period, such Loans shall be automatically converted to Base Rate Loans. Each Notice of Conversion or Continuation shall be irrevocable.

#### **Section 2.12 Fees**

(a) *Unused Commitment Fee.* The Borrower agrees to pay in immediately available Dollars to each Revolving Credit Lender a commitment fee on the actual daily amount by which the Revolving Credit Commitment of such Revolving Credit Lender exceeds the sum of (A) such Revolving Credit Lender's Ratable Portion of the aggregate outstanding principal amount of Revolving Loans and (B) such Revolving Credit Lender's Ratable Portion of the outstanding amount of the aggregate Letter of Credit Obligations (the "Unused Commitment Fee") from the Closing Date through the Revolving Credit Termination Date at the Applicable Unused Commitment Fee Rate, payable in arrears (x) on the first Business Day of each calendar quarter, commencing on the first such Business Day following the Closing Date and (y) on the Revolving Credit Termination Date.

(b) *Letter of Credit Fees.* The Borrower agrees to pay the following amounts with respect to Letters of Credit issued by any Issuer:

(i) to the applicable Issuer of a Letter of Credit, with respect to each Letter of Credit issued by such Issuer, an issuance fee not greater than 0.25% per annum of the Dollar Equivalent of the maximum undrawn face amount of such Letter of Credit, payable in arrears (A) (1) on the first Business Day of each calendar quarter, commencing on the first such Business Day following the issuance of such Letter of Credit and (2) on the Revolving Credit Termination Date or (B) on such other dates as agreed to by the Borrower and the applicable Issuer;

(ii) to the Administrative Agent for the ratable benefit of the Revolving Credit Lenders, with respect to each Letter of Credit, a fee accruing in Dollars at a rate per annum equal to the Applicable Margin for Revolving Loans that are Eurodollar Rate Loans on the Revolving Credit Lenders' Ratable Portion of the Dollar Equivalent of the maximum undrawn face amount of such Letter of Credit, payable in arrears (1) on the first Business Day of each calendar quarter, commencing on the first such Business Day following the issuance of such Letter of Credit and (2) on the Revolving Credit Termination Date; and

(iii) to the Issuer of any Letter of Credit, with respect to the issuance, amendment or transfer of each Letter of Credit and each drawing made thereunder, customary documentary and processing charges in accordance with such Issuer's standard schedule for such charges in effect at the time of issuance, amendment, transfer or drawing, as the case may be.

(c) *Defaulting Lender Fees.* Notwithstanding anything herein to the contrary, during such period as a Lender is a Defaulting Lender, such Defaulting Lender will not be entitled to any fees accruing during such period pursuant to *clauses (a) and (b)* above (without prejudice to the rights of the Lenders other than Defaulting Lenders in respect of such fees); *provided*, that (i) to the extent that a Ratable Portion of the Letter of

Credit Obligations or Swing Loans of such Defaulting Lender is reallocated to the Non-Defaulting Lenders pursuant to *Section 2.18(a) (Defaulting Lender)*, such fees that would have accrued for the benefit of such Defaulting Lender will instead accrue for the benefit of and be payable to such Non-Defaulting Lenders, *pro rata* in accordance with their respective Commitments, and (ii) to the extent any portion of such Letter or Credit Obligations or Swing Loans cannot be so reallocated and the Borrower has not provided cash collateral, such fees will instead accrue for the benefit of and be payable to the Issuer and the Swing Lender as their interests appear (and the *pro rata* payment provisions of *Section 2.13 (Payments and Computations)* will automatically be deemed adjusted to reflect the provisions of this *Section 2.12(c) (Fees)*).

(d) *Additional Fees.* The Borrower has agreed to pay to the Agents and the Arrangers, as applicable, additional fees, the amount and dates of payment of which are embodied in the Fee Letter, the Engagement Letter and the First Amendment Engagement Letter.

**Section 2.13 Payments and Computations**

(a) The Borrower shall make each payment hereunder (including fees and expenses) not later than 2:00 p.m. (New York time) on the day when due, in the currency specified herein (or, if no such currency is specified, in Dollars) to the Administrative Agent at its address referred to in *Section 11.8 (Notices, Etc.)* in immediately available funds without set-off or counterclaim. The Administrative Agent shall promptly thereafter cause to be distributed immediately available funds relating to the payment of principal, interest or fees to the applicable Lenders, in accordance with the application of payments set forth in *clause (f)* or *(g)* below, as applicable, for the account of their respective Applicable Lending Offices; *provided, however*, that amounts payable pursuant to *Section 2.14(c) (Illegality)*, *Section 2.15 (Increased Costs and Capital Adequacy)* or *Section 2.16 (Taxes)* shall be paid only to the affected Lender or Lenders and amounts payable with respect to Swing Loans shall be paid only to the applicable Swing Lender. Payments received by the Administrative Agent after 2:00 p.m. (New York time) shall be deemed to be received on the next Business Day.

(b) All computations of interest and of fees shall be made by the Administrative Agent on the basis of a year of 360 days (or 365/366 days in the case of Obligations bearing interest at the Base Rate and the Applicable Unused Commitment Fee Rate), in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest and fees are payable. Each determination by the Administrative Agent of a rate of interest hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Each payment by the Borrower of any Loan, Reimbursement Obligation (including interest or fees in respect thereof) and each reimbursement of various costs, expenses or other Obligation shall be made in the currency in which such Loan was made, such Letter of Credit issued or such cost, expense or other Obligation

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was incurred; *provided, however*, that (i) the Letter of Credit Reimbursement Agreement for a Letter of Credit may specify another currency for the Reimbursement Obligation in respect of such Letter of Credit and (ii) other than for payments in respect of a Loan or Reimbursement Obligation, Loan Documents duly executed by the Administrative Agent or any Hedging Contract may specify other currencies of payment for Obligations created by or directly related to such Loan Document or Hedging Contract.

(d) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be; *provided, however*, that if such extension would cause payment of interest on or principal of any Eurodollar Rate Loan to be made in the next calendar month, such payment shall be made on the immediately preceding Business Day. All repayments of any Loans denominated in Dollars shall be applied to repay such Loans outstanding as Base Rate Loans or Eurodollar Rate Loans as notified by the Borrower to the Administrative Agent in writing (which writing may be by telecopy or electronic mail) not later than 1:00 p.m. (New York time) one Business Day prior to the scheduled date of such payment, with those Eurodollar Rate Loans having earlier expiring Eurodollar Interest Periods being repaid prior to those having later expiring Eurodollar Interest Periods; *provided, however*, that if the Borrower fails to so notify the Administrative Agent, such payment shall be applied *first*, to repay such Loans outstanding as Base Rate Loans and *then*, to repay such Loans outstanding as Eurodollar Rate Loans.

(e) Unless the Administrative Agent shall have received notice from the Borrower to the Lenders prior to the date on which any payment is due hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each applicable Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have made such payment in full to the Administrative Agent, each applicable Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon (in the case of the Administrative Agent, at the Federal Funds Rate for the first Business Day and thereafter, at the rate applicable to Base Rate Loans) for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent.

(f) Except for payments and other amounts received by the Administrative Agent and applied in accordance with the provisions of *clause (g)* below (or required to be applied in accordance with *Section 2.9(c) (Mandatory Prepayments)*), all payments and any other amounts received by the Administrative Agent from or for the benefit of the Borrower shall be applied as follows: *first*, to pay principal of, and interest on, any portion of the Loans the Administrative Agent may have advanced pursuant to the express provisions of this Agreement on behalf of any Lender, for which the Administrative Agent has not then been reimbursed by such Lender or the Borrower,

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*second*, to pay all other Obligations then due and payable and *third*, as the Borrower so designates. Payments in respect of Swing Loans received by the Administrative Agent shall be distributed to the applicable Swing Lender; payments in respect of Revolving Loans received by the Administrative Agent shall be distributed to each Revolving Credit Lender in accordance with such Lender's Ratable Portion of the Revolving Credit Facility; payments in respect of Term Loans in any Tranche received by the Administrative Agent shall be distributed to each Term Lender holding Term Loans in such Tranche in accordance with such Lender's Ratable Portion of such Tranche; and all payments of fees and all other payments in respect of any other Obligation shall be allocated among such of the Lenders and Issuers as are entitled thereto and, for such payments allocated to the Lenders, in proportion to their respective Ratable Portions. Subject to *Section 2.22(c) (Incremental/Extended/Refinancing Amendments Generally)*, each repayment or prepayment of Loans shall be applied ratably among Tranches of Loans then outstanding, except as may otherwise be set forth in any Incremental/Extended/Refinancing Amendment (it being understood that the Net Cash Proceeds of any Loan Agreement Refinancing Debt shall be applied solely to each applicable Tranche of Refinanced Debt pro rata among the Lenders holding Term Loans in the applicable Tranches). All payments of fees and all other payments in respect of any other Obligation shall be allocated among such of the Lenders as are entitled thereto and, for such payments allocated to the Lenders, in proportion to their respective Ratable Portions.

(g) The Borrower hereby irrevocably waives the right to direct the application of any and all payments in respect of the Obligations and any proceeds of Collateral after the occurrence and during the continuance of an Event of Default and agrees that, notwithstanding the provisions of *Section 2.9(c) (Mandatory Prepayments)* and *clause (f)* above, the Administrative Agent may, and, upon either (A) the written direction of the Requisite Lenders or (B) the acceleration of the Obligations pursuant to *Section 9.2 (Remedies)* shall, apply all payments in respect of any Obligations and all funds on deposit in any Cash Collateral Account and all other proceeds of Collateral in the following order:

- (i) *first*, to pay Obligations in respect of any expense reimbursements or indemnities then due to the Administrative Agent;
- (ii) *second*, to pay Obligations in respect of any expense reimbursements or indemnities then due to the Agents (other than the Administrative Agent), the Lenders and the Issuers;
- (iii) *third*, to pay Obligations in respect of any fees then due to the Agents, the Lenders and the Issuers;
- (iv) *fourth*, to pay interest then due and payable in respect of the Loans and Reimbursement Obligations;

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(v) *fifth*, to pay or prepay principal amounts on the Loans and Reimbursement Obligations, to provide cash collateral for outstanding Letter of Credit Undrawn Amounts in the manner described in *Section 9.3 (Actions in Respect of Letters of Credit)* and to pay Cash Management Obligations and amounts owing with respect to Hedging Contracts, ratably to the aggregate principal amount of such Loans, Reimbursement Obligations and Letter of Credit Undrawn Amounts, Cash Management Obligations and Obligations owing with respect to Hedging Contracts; and

(vi) *sixth*, to the ratable payment of all other Obligations;

*provided, however*, that if sufficient funds are not available to fund all payments to be made in respect of any Obligation described in any of *clauses (i), (ii), (iii), (iv), (v)* and *(vi)* above, the available funds being applied with respect to any such Obligation (unless otherwise specified in such clause) shall be allocated to the payment of such Obligation ratably, based on the proportion of each Agent's and each Lender's or Issuer's interest in the aggregate outstanding Obligations described in such clauses; *provided, further*, that payments that would otherwise be allocated to the Revolving Credit Lenders shall be allocated *first* to pay interest on and principal of any portion of the Revolving Loans that the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or the Borrower, *second* to repay Swing Loans until such Loans are repaid in full and *then* to repay the Revolving Loans. The order of priority set forth in *clauses (i), (ii), (iii), (iv), (v)* and *(vi)* above may at any time and from time to time be changed by the agreement of the Requisite Lenders without necessity of notice to or consent of or approval by the Borrower, any Secured Party that is not a Lender or Issuer or by any other Person that is not a Lender or Issuer. The order of priority set forth in *clauses (i), (ii)* and *(iii)* above may be changed with respect to amounts owing to any Agent only with the prior written consent of such Agent.

(h) If any Lender is a Defaulting Lender, such Defaulting Lender shall be deemed to have assigned any and all payments in respect of the Obligations and any proceeds of Collateral due to it from or for the benefit of the Borrower to the Non-Defaulting Lenders for application to, and reduction of, their Ratable Portion of all Obligations until such Non-Defaulting Lenders have been repaid in full. Such Defaulting Lender hereby authorizes the Administrative Agent to distribute such payments to the Non-Defaulting Lenders in accordance with *Section 2.9(c) (Mandatory Prepayments)* and this *Section 2.13 (Payments and Computations)*. This *Section 2.13(h) (Payments and Computations)* shall apply and be effective regardless of whether an Event of Default has occurred and is continuing and notwithstanding (i) any other provision of this Agreement to the contrary or (ii) any instruction of the Borrower as to its desired application of payments.

#### **Section 2.14 Special Provisions Governing Eurodollar Rate Loans**

(a) *Determination of Interest Rate*

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The Eurodollar Rate for each Interest Period for Eurodollar Rate Loans shall be determined by the Administrative Agent pursuant to the procedures set forth in the definition of "Eurodollar Rate." The Administrative Agent's determination shall be presumed to be correct absent manifest error and shall be binding on the Borrower and the Lenders.

(b) [Reserved]

(c) *Illegality*

Notwithstanding any other provision of this Agreement, if any Lender determines that the introduction of, or any change in or in the interpretation of, any law, treaty or governmental rule, regulation or order after the Closing Date shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for any Lender or its applicable Lending Office to make Eurodollar Rate Loans or to continue to fund or maintain Eurodollar Rate Loans, then, on notice thereof and demand therefor by such Lender to the Borrower through the Administrative Agent, (i) the obligation of such Lender to make or to continue Eurodollar Rate Loans and to convert Base Rate Loans into Eurodollar Rate Loans shall be suspended, and each such Lender shall make a Base Rate Loan as part of any requested Borrowing of Eurodollar Rate Loans and (ii) if the affected Eurodollar Rate Loans are then outstanding, the Borrower shall immediately convert each such Loan into a Base Rate Loan. If, at any time after a Lender gives notice under this *clause (d)*, such Lender determines that it may lawfully make Eurodollar Rate Loans, such Lender shall promptly give notice of that determination to the Borrower and the Administrative Agent, and the Administrative Agent shall promptly transmit the notice to each other Lender. The Borrower's right to request, and such Lender's obligation, if any, to make Eurodollar Rate Loans shall thereupon be restored.

(d) *Breakage Costs*

In addition to all amounts required to be paid by the Borrower pursuant to *Section 2.10 (Interest)*, the Borrower shall compensate each Lender, upon written request, for all losses, expenses and liabilities (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Lender's Eurodollar Rate Loans to the Borrower but excluding any loss of the Applicable Margin on the relevant Loans) that such Lender may sustain (i) if for any reason (other than solely by reason of such Lender being a Defaulting Lender) a proposed Borrowing, conversion into or continuation of Eurodollar Rate Loans does not occur on a date specified therefor in a Notice of Borrowing or a Notice of Conversion or Continuation given by the Borrower or in a telephonic request by it for borrowing or conversion or continuation or a successive Interest Period does not commence after notice therefor is given pursuant to *Section 2.11 (Conversion/Continuation Option)*, (ii) if for any reason any Eurodollar Rate Loan is prepaid (including mandatorily pursuant to *Section 2.9 (Mandatory Prepayments)*) on a date that is not the last day of the applicable Interest Period, (iii) as a consequence of a required conversion of a Eurodollar Rate Loan to a Base Rate Loan as a result of any of the events indicated in *clause (d)* above or (iv) as a consequence of any failure by the Borrower to repay Eurodollar Rate Loans when

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required by the terms hereof. The Lender making demand for such compensation shall deliver to the Borrower concurrently with such demand a written statement as to such losses, expenses and liabilities, and this statement shall be conclusive and binding for all purposes as to the amount of compensation due to such Lender, absent manifest error.

#### **Section 2.15 Increased Costs and Capital Adequacy**

(a) *Increased Costs Generally*. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate) or any Issuer;



(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in *clauses (b) through (d)* of the definition of “*Excluded Taxes*” and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuer or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such Issuer or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, Issuer or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Issuer or other Recipient, the Borrower will pay to such Lender, Issuer or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, Issuer or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Adequacy.* If at any time any Lender determines that a Change in Law shall have the effect of reducing the rate of return on such Lender’s (or any corporation controlling such Lender’s) capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change, compliance or interpretation, then, upon demand from time to time by such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender for such

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reduction. A certificate as to such amounts submitted to the Borrower and the Administrative Agent by such Lender shall be conclusive and binding for all purposes absent manifest error; *provided*, that such Lender’s demand for payment of such costs hereunder, and such method of allocation is not inconsistent with its treatment of other borrowers which, as a credit matter, are similarly situated to the Borrower and which are subject to similar provisions.

#### **Section 2.16 Taxes**

(a) *Issuer.* For Purposes of this *Section 2.16*, the term “Lender” includes any Issuer.

(b) *Payments Free of Taxes.* Any and all payments by or on account of the Borrower under any Loan Document shall be made free and clear of and without deduction for any Taxes, except as required by law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) *Payments of Other Taxes by the Borrower.* The Borrower shall timely pay to the relevant Governmental Authority, in accordance with applicable law, or, at the option of the Administrative Agent, timely reimburse it for the payment of, any Other Taxes.

(d) *Indemnification by the Borrower.* The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and

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without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender’s failure to comply with the provisions of *Section 11.2 (Assignments and Participations)*, (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this *clause (e)*.

(f) *Evidence of Payments.* As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this *Section 2.16*, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) *Status of Lenders.* (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in *Section 2.16(g) (ii)(A), (ii)(B) and (ii)(D)* below) shall not be required if in the Lender’s reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Borrower,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9

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certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit L-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit L-2 or Exhibit L-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided*, that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest

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exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit L-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) *Treatment of Certain Refunds.* If a Recipient determines, in its sole discretion, that it has received a refund or credit of any Indemnified Taxes as to which additional amounts have been paid or as to which it has been indemnified pursuant to this Section 2.16, it shall pay over such refund or credit to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid), net of expenses of such Recipient; *provided, however*, that the Borrower, upon the request of the Recipient,

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shall repay to such Recipient the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) that is required to be repaid after receipt of written notice setting forth in reasonable detail a calculation of such amount and certifying that the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified Recipient be required to pay any amount to the Borrower pursuant to this paragraph (h) the payment of which would place such Recipient in a less favorable after-tax position than such party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any Recipient to make available its Tax Returns (or any other information relating to its Taxes which it deems confidential) to the Borrower or any other Person or to require any Recipient to apply for a refund of Taxes.

(i) *Survival.* Each party’s obligations under this Section 2.16 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

### Section 2.17 Mitigation Obligations; Substitution of Lenders

(a) *Designation of a Different Lending Office.* If any Lender requests compensation under Section 2.15 (*Increased Costs and Capital Adequacy*), or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 (*Taxes*), then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 (*Increased Costs and Capital Adequacy*) or 2.16 (*Taxes*), as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) *Replacement of Lenders.* (i) In the event that (i)(A) any Lender makes a claim under Section 2.15 (*Increased Costs and Capital Adequacy*), (B) it becomes illegal for any Lender to continue to fund or make any Eurodollar Rate Loan and such Lender notifies the Borrower pursuant to Section 2.14(c) (*Illegality*), (C) any Loan Party is required to make any payment pursuant to Section 2.16 (*Taxes*) that is attributable to a particular Lender or (D) any Lender becomes a Defaulting Lender and (ii) in the case of clause (i)(A) above, as a consequence of increased costs in respect of which such claim is made, the effective rate of interest payable to such Lender under this Agreement with respect to its Loans materially exceeds the effective average annual rate of interest payable to the Requisite Lenders under this Agreement (any such Lender, an "Affected Lender"), the Borrower may substitute any Lender and, if reasonably

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acceptable to the Administrative Agent, any other Eligible Assignee (a "Substitute Institution") for such Affected Lender hereunder, after delivery of a written notice (a "Substitution Notice") by the Borrower to the Administrative Agent and the Affected Lender within a reasonable time (in any case not to exceed 90 days) following the occurrence of any of the events described in clause (i) above that the Borrower intends to make such substitution.

(ii) If the Substitution Notice was properly issued under this Section 2.17, the Affected Lender shall sell, and the Substitute Institution shall purchase, all rights and claims of such Affected Lender under the Loan Documents and the Substitute Institution shall assume, and the Affected Lender shall be relieved of, the Affected Lender's Revolving Credit Commitments and all other prior unperformed obligations of the Affected Lender under the Loan Documents (other than in respect of any damages (which pursuant to Section 11.5 (*Limitation of Liability*), do not include exemplary or punitive damages, to the extent permitted by applicable law) in respect of any such unperformed obligations). Such purchase and sale (and the corresponding assignment of all rights and claims hereunder) shall be recorded in the Register maintained by the Administrative Agent and shall be effective on (and not earlier than) the later of (i) the receipt by the Affected Lender of its Ratable Portion of the Revolving Credit Outstandings, the Term Loans, together with any other Obligations owing to it, (ii) the receipt by the Administrative Agent of an agreement in form and substance satisfactory to it and the Borrower whereby the Substitute Institution shall agree to be bound by the terms hereof and (iii) the payment in full to the Affected Lender in cash of all fees, unreimbursed costs and expenses and indemnities accrued and unpaid through such effective date. Upon the effectiveness of such sale, purchase and assumption, the Substitute Institution shall become a "Lender" hereunder for all purposes of this Agreement having a Commitment in the amount of such Affected Lender's Commitment assumed by it and such Commitment of the Affected Lender shall be terminated; *provided, however*, that all indemnities under the Loan Documents shall continue in favor of such Affected Lender.

(iii) Each Lender agrees that, if it becomes an Affected Lender and its rights and claims are assigned hereunder to a Substitute Institution pursuant to this Section 2.17(b), it shall execute and deliver to the Administrative Agent an Assignment and Acceptance to evidence such assignment, together with any Note (if such Loans are evidenced by a Note) evidencing the Loans subject to such Assignment and Acceptance; *provided, however*, that the failure of any Affected Lender to execute an Assignment and Acceptance shall not render such assignment invalid.

### Section 2.18 Defaulting Lender

(a) *Reallocation of Defaulting Lender Commitment.* If a Lender becomes, and during the period it remains, a Defaulting Lender, the following provisions

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shall apply with respect to any outstanding Letter of Credit Obligations and any outstanding Swing Loans:

(i) the Ratable Portion of such Defaulting Lender with respect to any Letter of Credit Obligations and any outstanding Swing Loans will, subject to the limitation in the first proviso below, automatically be reallocated (effective on the date such Lender becomes a Defaulting Lender) among the Revolving Credit Lenders that are Non-Defaulting Lenders *pro rata* in accordance with their respective Revolving Credit Commitments; *provided*, that (A) the sum of each Non-Defaulting Lender's Ratable Portion of the Revolving Credit Outstandings may not in any event exceed the Revolving Credit Commitment of such Non-Defaulting Lender as in effect at the time of such reallocation and (B) neither such reallocation nor any payment by a Non-Defaulting Lender pursuant thereto will constitute a waiver or release of any claim the Borrower, the Administrative Agent, any Issuer, any Swing Lender or any other Lender may have against such Defaulting Lender or cause such Defaulting Lender to be a Non-Defaulting Lender; *provided*, that to the extent that amounts are reallocated among the Revolving Credit Lenders in accordance with this clause (i) and any cash collateral was provided pursuant to clause (ii)(A) below with respect to any such Letter of Credit Obligations or Swing Loans, the cash collateral requirement pursuant to such clause (ii)(A) will terminate and the each applicable Issuer and Swing Lender will cause any cash collateral posted with respect to their respective Letter of Credit Obligations or Swing Loans, as the case may be, to be returned to the Borrower subject to any terms relating to such cash collateral;

(ii) to the extent that any portion (the "unreallocated portion") of the Ratable Portion of such Defaulting Lender with respect to any Letter of Credit Obligations and any outstanding Swing Loans cannot be so reallocated, the Borrower will promptly, and in no event later than 10 Business Days after any demand by the Administrative Agent (at the direction of the Issuer and/or the Swing Lender, as the case may be), (A)(x) cash collateralize the obligations of the Borrower to the Issuers in respect of such Letter of Credit Obligations, in an amount at least equal to the aggregate amount of the unreallocated portion of such Letter of Credit Obligations on terms acceptable to the Administrative Agent and such Issuer and (y) in the case of such outstanding Swing Loans, prepay (subject to clause (iii) below) and/or cash collateralize (on terms reasonably acceptable to the Administrative Agent and such Swing Lender) in full the unreallocated portion thereof, or (B) make other arrangements reasonably satisfactory to the Administrative Agent, and to the Issuers and the Swing Lender, as the case may be, in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender, in each case without duplications with respect to any prior actions taken with respect to such Letter of Credit Obligations and Swing Loans pursuant to clause (b) below; and

(iii) any amount paid by the Borrower for the account of a Defaulting Lender under this Agreement (whether on account of principal,

interest, fees, indemnity payments or other amounts) will not be paid or distributed to such Defaulting Lender, but will instead be retained by the Administrative Agent in a segregated, non-interest bearing account until the termination of the Revolving Credit Commitments and payment in full of all Obligations of the Borrower hereunder in respect of the Revolving Credit Facility and will be applied by the Administrative Agent, to the fullest extent permitted by law, to the making of payments from time to time in the following order of priority: *first* to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent under this Agreement, *second* to the payment of any amounts owing by such Defaulting Lender to any Issuer or the Swing Lender (*pro rata* as to the respective amounts owing to each of them) under this Agreement, *third* to the payment of post-default interest and then current interest due and payable to the Non-Defaulting Lenders hereunder other than Defaulting Lenders, ratably among them in accordance with the amounts of such interest then due and payable to them, *fourth* to the payment of fees then due and payable to the Non-Defaulting Lenders hereunder, ratably among them in accordance with the amounts of such fees then due and payable to them, *fifth* to pay principal and Reimbursement Obligations then due and payable to the Non-Defaulting Lenders hereunder ratably in accordance with the amounts thereof then due and payable to them, *sixth* to the ratable payment of other amounts then due and payable to the Non-Defaulting Lenders, and *seventh* after the termination of the Revolving Credit Commitments and payment in full of all Obligations of the Borrower hereunder, to pay amounts owing under this Agreement to such Defaulting Lender or as a court of competent jurisdiction may otherwise direct.

(b) *Termination of Defaulting Lender Commitments.* The Borrower may terminate the unused amount of the Revolving Credit Commitment of a Defaulting Lender upon not less than 10 Business Days' prior notice to the Administrative Agent (which will promptly notify the Lenders thereof), and in such event the provisions of *Section 2.13 (Payments and Computations)* will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); *provided*, that such termination will not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, the Issuer, the Swing Lender or any Lender may have against such Defaulting Lender.

(c) *Cure.* If the Borrower, Administrative Agent, the Issuer and the Swing Lender agree in writing in their discretion that a Lender that is a Defaulting Lender should no longer be deemed to be a Defaulting Lender, as the case may be, the Administrative Agent will so notify the parties hereto, whereupon as of the closing date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any amounts then held in the segregated account referred to in *Section 2.18(a) (Defaulting Lender)*), (i) such Lender will, to the extent applicable, purchase such portion of outstanding Loans of the other Lenders and/or make such other adjustments as the Administrative Agent may determine to be necessary to

cause such Lender's Ratable Portion to be on a *pro rata* basis in accordance with their respective Revolving Credit Commitment, whereupon such Lender will cease to be a Defaulting Lender and will be a Non-Defaulting Lender; *provided*, that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender and (ii) the cash collateral requirements set forth in this *Section 2.18* will terminate and the each applicable Issuer and Swing Lender will cause any cash collateral posted with respect to their respective Letter of Credit Obligations or Swing Loans, as the case may be, to be returned to the Borrower subject to any terms relating to such cash collateral; *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender having been a Defaulting Lender.

(d) *Notices.* The Administrative Agent will promptly send to each Lender and Issuer a copy of any notice to the Borrower provided for in this *Section 2.18*.

#### **Section 2.19 Facility Increases.**

(a) Pursuant to the terms and subject to the conditions hereof, including *Section 2.22 (Incremental/Extended/Refinancing Amendments Generally)*, the Borrower may request, from any Lender or any New Lender, with at least 10 Business Days' (or such shorter period as may be agreed by the Administrative Agent) prior written notice to the Administrative Agent, (i) new term loans under one or more new term loan credit facilities to be included in this Agreement (the "*New Incremental Term Loan*") and/or (ii) increases in the amount of Revolving Credit Commitments (any such new commitments, collectively, the "*New Incremental Revolving Commitments*" and, any loans made thereunder, the "*New Incremental Revolving Loans*", together with the New Incremental Term Loans, the "*New Incremental Loans*"), the proceeds of which, in each case, may be used for general corporate purposes (such increase of the outstanding principal amount of the Loans, a "*Facility Increase*").

(b) *Terms.* The terms of such New Incremental Term Loans, the New Incremental Revolving Commitments or New Incremental Revolving Loans, as the case may be, shall be determined by the Borrower and the applicable Lenders or New Lenders providing such New Incremental Loans; *provided*, that:

(i) such New Incremental Term Loans shall (A) have a final maturity no earlier than the Latest Maturity Date and a Weighted Average Life to Maturity no shorter than the remaining Weighted Average Life to Maturity of any existing Tranche of Term Loans; (B) have Applicable Margins and amortization schedules determined by the Borrower and the Lenders or New Lenders with respect thereto (*provided*, that in the event the All-in Yield applicable to any New Incremental Term Loans shall be more than 0.50% higher than the All-in Yield then applicable to any existing Tranche of Term Loans, the Applicable Margin with respect to any such existing Tranche of Term Loans shall be increased so

that the All-in Yield applicable to any such existing Tranche of Term Loans following the applicable effective date of the Facility Increase is equal to the All-in Yield applicable to the New Incremental Term Loans *minus* 0.50%), *provided*, that in determining the applicable All-in Yield for the Initial Term Loans and the New Incremental Term Loan, (1) OID or upfront fees payable generally to all lenders providing such New Incremental Term Loan in lieu of OID (which shall be deemed to constitute like amounts of OID) payable by the Borrower to the Lenders under the Initial Term Loans or any New Incremental Term Loan in the initial primary syndication thereof shall be included (with OID being equated to interest based on an assumed four-year life to maturity), (2) any arrangement, structuring or other fees payable in connection with the New Incremental Term Loan that are not shared with all Lenders providing such New Incremental Term Loan shall be excluded; (3) any amendments to the Applicable Margin on the Initial Term Loans that became effective subsequent to the Closing Date but prior to the time of such New Incremental Term Loan shall also be included in such calculations and (4) if the New Incremental Term Loans include an interest rate floor greater than the interest rate floor applicable to the Initial Term Loans, such increased amount shall be equated to the applicable interest rate margin for purposes of determining whether an increase to the Applicable Margin for the Initial Term Loans shall be required, to the extent an increase in the interest rate floor for the Initial Term Loans would cause an increase in the interest rate then in effect thereunder, and in such case the interest rate floor (but not the Applicable Margin) applicable to the Initial Term Loans, respectively, shall be increased by such amount; and (C) otherwise be on terms, to the extent not identical to the terms of the Initial Term Loans, reasonably satisfactory to the Administrative Agent and the Borrower; and

(ii) such New Incremental Revolving Commitments and New Incremental Revolving Loans shall be identical to the Revolving Credit Commitments and the Revolving Loans.

(c) *Procedures.* In connection with any Facility Increase after the First Amendment Effective Date:

(i) such Facility Increase shall be in an aggregate principal amount not in excess of the Facility Increase Allowance; *provided*, that each request for New Incremental Loans shall be for a minimum amount of the lesser of (x) \$25,000,000 and (y) the entire amount that may be requested under this Section 2.19(c); and

(ii) in the event there are Lenders and New Lenders that have committed to New Incremental Loans in excess of the maximum amount requested (or permitted), then the Administrative Agent shall have the right to allocate such commitments on a basis the Administrative Agent reasonably determines is appropriate in consultation with the Borrower. Upon the applicable Incremental/Extended/Refinancing Effective Date, the Administrative Agent shall

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promptly notify the Borrower and the Lenders of the final allocation of such New Incremental Loans.

(d) *New Incremental Notes.*

(i) The Borrower may from time to time, upon notice to the Administrative Agent, specifying in reasonable detail the proposed terms thereof, request to issue one or more series of senior secured notes which shall have the same Lien priority as the Obligations (such notes, collectively, "*New Incremental Notes*") in an aggregate amount not to exceed the Facility Increase Allowance (at the time of issuance); *provided*, that any such issuance of New Incremental Notes shall be in a minimum amount of the lesser of (x) \$25,000,000 and (y) the entire amount that may be requested under this Section 2.19(d).

(ii) As a condition precedent to the effectiveness of any New Incremental Notes pursuant to this Section, (A) the Borrower shall deliver to the Administrative Agent a certificate dated as of the date of issuance of the New Incremental Notes signed by a Responsible Officer of the Borrower, certifying and attaching the resolutions adopted by the Borrower (to the extent the Borrower is an issuer of New Incremental Notes) approving or consenting to the effectiveness of such New Incremental Notes, and certifying that the conditions precedent set forth in the following clauses (B) through (F) have been satisfied, (B) such New Incremental Notes shall not be guaranteed by any Person that is not a Guarantor, (C) such New Incremental Notes will be secured only by the Collateral and subject to a Senior Intercreditor Agreement, (D) such New Incremental Notes shall have a final maturity no earlier than 91 days after the Latest Maturity Date, (E) the Weighted Average Life to Maturity of such New Incremental Notes shall not be shorter than that of any outstanding Tranche of Term Loans, and (F) such New Incremental Notes shall not be subject to any mandatory redemption or prepayment provisions or rights (except to the extent any such mandatory redemption or prepayment is required to be applied pro rata to the Term Loans and other Indebtedness that is secured on a *pari passu* basis with the Obligations).

(iii) The effectiveness of any New Incremental Notes shall also be subject, to the extent reasonably requested by the Administrative Agent, to receipt by the Administrative Agent of board resolutions, officers' certificates and/or reaffirmation agreements, including any supplements or amendments to the Collateral Documents providing for such New Incremental Notes to be secured thereby. The Lenders hereby authorize the Administrative Agent to enter into amendments to this Agreement and the other Loan Documents with the Borrower as may be necessary in order to secure any New Incremental Notes with the Collateral and/or to make such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the issuance of such New Incremental Notes, in each case on terms consistent with this Section 2.19(d).

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### **Section 2.20 Amend and Extend Transactions**

(a) Pursuant to the terms and subject to the conditions hereof, including Section 2.22 (*Incremental/Extended/Refinancing Amendments Generally*), the Borrower and any Lender may agree, by at least 10 Business Days' (or such shorter period as may be agreed by the Administrative Agent) prior written notice to the Administrative Agent (each such notice, an "*Extension Notice*"), to extend (an "*Extension*") (i) the Revolving Credit Termination Date of such Lender's Revolving Credit Commitments of any Tranche (any such Revolving Credit Commitment that has been so extended, any "*Extended Revolving Commitment*" and any credit extensions issued pursuant thereto, an "*Extended Revolving Loan*") and/or (ii) the maturity date of such Lender's Term Loans of any Tranche (any such Term Loan that has been so extended, the "*Extended Term Loan*", and collectively, with the Extended Revolving Loans, the "*Extended Loans*") to the extended maturity date specified in such Extension Notice and Extension Amendment.

(b) *Terms.* The terms of such Extended Loans shall be determined by the Borrower and the applicable extending Lenders providing such Extended Loans; *provided*, that:

(i) the final maturity date of (A) any Extended Term Loan shall be no earlier than the Latest Maturity Date of any Term Loan and (B) any Extended Revolving Commitment shall be no earlier than the Latest Maturity Date of any Revolving Credit Commitment;

(ii) the Weighted Average Life to Maturity of the (A) Extended Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Loans of any existing Tranche of Term Loans and (B) Extended Revolving Commitments shall be no shorter than the remaining Weighted Average Life to Maturity of the Revolving Credit Commitments of any existing Tranche of Revolving Credit Commitments;

(iii) the Extended Loans will rank *pari passu* in right of payment and with respect to security with the Loans of any existing Tranche;

(iv) none of the obligors or guarantors with respect to the Extended Loans shall be a Person that is not a Loan Party;

(v) no Extended Loans shall be secured by or receive the benefit of any collateral, credit support or security that does not secure or support the Loans of any existing Tranche, as applicable;

(vi) the interest rate margin, rate floors, fees, original issue discounts and premiums applicable to any Extended Loans shall be determined by the Borrower and the lenders providing such Extended Loans;

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(vii) no Extended Term Loans may be optionally prepaid prior to the date on which the related non-extended Term Loans are repaid unless such optional prepayment is accompanied by a pro rata (or greater) optional prepayment of the related non-extended Loans; and

(viii) to the extent the terms of the Extended Loans are inconsistent with the terms set forth herein (except as set forth in *clauses (i) through (vii)* above), such terms shall be reasonably satisfactory to the Administrative Agent.

(c) *Procedures.* In connection with any Extension:

(i) the Borrower shall offer to all Lenders holding Loans in the applicable Tranche the opportunity to participate in any Extension on a pro rata basis and on the same terms and conditions to each of such Lenders (each such offer, an “*Extension Offer*”);

(ii) any Extension consummated by the Borrower pursuant to this *Section 2.20 (Amend and Extend Transactions)*, shall be in a minimum amount of \$50,000,000; *provided* that the Borrower may, at its election, specify as a condition to consummating any such Extension (which may be waived by the Borrower in the Borrower’s sole discretion) that a higher minimum amount (to be determined and specified in the relevant Extension Offer) be applied; and

(iii) if the aggregate principal amount of Loans of such Tranche (calculated on the face amount thereof) in respect of which Lenders shall have accepted the relevant Extension Offer shall exceed the maximum aggregate principal amount of Loans of such Tranche offered to be extended by the Borrower pursuant to such Extension Offer, then the Loans of such Lenders in such Tranche shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Lenders have accepted such Extension Offer.

### **Section 2.21 Refinancing Transactions**

(a) Pursuant to the terms and subject to the conditions hereof, including *Section 2.22 (Incremental/Extended/Refinancing Amendments Generally)*, the Borrower may obtain, from any Lender or any New Lender, Refinancing Loans in respect of all or any portion of the Term Loans (or Tranche of Term Loans) then outstanding under this Agreement (which for purposes of this *Section 2.21 (Refinancing Transactions)* shall be deemed to include any then outstanding Incremental/Extended/Refinancing Loans).

(b) *Terms.* The terms of such Refinancing Loans shall be determined by the Borrower and the applicable Lenders or New Lenders providing such Refinancing Loans; *provided*, that:

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(i) such Refinancing Loans shall have a final maturity no earlier than the Refinanced Debt; and

(ii) other terms of such Refinancing Loans, if not the same as the terms of the Refinanced Debt, shall be reasonably satisfactory to the Administrative Agent.

(c) *Procedures.* Each incurrence of Refinancing Loans pursuant to this *Section 2.21 (Refinancing Transactions)* shall be in an aggregate principal amount of not less than the lesser of (x) \$50,000,000 and (y) the entire remaining amount of any outstanding Tranche of Term Loans.

### **Section 2.22 Incremental/Extended/Refinancing Amendments Generally**

(a) *Amendment Documents.* The terms of any Incremental/Extended/Refinancing Loans shall be established pursuant to an amendment to this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, each applicable Lender or New Lender providing such Incremental/Extended/Refinancing Loans and the Administrative Agent (each such amendment, an “*Incremental/Extended/Refinancing Amendment*”). Each such Incremental/Extended/Refinancing Amendment and all other documentation in respect of such Incremental/Extended/Refinancing Loans shall be reasonably satisfactory to the Administrative Agent and the Borrower. The Administrative Agent and the Borrower shall determine the effective date (the “*Incremental/Extended/Refinancing Effective Date*”) of such Incremental/Extended/Refinancing Amendment, which shall be promptly notified to the Lenders. Upon the Incremental/Extended/Refinancing Effective Date, each applicable Lender or New Lender providing any Incremental/Extended/Refinancing Loan shall become a “Lender”, and such Incremental/Extended/Refinancing Loan shall be a “Loan” for all purposes of this Agreement and the other Loan Documents. The Borrower shall agree to such procedures, if any, as may be established by, or acceptable to, the Administrative Agent to accomplish the purposes of *Sections 2.19 (Facility Increase)*, *2.20 (Amend and Extend Transactions)*, *2.21 (Refinancing Transactions)* and this *Section 2.22 (Incremental/Extended/Refinancing Amendments Generally)*, as appropriate.

(b) *No Obligation to Participate.* No Lender shall be obligated to provide any New Incremental Loans or Refinancing Loans (or to agree to extend the maturity date of any Loan), unless it so agrees in its sole discretion. Any Affiliated Lender that has committed to providing New Incremental Term Loans or Refinancing Loans shall be subject to the same restrictions set forth in *Section 11.2(j) (Assignments and Participations)* as they would otherwise be subject to with respect to any purchase by or assignment to such Affiliated Lender of Loans. Affiliated Lenders may not provide New Incremental Revolving Commitments or New Incremental Revolving Loans.

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(c) *Pro Rata Treatment.* The repayment (other than in connection with a scheduled repayment or a repayment at maturity) and the prepayment of any Incremental/Extended/Refinancing Loans shall be made on a pro rata basis with all other outstanding Loans; *provided*, that if the applicable Lenders providing such Incremental/Extended/Refinancing Loans so agree, such Lenders may participate on a less than pro rata basis in any repayment or prepayment hereunder; *provided, further*, that the Net Cash Proceeds of any Refinancing Loans shall be applied solely to each applicable Tranche of Refinanced Debt.

(d) *Effectiveness of Incremental/Extended/Refinancing Amendment.* No Incremental/Extended/Refinancing Amendment shall become effective unless all of the following conditions are met:

(i) no Incremental/Extended/Refinancing Amendment shall become effective unless the conditions precedent set forth in *Section 3.2 (Conditions Precedent to Each Loan)* are satisfied as of the date of such Incremental/Extended/Refinancing Amendment (including the condition that as of the date of such Incremental/Extended/Refinancing Amendment, no event shall have occurred and be continuing or would result from the consummation of such Incremental/Extended/Refinancing Amendment that would constitute an Event of Default or a Default);

(ii) each Incremental/Extended/Refinancing Amendment shall contain a representation and warranty by the Borrower that the representations and warranties of (A) the Borrower contained in *Article IV (Representations and Warranties)* and (B) each Loan Party contained in each other Loan Document or in any document furnished at any time under or in connection herewith or therewith are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the effective date of such Incremental/Extended/Refinancing Amendment, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date;

(iii) the Loan Parties shall reaffirm their respective obligations under the Collateral Documents pursuant to an agreement reasonably satisfactory to the Administrative Agent;

(iv) if requested by the Administrative Agent, Constituent Documents of the Loan Parties, resolutions (or equivalent authorization) of each Loan Party's board of directors (or equivalent body) or shareholders (or equivalent), as applicable, approving such Incremental/Extended/Refinancing Amendment shall be delivered to the Administrative Agent and an opinion or opinions of counsel reasonably satisfactory to the Administrative Agent as to the enforceability of the Incremental/Extended/Refinancing Amendment, this Agreement as amended thereby and such of the other Loan Documents (if any) as may be amended thereby;

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(v) the terms of such Incremental/Extended/Refinancing Loans shall comply with the requirements in *Sections 2.19 (Facility Increase), 2.20 (Amend and Extend Transactions), 2.21 (Refinancing Transactions)* and *2.22 (Incremental/Extended/Refinancing Amendments Generally)*, as applicable; and

(vi) the Borrower, the Administrative Agent and each applicable Lender shall execute and deliver to the Administrative Agent any documentation as the Administrative Agent shall reasonably specify to evidence the transaction contemplated by such Incremental/Extended/Refinancing Amendment.

Notwithstanding the foregoing or any provision of any Loan Document, if any New Incremental Term Loan is requested to finance a Proposed Acquisition or other Investment, in each case, permitted pursuant to *Section 8.3 (Investments)*, such New Incremental Term Loan shall be subject to customary "SunGard" or "certain funds" conditionality (it being understood that such New Incremental Term Loan shall be subject to the absence of an Event of Default under *Section 9.1(a), (b) or (f) (Events of Default)*).

### ARTICLE III

#### CONDITIONS TO LOANS AND LETTERS OF CREDIT

##### *Section 3.1 Conditions Precedent to Initial Loans and Letters of Credit*

The obligation of each Lender to make the Loans requested to be made by it on the Closing Date and the obligation of each Issuer to Issue Letters of Credit on the Closing Date is subject to the satisfaction or due waiver in accordance with *Section 11.1 (Amendments, Waivers, Etc.)* of each of the following conditions precedent.

(a) *Certain Documents.* The Administrative Agent shall have received on or prior to the Closing Date (and, to the extent any Borrowing of any Eurodollar Rate Loans is requested to be made on the Closing Date, in respect of the Notice of Borrowing for such Loans, at least three Business Days prior to the Closing Date or such shorter period as the Administrative Agent may approve) each of the following (except as otherwise provided in *Section 7.14 (Post-Closing Matters)*), each dated the Closing Date unless otherwise indicated or agreed to by the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent and in sufficient copies for each Lender:

(i) this Agreement, duly executed and delivered by the Borrower and, for the account of each Lender requesting the same, a Note of the Borrower conforming to the requirements set forth herein;

(ii) the Guaranty, duly executed and delivered by the Borrower and each other Guarantor;

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(iii) the Pledge and Security Agreement, duly executed and delivered by the Borrower and each other Guarantor, together with each of the following:

(A) evidence (including a Perfection Certificate certified by a Responsible Officer of the Borrower) reasonably satisfactory to the Administrative Agent that, upon the filing and recording of instruments delivered on the Closing Date, the Administrative Agent (for the benefit of the Secured Parties) shall, subject to *Section 7.14 (Post-Closing Matters)*, have a valid and perfected first priority security interest in the Collateral, including (x) such documents duly executed by each Loan Party as the Administrative Agent may reasonably request with respect to the perfection of its security interests in the Collateral (including financing statements under the UCC and with respect to patents, U.S. trademarks and copyrights, notices of grant of a security interest substantially in the form of Annex 3 of the Pledge and Security Agreement, suitable for filing with the U.S. Patent and Trademark Office or the U.S. Copyright Office, as the case may be, and other applicable documents under the laws of any jurisdiction with respect to the perfection of Liens created by the Pledge and Security Agreement) and (y) copies of UCC search reports as of a recent date listing all effective financing statements that name any Loan Party as debtor, together with copies of such financing statements, none of which shall cover the Collateral except for those that shall be terminated on the Closing Date or are otherwise permitted hereunder;

(B) all certificates, instruments and other documents representing all Pledged Stock being pledged pursuant to such Pledge and Security Agreement and stock powers for such certificates, instruments and other documents executed in blank; and

(C) all instruments representing Pledged Debt Instruments being pledged pursuant to such Pledge and Security Agreement duly endorsed in favor of the Administrative Agent or in blank;

(iv) life of loan Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Real Property, delivered to Administrative Agent, duly executed and acknowledged by the Borrower or appropriate Subsidiary (or, at Administrative Agent's election, a duly executed and acknowledged notice provided by the Administrative Agent), and if any portion of any Mortgaged Real Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area then the Borrower shall, or shall cause each applicable Loan Party to (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and otherwise

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sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws and (ii) deliver to the Administrative Agent evidence of such compliance, including evidence of payment, in form and substance reasonably acceptable to the Administrative Agent (the “*Flood Certificate Documents*”);

(v) a favorable opinion of (A) Paul, Weiss, Rifkind, Wharton & Garrison, LLP, counsel to the Loan Parties, in substantially the form of *Exhibit G (Form of Opinion of Counsel for the Loan Parties)*, and (B) counsel to the Loan Parties in each of the jurisdictions listed on *Schedule 3.1(a) (Opinion Jurisdictions)*, in each case addressed to the Agents, the Lenders and the Issuers and addressing such other matters as any Lender through the Administrative Agent may reasonably request;

(vi) a copy of the articles or certificate of incorporation (or equivalent Constituent Document) of each Loan Party, certified as of a recent date by the Secretary of State of the state of organization of such Loan Party, together with certificates of such official attesting to the good standing of each such Loan Party;

(vii) a certificate of the Secretary or an Assistant Secretary of each Loan Party certifying (A) the names and true signatures of each officer of such Loan Party that has been authorized to execute and deliver any Loan Document or other document required hereunder to be executed and delivered by or on behalf of such Loan Party, (B) the by-laws (or equivalent Constituent Document) of such Loan Party as in effect on the date of such certification, (C) the resolutions of such Loan Party’s Board of Directors (or equivalent governing body) approving and authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party and (D) that there have been no changes in the certificate of incorporation (or equivalent Constituent Document) of such Loan Party from the certificate of incorporation (or equivalent Constituent Document) delivered pursuant to *clause (vi)* above;

(viii) a certificate of the Chief Financial Officer of the Borrower, stating that the Borrower and its Subsidiaries are Solvent on a Consolidated basis, after giving effect to the initial Loans and Letters of Credit, the application of the proceeds thereof in accordance with *Section 7.9 (Application of Proceeds)*, the consummation of the other Transactions and the payment of all estimated legal, accounting and other fees related hereto and thereto;

(ix) a certificate of a Responsible Officer of the Borrower, in form and substance reasonably satisfactory to the Administrative Agent, to the effect that the conditions set forth in *Section 3.2(b) (Conditions Precedent to Each Loan and Letter of Credit)* have been satisfied;

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(x) evidence reasonably satisfactory to the Administrative Agent that the insurance policies required by *Section 7.5 (Maintenance of Insurance)* and any Collateral Document are in full force and effect, together with, unless otherwise agreed by the Administrative Agent, endorsements naming the Administrative Agent, on behalf of the Secured Parties, as an additional insured or loss payee, as applicable, under all insurance policies to be maintained with respect to the properties of the Borrower and each other Loan Party; and

(xi) such other certificates, documents, agreements and information respecting any Loan Party as any Lender through the Administrative Agent may reasonably request.

(b) *Fees and Expenses Paid.* There shall have been paid to the Administrative Agent, for the account of the Agents, the Arrangers and the Lenders, as applicable, all fees and expenses (including reasonable fees and expenses of counsel) due, payable and invoiced on or before the Closing Date (including all such fees described in the Fee Letter and the Engagement Letter).

(c) *Refinancing of Existing Credit Agreement.* (i) All obligations under the Existing Credit Agreement shall have been repaid in full, (ii) the Existing Credit Agreement and all Loan Documents (as defined therein) shall have been terminated on terms reasonably satisfactory to the Administrative Agent and (iii) the Administrative Agent shall have received a payoff letter duly executed and delivered by the respective borrower and agents thereunder or other evidence of such termination, in each case, in form and substance reasonably satisfactory to the Administrative Agent.

(d) *Financial Statements; Projections.* The Lenders shall have received (i) the financial statements described in *Section 4.4(a) (Financial Statements)* and (ii) the Projections.

### **Section 3.2 Conditions Precedent to Each Loan and Letter of Credit**

The obligation of each Lender on any date (including the Closing Date) to make any Loan and of each Issuer on any date (including the Closing Date) to Issue any Letter of Credit (other than an extension of the expiry, or renewal, of any Letter of Credit that does not increase the maximum face amount of such Letter of Credit) is subject to the satisfaction of each of the following conditions precedent:

(a) *Request for Borrowing or Issuance of Letter of Credit.* With respect to any Loan, the Administrative Agent shall have received a duly executed Notice of Borrowing (or, in the case of Swing Loans, a duly executed Swing Loan Request), and, with respect to any Letter of Credit, the Administrative Agent and the Issuer shall have received a duly executed Letter of Credit Request.

(b) *Representations and Warranties; No Defaults.* The following statements shall be true on the date of such Loan or Issuance, both before and after giving effect thereto and, in the case of any Loan, to the application of the proceeds thereof:

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(i) the representations and warranties set forth in *Article IV (Representations and Warranties)* and in the other Loan Documents shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of any such date after the Closing Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date; and

(ii) no Default or Event of Default shall have occurred and be continuing.

(c) *No Legal Impediments.* The making of the Loans or the Issuance of such Letter of Credit on such date does not violate any Requirement of Law on the date of or immediately following such Loan or Issuance of such Letter of Credit and is not enjoined, temporarily, preliminarily or permanently.



Each submission by the Borrower to the Administrative Agent of a Notice of Borrowing or a Swing Loan Request and the acceptance by the Borrower of the proceeds of each Loan requested therein, and each submission by the Borrower to an Issuer of a Letter of Credit Request, and the Issuance of each Letter of Credit requested therein, shall be deemed to constitute a representation and warranty by the Borrower as to the matters specified in *clause (b)* above on the date of the making of such Loan or the Issuance of such Letter of Credit.

### **Section 3.3 Determination of Initial Borrowing Conditions**

For purposes of determining compliance with the conditions specified in *Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit)*, each Lender shall be deemed to have consented to, approved, accepted or be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the initial Borrowing, borrowing of Swing Loans or Issuance or deemed Issuance hereunder specifying its objection thereto and such Lender shall not have made available to the Administrative Agent such Lender's Ratable Portion of such Borrowing or Swing Loans.

### **Section 3.4 Additional Conditions to Issuances**

In addition to the other conditions precedent herein set forth, if any Lender becomes, and during the period it remains, a Defaulting Lender, the Issuer will not be required to Issue any Letter of Credit or to amend any outstanding Letter of Credit to increase the face amount thereof, alter the drawing terms thereunder or extend the expiry date thereof, and the Swing Lender will not be required to make any Swing Loan, except to the extent any exposure that would result therefrom is eliminated or covered by the

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reallocation of the Revolving Credit Commitments of the Non-Defaulting Lenders or by cash collateralization or a combination thereof as set forth in *Section 2.18 (Defaulting Lender)*.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES**

To induce the Lenders, the Issuers and the Administrative Agent to enter into this Agreement, the Borrower represents and warrants each of the following to the Lenders, the Issuers and the Administrative Agent, on and as of the Closing Date and after giving effect to the making of the Loans and the other financial accommodations on the Closing Date and on and as of each date (including the First Amendment Effective Date) as required by *Section 3.2(b)(i) (Conditions Precedent to Each Loan and Letter of Credit)*:

#### **Section 4.1 Corporate Existence; Compliance with Law**

Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) is duly qualified to do business as a foreign entity and in good standing under the laws of each jurisdiction where such qualification is necessary, except where the failure to be so qualified or in good standing would not, in the aggregate, have a Material Adverse Effect, (c) has all requisite power and authority and the legal right to own and operate its properties, to lease the property it operates under lease and to conduct its business as currently conducted, (d) is in compliance with its Constituent Documents except where the failure to be in compliance would not, in the aggregate, have a Material Adverse Effect, (e) is in compliance with all applicable Requirements of Law except where the failure to be in compliance would not, in the aggregate, have a Material Adverse Effect and (f) has all necessary Permits from or by, has made all necessary filings with, and has given all necessary notices to, each Governmental Authority having jurisdiction, to the extent required for such ownership, operation and conduct, except for Permits or filings or notices that can be obtained or made by the taking of ministerial action to secure the grant or transfer thereof or the failure to obtain or make would not, in the aggregate, have a Material Adverse Effect.

#### **Section 4.2 Corporate Power; Authorization; Enforceable Obligations**

(a) The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby:

- (i) are within such Loan Party's corporate, limited liability company, partnership or other powers;
- (ii) have been or, at the time of delivery thereof pursuant to *Article III (Conditions to Loans and Letters of Credit)* will have been duly

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authorized by all necessary corporate or other organizational action, including the consent of shareholders, partners and members where required;

(iii) do not and will not (A) contravene or violate such Loan Party's respective Constituent Documents, (B) violate any other Requirement of Law applicable to such Loan Party (including Regulations T, U and X of the Federal Reserve Board), or any order or decree of any Governmental Authority or arbitrator applicable to such Loan Party, (C) conflict with or result in the breach of, or constitute a default under, or result in or permit the termination or acceleration of, any Indenture or any notes issued pursuant thereto, (D) conflict with or result in the breach of, or constitute a default under, or result in or permit the termination or acceleration of, any material Contractual Obligation of such Loan Party or any of its Subsidiaries, except to the extent such conflict, breach, default, termination or acceleration would not have a Material Adverse Effect, or (E) result in the creation or imposition of any Lien upon any property of such Loan Party or any of its Subsidiaries, other than those in favor of the Secured Parties pursuant to the Collateral Documents or as permitted by *Section 8.2 (Liens, Etc.)*; and

(iv) do not require the consent of, authorization by, approval of, notice to, or filing or registration with, any Governmental Authority or any other Person, other than those listed on *Schedule 4.2 (Consents)* and that have been or will be, prior to the Closing Date obtained or made, copies of which have been or will be delivered to the Administrative Agent, and each of which on the Closing Date will be in full force and effect and, with respect to the Collateral, filings required to perfect the Liens created by the Collateral Documents.

(b) This Agreement has been, and each of the other Loan Documents will have been upon delivery thereof pursuant to the terms of this Agreement, duly executed and delivered by each Loan Party party thereto. This Agreement is, and the other Loan Documents will be, when delivered hereunder, the legal, valid and

binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights generally and by general principles of equity.

(c) The Obligations constitute "Senior Indebtedness," "Senior Secured Financing" or "Designated Senior Indebtedness" (or any comparable term) under and as defined in the 2025 Subordinated Note Indenture, the 2022 Subordinated Note Indenture and any documentation with respect to any other subordinated Indebtedness of the Borrower and each of its Subsidiaries. As of the First Amendment Effective Date, no other Indebtedness (other than the Obligations) qualifies as "Senior Secured Financing" or "Designated Senior Indebtedness" (or any comparable term) under the 2025 Subordinated Note Indenture or the 2022 Subordinated Note Indenture.

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#### **Section 4.3 Subsidiaries; Borrower Information**

(a) Set forth on *Schedule 4.3(a) (Ownership of Subsidiaries)* is a complete and accurate list showing, as of the First Amendment Effective Date, all Subsidiaries of the Borrower and, as to each such Subsidiary, the jurisdiction of its organization, the number of shares of each class of Stock authorized (if applicable), the number outstanding on the First Amendment Effective Date, the number and percentage of the outstanding shares of each such class owned (directly or indirectly) by the Borrower and whether it is a Subsidiary or an Unrestricted Subsidiary. No Stock of any Subsidiary of the Borrower that is a Loan Party is subject to any outstanding option, warrant, right of conversion or purchase of any similar right. All of the outstanding Stock of each Subsidiary of the Borrower owned (directly or indirectly) by the Borrower has been validly issued, is fully paid and non-assessable (to the extent applicable) and is owned by the Borrower or a Subsidiary of the Borrower, free and clear of all Liens (other than the Lien in favor of the Secured Parties created pursuant to the Collateral Documents and nonconsensual Liens permitted by *Section 8.2 (Liens, Etc.)*), options, warrants, rights of conversion or purchase or any similar rights. Neither the Borrower nor any other Loan Party is a party to, or has knowledge of, any agreement restricting the transfer or hypothecation of any Stock of any such Subsidiary, other than the Loan Documents and the Indentures.

(b) *Schedule 4.3(b) (Borrower Information)* sets forth as of the First Amendment Effective Date the name, address of principal place of business and tax identification number of the Borrower.

#### **Section 4.4 Financial Statements**

(a) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2012 and the related Consolidated statements of income, retained earnings and cash flows of the Borrower and its Subsidiaries for the Fiscal Year then ended, certified by the Borrower's Accountants, copies of which have been furnished to each Lender, fairly present the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in conformity with GAAP.

(b) Neither the Borrower nor any of the Borrower's Subsidiaries has any material obligation, contingent liability or liability for taxes, long-term leases or unusual forward or long-term commitment that is not reflected in the Financial Statements referred to in *clause (a)* above or in the notes thereto and not otherwise permitted by this Agreement.

(c) The Projections have been prepared in good faith based upon estimates and assumptions which the Borrower believes to be reasonable and fair in light of conditions and facts known to Holdings and the Borrower as of the date of delivery thereof and, as of the Closing Date, reflect the Borrower's good faith and reasonable

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estimates of the future financial performance of Group Members and of the other information projected therein for the periods set forth therein.

#### **Section 4.5 Material Adverse Change**

Since December 31, 2014, there has been no Material Adverse Change and there have been no events or developments that, in the aggregate, have had a Material Adverse Effect.

#### **Section 4.6 Solvency**

Both before and after giving effect to (a) the Loans and Letter of Credit Obligations to be made or extended on the Closing Date or such other date as Loans and Letter of Credit Obligations requested hereunder are made or extended, (b) the disbursement of the proceeds of such Loans pursuant to the instructions of the Borrower, (c) the consummation of the other Transactions and (d) the payment and accrual of all transaction costs in connection with the foregoing, the Borrower and its Subsidiaries, on a Consolidated basis, are Solvent.

#### **Section 4.7 Litigation**

Except as set forth on *Schedule 4.7 (Litigation)*, there are no pending (or, to the knowledge of the Borrower, threatened) actions, investigations or proceedings affecting the Borrower or any of its Subsidiaries before any court, Governmental Authority or arbitrator other than those that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect. The performance of any action by any Loan Party required or contemplated by any Loan Document is not restrained or enjoined (either temporarily, preliminarily or permanently).

#### **Section 4.8 Taxes**

(a) All federal, state, local and foreign income and franchise and other material tax returns, reports and statements (collectively, the "Tax Returns") required to be filed by the Borrower or any of its Tax Affiliates have been filed with the appropriate Governmental Authorities in all jurisdictions in which such Tax Returns are required to be filed, all such Tax Returns are true and correct in all material respects, and all taxes, charges and other impositions reflected therein or otherwise due and payable have been paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof except where contested in good faith and by appropriate proceedings if adequate reserves therefor have been established on the books of the Borrower or such Tax Affiliate in conformity with GAAP or where the failure to pay such taxes would not have a Material Adverse Effect. Except as would not have a Material Adverse Effect, no Tax Return is under audit or examination by any Governmental Authority and no notice of such an audit or examination or any assertion of any claim for Taxes has been given or made by any Governmental Authority. Proper and accurate amounts have been withheld by the Borrower and each of its Tax Affiliates from their respective employees for all periods in full and complete compliance with the tax, social security and unemployment withholding provisions of applicable

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Requirements of Law and such withholdings have been timely paid to the respective Governmental Authorities, except where the failure to pay such withholdings would not have a Material Adverse Effect.

(b) None of the Borrower or any of its Tax Affiliates has executed or filed with the IRS or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for the filing of any federal, state, local or foreign income or franchise or other material Tax Return or the assessment or collection of any material charges.

#### **Section 4.9 Full Disclosure**

(a) The written information (other than the projections, estimates and information of a general economic nature or general industry nature) prepared or furnished by or on behalf of the Borrower in connection with this Agreement or the consummation of the transactions contemplated hereunder, taken as a whole, including the information contained in the Disclosure Documents does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading.

(b) The projections and estimates prepared by or on behalf of the Borrower or any of its representatives and that have been made available to any Lender or the Administrative Agent in connection with the transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date thereof (it being understood that actual results may vary materially from the Projections), as of the date such projections and estimates were furnished to the Lenders, Citicorp or the Administrative Agent and as of the Closing Date.

#### **Section 4.10 Margin Regulations**

The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Federal Reserve Board), and no proceeds of any Loan will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock in contravention of Regulation T, U or X of the Federal Reserve Board.

#### **Section 4.11 No Burdensome Restrictions; No Defaults**

(a) None of the Borrower or any of its Subsidiaries (i) is a party to any Contractual Obligation the compliance with one or more of which would have, in the aggregate, a Material Adverse Effect or the performance of which by any thereof, either unconditionally or upon the happening of an event, would result in the creation of a Lien (other than a Lien permitted under *Section 8.2 (Liens, Etc.)*) on the assets of any thereof or (ii) is subject to one or more charter or corporate restrictions that would, in the aggregate, have a Material Adverse Effect.

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(b) None of the Borrower or any of its Subsidiaries is in default under or with respect to any Contractual Obligation owed by it and, to the knowledge of any Loan Party, no other party is in default under or with respect to any Contractual Obligation owed to any Loan Party or to any Subsidiary of any Loan Party, other than, in either case, those defaults that, in the aggregate, would not have a Material Adverse Effect.

(c) No Default or Event of Default has occurred and is continuing.

(d) To the knowledge of any Loan Party, there are no Requirements of Law applicable to any Loan Party or any Subsidiary of any Loan Party the compliance with which by such Loan Party or such Subsidiary, as the case may be, would, in the aggregate, have a Material Adverse Effect.

#### **Section 4.12 Investment Company Act**

None of the Borrower or any of its Subsidiaries is an "investment company" as defined in, or is required to be registered as an "investment company" under, the Investment Company Act of 1940, as amended.

#### **Section 4.13 Use of Proceeds**

(a) The proceeds of the Original Term Loans made on the Closing Date were used by the Borrower on the Closing Date solely (a) to refinance all Indebtedness and other obligations outstanding under the Existing Credit Agreement (other than the Existing Letters of Credit), (b) to pay costs, fees and expenses related to the Transactions and (c) for working capital and general corporate purposes.

(b) The proceeds of the Revolving Loans, the Swing Loans, the Letters of Credit and the New Incremental Loans shall be used after the Closing Date for working capital and general corporate purposes, including Proposed Acquisitions permitted under *Section 8.3 (Investments)*; provided, that (i) on the Closing Date, the Existing Letters of Credit shall be deemed to be Letters of Credit issued by Issuer under the Revolving Credit Facility; provided, further, that no New Incremental Term Loans or New Incremental Notes shall be used to make any Discounted Term Loan Prepayments or open market purchases of Loans.

(c) The proceeds of the 2015 Incremental Term Loans made on the First Amendment Effective Date shall be used by the Borrower solely (a) to pay costs, fees and expenses related to the First Amendment Transactions and (b) for working capital and general corporate purposes.

#### **Section 4.14 Insurance**

*Schedule 4.14* sets forth as of the First Amendment Effective Date a summary of all insurance policies maintained by the Borrower and its Subsidiaries. All material policies of insurance of any kind or nature of the Borrower or any of its Subsidiaries, including

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policies of life, fire, theft, product liability, public liability, property damage, other casualty, employee fidelity, workers' compensation and employee health and welfare insurance, are in full force and effect and are of a nature and provide such coverage as the Borrower believes in its commercially reasonable judgment is sufficient and as is customarily carried by businesses of the size and character of such Person.

**Section 4.15 Labor Matters**

(a) There are no strikes, work stoppages, slowdowns or lockouts pending or threatened against or involving the Borrower or any of its Subsidiaries, other than those that, in the aggregate, would not have a Material Adverse Effect.

(b) There are no unfair labor practices, grievances, complaints or arbitrations pending, or, to any Loan Party's knowledge, threatened, against or involving the Borrower or any of its Subsidiaries, nor are there any arbitrations or grievances threatened involving the Borrower or any of its Subsidiaries, other than those that, in the aggregate, would not have a Material Adverse Effect.

(c) Except as set forth on *Schedule 4.15 (Labor Matters)*, as of the First Amendment Effective Date, there is no collective bargaining agreement covering any employee of the Borrower or its Subsidiaries.

**Section 4.16 ERISA**

(a) *Schedule 4.16 (List of Plans)* identifies as of the First Amendment Effective Date all Title IV Plans and all Multiemployer Plans.

(b) Each employee benefit plan of the Borrower or any of the Borrower's Subsidiaries intended to qualify under Section 401 of the Code does so qualify, and any trust created thereunder is exempt from tax under the provisions of Section 501 of the Code, except where such failures, in the aggregate, would not have a Material Adverse Effect.

(c) Each Title IV Plan is in compliance in all material respects with applicable provisions of ERISA, the Code and other Requirements of Law except for noncompliance that, in the aggregate, would not have a Material Adverse Effect.

(d) There has been no, nor is there reasonably expected to occur, any ERISA Event other than those that, in the aggregate, would not have a Material Adverse Effect.

(e) Except to the extent set forth on *Schedule 4.16 (List of Plans)*, none of the Borrower, any of the Borrower's Subsidiaries or any ERISA Affiliate would have any Withdrawal Liability as a result of a complete withdrawal as of the Closing Date from any Multiemployer Plan, other than those that, in the aggregate, would not have a Material Adverse Effect.

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**Section 4.17 Environmental Matters**

(a) The operations of the Borrower and each of its Subsidiaries are in compliance with all Environmental Laws, including obtaining and complying with all required environmental, health and safety Permits, other than non-compliances that, in the aggregate, would not have a Material Adverse Effect.

(b) Except as disclosed on *Schedule 4.17 (Environmental Matters)*, none of the Borrower or any of its Subsidiaries or any Real Property currently or, to the knowledge of any Loan Party, previously owned, operated or leased by or for the Borrower or any of its Subsidiaries is subject to any pending or, to the knowledge of any Loan Party, threatened, claim, order, agreement, notice of violation, notice of potential liability or is the subject of any pending or threatened proceeding or governmental investigation under or pursuant to Environmental Laws other than those that, in the aggregate, are not reasonably likely to have a Material Adverse Effect.

(c) Except as disclosed on *Schedule 4.17 (Environmental Matters)*, none of the Real Property owned or operated by the Borrower or any of its Subsidiaries is a treatment, storage or disposal facility requiring a Permit under the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the regulations thereunder or any state analog.

(d) There are no facts, circumstances or conditions arising out of or relating to the operations or ownership of the Borrower or of Real Property owned, operated or leased by the Borrower or any of its Subsidiaries that are not specifically included in the financial information furnished to the Lenders which could reasonably be expected to result in the Borrower incurring Environmental Liabilities and Costs other than those that, in the aggregate, would not have a reasonable likelihood of having a Material Adverse Effect.

(e) As of the First Amendment Effective Date, no Environmental Lien has attached to any property of the Borrower or any of its Subsidiaries and, to the knowledge of any Loan Party, no Governmental Authority has undertaken any Remedial Action at any Real Property owned or leased by any Loan Party that could reasonably be expected to have a Material Adverse Effect.

(f) The Borrower and each of its Subsidiaries has made available to the Lenders copies of all material environmental, health or safety audits, studies, assessments, inspections, investigations or other environmental health and safety reports relating to the operations of the Borrower or any of its Subsidiaries or any Real Property of any of them that are in the possession, custody or control of the Borrower or any of its Subsidiaries which reveals known or potential Environmental Liabilities and Costs that would reasonably be expected to have a Material Adverse Effect.

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**Section 4.18 Intellectual Property**

The Borrower and its Subsidiaries own or license or otherwise have the right to use all licenses, permits, patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, copyright applications, Internet domain names, franchises, authorizations and other intellectual property rights (including all Intellectual Property) that are necessary for the operations of their respective businesses, without infringement upon or conflict with the rights of any other Person with respect thereto, including all trade names associated with any private label brands of the Borrower or any of its Subsidiaries, except to the extent the failure to own, license or otherwise have the right to use would not have a Material Adverse Effect. To any Loan Party's knowledge, no license, permit, patent, patent application, trademark, trademark application, service mark, trade name, copyright, copyright application, Internet domain name, franchise, authorization, other intellectual property right (including all Intellectual Property), slogan or other advertising device, product, process, method, substance, part or component, or other material now employed, or now contemplated to be employed, by the Borrower or any of its Subsidiaries infringes upon or conflicts with any rights owned by any other Person, except for such infringements and conflicts which would not have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of any Loan Party, threatened which would have a Material Adverse Effect.

**Section 4.19 Title; Real Property**

(a) Each of the Borrower and its Subsidiaries has good and marketable title to, or valid leasehold interests in, all Real Property and good title to all personal property, in each case that is purported to be owned or leased by it, including those reflected on the most recent Financial Statements delivered by the Borrower, and none of such properties and assets is subject to any Lien, except Liens permitted under *Section 8.2 (Liens, Etc.)*.

(b) Set forth on *Schedule 4.19 (Real Property)* is a complete and accurate list of all Real Property of each Loan Party and showing, as of the First Amendment Effective Date, the current street address (including, where applicable, county, state and other relevant jurisdictions), record owner and, where applicable, lessee and lessor thereof.

(c) No Loan Party owns or holds, or is obligated under or a party to, any lease, option, right of first refusal or other contractual right to purchase, acquire, sell, assign, dispose of or lease any Mortgaged Real Property of such Loan Party.

(d) No portion of any Real Property of any Loan Party or any of its Subsidiaries has suffered any material damage by fire or other casualty loss that has not heretofore been substantially repaired and restored to its original condition. Except as disclosed to the Administrative Agent, no portion of any Real Property of any Loan Party or any of its Subsidiaries to be subject to a Mortgage in favor of the Administrative Agent

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is located in a special flood hazard area as designated by any federal Governmental Authority.

(e) All Permits required to have been issued or appropriate to enable all Real Property of the Borrower or any of its Subsidiaries to be lawfully occupied and used for all of the purposes for which they are currently occupied and used have been lawfully issued and are in full force and effect, other than those that, in the aggregate, would not have a Material Adverse Effect.

(f) None of the Borrower or any of its Subsidiaries has received any notice, or has any knowledge, of any pending, threatened or contemplated condemnation proceeding affecting any Real Property of the Borrower or any of its Subsidiaries or any part thereof, except those that, in the aggregate, would not have a Material Adverse Effect.

**Section 4.20 OFAC**

No Group Member (a) is a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (b) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is, to the best knowledge of such Group Member, otherwise associated with any such person in any manner violative of Section 2, or (c) is a person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

**Section 4.21 Patriot Act; Foreign Corrupt Practices Act**

Each Group Member is in compliance, in all material respects, with (a) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Loans will be used by or on behalf of any Group Member, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

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**ARTICLE V**

**FINANCIAL COVENANT**

As long as any Revolving Credit Commitment remains outstanding and unless the Requisite Revolving Credit Lenders otherwise consent in writing, commencing with the Fiscal Quarter ending on June 30, 2013, the Borrower and its Subsidiaries shall maintain on the last day of each Fiscal Quarter, a Net Senior Secured Leverage Ratio of not more than 3.25 to 1.0.

**ARTICLE VI**

**REPORTING COVENANTS**

The Borrower agrees with the Lenders, the Issuers and the Administrative Agent to each of the following, as long as any Obligation (other than Cash Management Obligations, Obligations arising under Cash Management Documents and Hedging Contracts and contingent indemnification obligations as to which no claim is pending) or any Commitment remains outstanding and, in each case, unless the Requisite Lenders otherwise consent in writing:

**Section 6.1 Financial Statements**

The Borrower shall furnish to the Administrative Agent (and the Administrative Agent will forward to or post on the Approved Electronic Platform for the Lenders) each of the following:

(a) *Quarterly Reports.* Within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year (or, if the financial statements required by this clause (a) are required to be filed with the SEC, such other time period as specified in the SEC's rules and regulations with respect to the Borrower for the filing of its quarterly reports on Form 10-Q), financial information regarding the Borrower and its Subsidiaries consisting of a Consolidated unaudited balance sheet as of the close of such quarter and the related statements of income and cash flow for such quarter and that portion of the Fiscal Year ending as of the close of such quarter, setting forth in comparative form the figures for the corresponding period in the prior year, in each case certified by a Responsible Officer of the Borrower as fairly presenting, in all material

respects, the Consolidated financial position of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in accordance with GAAP (subject to the absence of footnote disclosure and normal year-end audit adjustments).

(b) *Annual Reports.* Within 90 days after the end of each Fiscal Year (or, if the financial statements required by this clause (b) are required to be filed with the SEC, such other time period as specified in the SEC's rules and regulations with respect to the Borrower for the filing of its annual reports on Form 10-K), financial information regarding the Borrower and its Subsidiaries consisting of a Consolidated balance sheet of

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the Borrower and its Subsidiaries as of the end of such year and related statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Year, all prepared in conformity with GAAP and certified, in the case of such Consolidated Financial Statements, without qualification as to the scope of the audit or as to the Borrower being a going concern other than solely with respect to, or resulting solely from an upcoming maturity date under any series of Indebtedness occurring within one year from the time such opinion is delivered by the Borrower's Accountants, together with the report of such accounting firm stating that (i) such Financial Statements fairly present, in all material respects, the Consolidated financial position of the Borrower and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except for changes with which the Borrower's Accountants shall concur and that shall have been disclosed in the notes to the Financial Statements) and (ii) the examination by the Borrower's Accountants in connection with such Consolidated Financial Statements has been made in accordance with generally accepted auditing standards.

(c) *Compliance Certificate.* Together with each delivery of any Financial Statement pursuant to clause (a) or (b) above, a certificate of a Responsible Officer of the Borrower in substantially the form of *Exhibit J (Form of Compliance Certificate)* (each, a "Compliance Certificate") (i) showing in reasonable detail the calculations used in determining the Net Senior Secured Leverage Ratio (for purposes of determining the Applicable Margin) and the Net Senior Secured Leverage Ratio for purposes of demonstrating compliance with the financial covenant contained in *Article V (Financial Covenant)* and (ii) stating that no Default or Event of Default has occurred and is continuing or, if a Default or an Event of Default has occurred and is continuing, stating the nature thereof and the action that the Borrower proposes to take with respect thereto, and if such Compliance Certificate demonstrates an Event of Default of the covenant contained in *Article V (Financial Covenant)*, the Borrower may deliver together with such Compliance Certificate notice of its intent to cure (a "Notice of Intent to Cure") such Event of Default pursuant to *Section 9.5 (Right to Cure)*.

(d) *Corporate Chart and Other Collateral Updates.* Together with each delivery of any Financial Statement pursuant to clause (b) above, (i) a certificate of a Responsible Officer of the Borrower certifying that the Corporate Chart attached thereto (or the last Corporate Chart delivered pursuant to this clause (d)) is true, correct, complete and current as of the date of such Financial Statement and (ii) a certificate of a Responsible Officer of the Borrower in form and substance reasonably satisfactory to the Administrative Agent that all certificates, statements, updates and other documents (including updated schedules) required to be delivered pursuant to the Collateral Documents by any Loan Party in the preceding Fiscal Year have been delivered thereunder (or such delivery requirement was otherwise duly waived or extended).

(e) *Business Plan.* Not later than 90 days after the end of each Fiscal Year and containing substantially the types of financial information contained in the Projections, (i) the annual business plan of the Borrower and its Subsidiaries for the next

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succeeding Fiscal Year approved by the Board of Directors of the Borrower and (ii) forecasts prepared by management of the Borrower for each Fiscal Quarter in the next succeeding Fiscal Year, including, (x) a projected year-end Consolidated balance sheet and income statement and statement of cash flows and (y) a statement of all of the material assumptions on which such forecasts are based.

Notwithstanding the foregoing, (i) in the event that the Borrower delivers to the Administrative Agent a quarterly report Form 10-Q for any Fiscal Quarter, as filed with the SEC, within 45 days after the end of such Fiscal Quarter, such Form 10-Q shall satisfy all requirements of clause (a) of this Section 6.1 with respect to such Fiscal Quarter to the extent that it contains the information required by such clause (a) and (ii) in the event that the Borrower delivers to the Administrative Agent an annual report on Form 10-K for any Fiscal Year, as filed with the SEC, within 90 days after the end of such Fiscal Year, such Form 10-K shall satisfy all requirements of clause (b) of this Section 6.1 with respect to such Fiscal Year to the extent that it contains the information and report and opinion required by such clause (b), in each case to the extent that information contained in such Form 10-Q or Form 10-K satisfies the requirements of clauses (a) or (b) of this Section, as the case may be.

## **Section 6.2 Default Notices**

(a) As soon as practicable, and in any event within five Business Days after a Responsible Officer of any Loan Party has actual knowledge of the existence of any Default or Event of Default, the Borrower shall give the Administrative Agent notice specifying the nature of such Default or Event of Default, including the anticipated effect thereof, which notice, if given by telephone, shall be promptly confirmed in writing on the next Business Day (and the Administrative Agent will forward to or post on the Approved Electronic Platform for the Lenders any such written notice).

(b) As soon as practicable after a Responsible Officer of any Loan Party has actual knowledge of the existence of any event having had a Material Adverse Effect or having any reasonable likelihood of causing or resulting in a Material Adverse Change, the Borrower shall give the Administrative Agent notice specifying the nature of such event, including the anticipated effect thereof, which notice, if given by telephone, shall be promptly confirmed in writing on the next Business Day.

## **Section 6.3 Litigation**

Promptly after the commencement thereof, the Borrower shall give the Administrative Agent written notice of the commencement of all actions, suits and proceedings before any domestic or foreign Governmental Authority or arbitrator affecting the Borrower or any of Subsidiary of the Borrower that (i) seeks injunctive or similar relief or (ii) in the reasonable judgment of the Borrower or such Subsidiary, expose the Borrower or such Subsidiary to liability that would be reasonably expected to have a Material Adverse Effect.

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## **Section 6.4 SEC Filings; Press Releases**

Promptly after the sending or filing thereof, the Borrower shall send the Administrative Agent notice (and, to the extent not publicly available on the SEC's EDGAR database, copies) of (a) all reports and registration statements that the Borrower or any of its Subsidiaries files with the SEC or any national or foreign securities exchange or the National Association of Securities Dealers, Inc., and (b) all other statements concerning material changes or developments in the business of such Loan Party made available by any

Loan Party to the public. Notwithstanding the foregoing, the Borrower's obligations under this *Section 6.4* to provide such notice and copies to the Administrative Agent may be satisfied by posting the applicable documents (or providing a link thereto) on the Borrower's publicly available website on the Internet at the website address designated in writing by the Borrower to the Administrative Agent from time to time.

***Section 6.5 Labor Relations***

Promptly after becoming aware of the same, the Borrower shall give the Administrative Agent written notice of (a) any material labor dispute to which the Borrower or any of its Subsidiaries is or may become a party, including any strikes, lockouts or other disputes relating to any of such Person's plants and other facilities, and (b) any Worker Adjustment and Retraining Notification Act or related liability incurred with respect to the closing of any plant or other facility of any such Person, in each case to the extent that such matter would reasonably be expected to have a Material Adverse Effect.

***Section 6.6 Tax Returns***

Upon the reasonable request of any Lender, through the Administrative Agent, the Borrower shall provide copies of all federal, state, local and foreign tax returns and reports filed by the Borrower or any Subsidiary of the Borrower in respect of taxes measured by income (excluding sales, use and like taxes).

***Section 6.7 Insurance***

As soon as is practicable and in any event within 90 days after the end of each Fiscal Year, the Borrower shall furnish the Administrative Agent with insurance broker's statement outlining all material insurance coverage maintained as of the date of such report by the Borrower or any Subsidiary of the Borrower and the duration of such coverage and confirming, that the Administrative Agent has been named as loss payee or additional insured, as applicable, to the extent required by *Section 7.5 (Maintenance of Insurance)*.

***Section 6.8 ERISA Matters***

The Borrower shall furnish the Administrative Agent promptly and in any event within 30 days after the Borrower or any Subsidiary of the Borrower or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred, written notice describing such event, other than those that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

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***Section 6.9 Other Information***

The Borrower shall provide the Administrative Agent or any Lender with such other information respecting the business, properties, condition, financial or otherwise, or operations of the Borrower or any Subsidiary of the Borrower as the Administrative Agent or such Lender through the Administrative Agent may from time to time reasonably request.

***Section 6.10 DCIP***

The Borrower shall provide the Administrative Agent prompt notice of any determination by any Loan Party that any Digital Cinema Equipment (excluding any leasehold interests) is no longer intended in good faith to be, or reasonably expected to be, sold or contributed to a DCIP Entity under a DCIP Investment Transaction, together with a schedule listing all such equipment in reasonable detail, including, to the extent available, all serial numbers thereto and the amount, if any, of all expenditures for the acquisition of such Digital Cinema Equipment; *provided, however*, that if such Digital Cinema Equipment is not sold or contributed to a DCIP Entity under a DCIP Investment Transaction within 270 days of the acquisition of such Digital Cinema Equipment by a Loan Party, the Borrower shall (a) promptly provide such schedule to the Administrative Agent and (b) comply with the requirements of *Section 7.11(c) (Additional Collateral and Guaranties)* with respect to such Digital Cinema Equipment.

**ARTICLE VII**

**AFFIRMATIVE COVENANTS**

The Borrower agrees with the Lenders, the Issuers and the Administrative Agent to each of the following, as long as any Obligation (other than Cash Management Obligations, Obligations arising under Cash Management Documents and Hedging Contracts and contingent indemnification obligations as to which no claim is pending) or any Commitment remains outstanding and, in each case, unless the Requisite Lenders otherwise consent in writing:

***Section 7.1 Preservation of Corporate Existence, Etc.***

The Borrower shall, and shall cause each Subsidiary of the Borrower to, preserve and maintain its legal existence, rights (charter and statutory) and franchises, except in the case of a Subsidiary of the Borrower, where the failure to do so would not reasonably be expected to have a Material Adverse Effect, and as otherwise permitted by *Sections 8.4 (Sale of Assets)* and *8.6 (Restriction on Fundamental Changes)*.

***Section 7.2 Compliance with Laws, Etc.***

The Borrower shall, and shall cause each Subsidiary of the Borrower to, comply with all applicable Requirements of Law, Contractual Obligations and Permits, except where the failure so to comply would not, in the aggregate, have a Material Adverse Effect.

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***Section 7.3 Conduct of Business***

The Borrower shall, and shall cause each Subsidiary of the Borrower to, use its reasonable efforts to preserve its business and the goodwill and business of the customers, advertisers, suppliers and others having business relations with the Borrower or any of its Subsidiaries, except in each case where the failure to comply with the above would not, in the aggregate, have a Material Adverse Effect.

***Section 7.4 Payment of Taxes, Etc.***

The Borrower shall, and shall cause each Subsidiary of the Borrower to, pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges and levies, except where (i) contested in good faith, by proper proceedings and adequate reserves therefor have been established on the books of the Borrower or the appropriate Subsidiary in conformity with GAAP or (ii) the failure to make a payment would not have a Material Adverse Effect.

#### **Section 7.5 Maintenance of Insurance**

The Borrower shall (a) maintain for, itself, and the Borrower shall cause to be maintained for each Subsidiary of the Borrower, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same or similar general areas in which the Borrower or such Subsidiary operates and (b) cause all property and casualty policies relating to any Loan Party to name the Administrative Agent on behalf of the Secured Parties as loss payee, and (c) cause all liability policies relating to any Loan Party to name the Administrative Agent on behalf of the Secured Parties as additional insured.

#### **Section 7.6 Access**

The Borrower shall, and shall cause each Subsidiary of the Borrower to, from time to time permit any agents, representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (subject to such independent public accountants' customary procedures and provided the Borrower shall be entitled to participate in any discussions with the accountants upon reasonable advanced written notice to the Administrative Agent), all at the reasonable expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower and, in all cases, subject to the confidentiality provisions set forth in *Section 11.18 (Confidentiality; Fiduciary Duty)*; provided, however, that, excluding any such visits and inspections during the continuation of an Event of Default, only the Administrative Agent on behalf of the Lenders may exercise rights of the Administrative Agent and the Lenders under this *Section 7.6* and the Administrative Agent shall not exercise such rights more often than two times during any calendar year

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absent the existence of an Event of Default and only one such time shall be at the Borrower's expense; provided, further, that, during an Event of Default, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent and the Lenders shall give the Borrower the opportunity to participate in any discussions with the Borrower's independent public accountants.

#### **Section 7.7 Keeping of Books**

The Borrower shall, and shall cause each Subsidiary of the Borrower to keep, proper books and records in conformity with GAAP or Local GAAP, as applicable.

#### **Section 7.8 Maintenance of Properties, Etc.**

The Borrower shall, and shall cause each Subsidiary of the Borrower to, maintain and preserve (a) (i) in good working order and condition all of its properties necessary in the conduct of its business and (ii) all rights, permits, licenses, approvals and privileges (including all Permits) used or useful or necessary in the conduct of its business; provided, however, that the Borrower and its Subsidiaries may close or otherwise cease to operate theatres and remove fixtures and personalty therefrom upon the expiration or other termination of the applicable lease if the board of directors of the Borrower or such Subsidiary, as the case may be, determines in good faith that the maintenance and continued operation thereof is no longer desirable in the conduct of the business of the Borrower or such Subsidiary, as the case may be, and (b) all registered patents, trademarks, trade names, copyrights and service marks used or useful or necessary in their respective businesses, except where failure to so maintain and preserve the items set forth in *clauses (a) and (b)* above would not, in the aggregate, have a Material Adverse Effect.

#### **Section 7.9 Application of Proceeds**

The Borrower (and, to the extent distributed to them by the Borrower, each Loan Party) shall use the entire amount of the proceeds of the Loans as provided in *Section 4.13 (Use of Proceeds)*.

#### **Section 7.10 Environmental**

The Borrower shall, and shall cause each Subsidiary of the Borrower to, comply with Environmental Laws and, without limiting the foregoing, the Borrower shall, at its sole cost and expense, upon receipt of any written notification or otherwise obtaining knowledge of any Release that has any reasonable likelihood of any of the Borrower or any Subsidiary of the Borrower incurring Environmental Liabilities and Costs, (a) conduct, or pay for consultants to conduct, reasonable tests or assessments of environmental conditions at such operations or properties, including the investigation and testing of subsurface conditions and (b) take such Remedial Action as required by Environmental Laws or as any Governmental Authority requires to address the Release and otherwise ensure compliance with Environmental Laws, in each case, except where

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the failure to conduct such tests or assessments, take such Remedial Action or otherwise ensure compliance would not, in the aggregate, have a Material Adverse Effect.

#### **Section 7.11 Additional Collateral and Guaranties**

(a) Upon the formation or acquisition of any new direct or indirect Subsidiary by any Loan Party or the designation in accordance with *Section 7.13 (Designation of Unrestricted Subsidiaries)* of any existing direct or indirect Unrestricted Subsidiary as a Subsidiary or any Subsidiary guaranteeing any Indebtedness of any Domestic Loan Party, the Borrower shall, in each case, at the Borrower's expense, within thirty (30) days (unless such longer period is specifically set forth below), after such formation, acquisition, designation or guarantee (or such longer period as the Administrative Agent may agree in its reasonable discretion):

(i) within forty-five (45) days after such formation or acquisition (or such longer period as the Administrative Agent may agree in its reasonable discretion), cause each such Subsidiary that is (x) a Wholly-Owned Subsidiary that is a Material Domestic Subsidiary, (y) a non-Wholly-Owned Subsidiary that is a Domestic Subsidiary that has guaranteed the Indebtedness of any Loan Party or (z) a Foreign Subsidiary that has guaranteed the Indebtedness of any Domestic Loan Party, to duly execute and deliver to the Administrative Agent a guaranty or guaranty supplement, in form and substance reasonably satisfactory to the Administrative Agent, guaranteeing the Obligations of the Borrower; provided, that no such Subsidiary acquired in a Proposed Acquisition permitted hereunder shall be required to become a Guarantor to the extent that restrictions in any existing documents or instruments (not created in contemplation of such acquisition) evidencing Indebtedness would prevent such Subsidiary from becoming a Guarantor; provided, further, that any refinancing of such Indebtedness shall not contain



such restrictions and such Subsidiary shall promptly become a Guarantor following any such refinancing or repayment of such Indebtedness; *provided, further*, that notwithstanding the foregoing, with respect to any Subsidiary acquired after the Closing Date, if the Borrower notifies the Administrative Agent in writing within forty-five (45) days after such formation or acquisition (or such longer period as the Administrative Agent may agree in its reasonable discretion), that it intends to merge such Subsidiary into a Loan Party, the Borrower shall have an additional forty-five (45) days (or such longer period as the Administrative Agent may agree in its reasonable discretion), to effectuate such merger; *provided, however*, that if such Subsidiary is not merged with such Loan Party within such time period, the Borrower shall cause such Subsidiary to become a Guarantor within such period.

(ii) cause each such Subsidiary that is required to become a Guarantor pursuant to this *Section 7.11* to furnish to the Administrative Agent a description of the real properties owned and leased by such Subsidiary in detail reasonably satisfactory to the Administrative Agent;

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(iii) within ninety (90) days after such formation or acquisition (or such longer period as the Administrative Agent may agree in its reasonable discretion), cause each such Subsidiary that is required to become a Guarantor pursuant to this *Section 7.11*, at the request of the Administrative Agent, to duly execute and deliver to the Administrative Agent Mortgages, Mortgage Supporting Documents, joinders, amendments, Flood Certificate Documents and other Collateral Documents, as specified by and in form and substance reasonably satisfactory to the Administrative Agent (consistent with the Mortgages, Mortgage Supporting Documents, Flood Certificate Documents and other Collateral Documents delivered under this Agreement), granting a Lien in substantially all of the personal property of such Subsidiary, all owned Real Property with a value in excess of \$5,000,000 individually or \$15,000,000 in the aggregate (excluding any owned Real Property with a value of less than \$1,000,000 individually) for all such Subsidiaries (*provided*, that, if a mortgage tax will be owed, the amount secured by the Mortgage shall be limited to the fair market value of the property at the time the Mortgage is entered into), in each case, securing the Obligations of such Subsidiary under its Guaranty;

(iv) within thirty (30) days (or ninety (90) days in the case of the formation or acquisition of a Foreign Subsidiary) after such formation or acquisition (or such longer period as the Administrative Agent may agree in its reasonable discretion), (x) cause each such Subsidiary that is required to become a Guarantor pursuant to this *Section 7.11* to deliver any and all certificates, instruments and other documents representing all Pledged Stock, Pledged Debt Instruments and all other Stock, Stock Equivalents and other debt Securities owned by such Subsidiary accompanied by undated Stock powers or other appropriate instruments of transfer executed or endorsed in blank and (y) cause each Loan Party that is a direct or indirect parent of such Subsidiary that is required to provide a guaranty pursuant to this *Section 7.11* to deliver any and all certificates, instruments or other documents representing the outstanding Stock or Stock Equivalents of such Subsidiary held by such direct or indirect parent, accompanied by undated Stock powers or other appropriate instruments of transfer executed in blank and instruments evidencing the intercompany debt issued by such Subsidiary and held by such direct or indirect parent, endorsed in blank to the Administrative Agent;

(v) In furtherance of the foregoing, and subject to the grace periods set forth above, take and cause such Subsidiary and each Loan Party that is a direct or indirect parent of such Subsidiary to take whatever action (including the recording of Mortgages, the filing of UCC financing statements, the giving of notices and the endorsement of notices on title documents and delivery of Pledged Stock and Pledged Debt Instruments) as may be necessary in the reasonable opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid, perfected and enforceable first-priority Liens on the properties purported to be subject to the

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Mortgages and other Collateral Documents delivered pursuant to this *Section 7.11*, subject only to Liens permitted under *Section 8.2 (Liens, Etc.)*, enforceable against all third parties in accordance with their terms; and

(vi) deliver to the Administrative Agent a signed copy of an opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties reasonably acceptable to the Administrative Agent as to such matters set forth in this *Section 7.11* as the Administrative Agent may reasonably request.

(b) For the avoidance of doubt, (i) no Foreign Subsidiary or FSHCO shall be obligated to guarantee the obligations of the Borrower (unless such Subsidiary or FSHCO is a guarantor of any Indebtedness of any Domestic Loan Party) and (ii) (A) no assets of any Foreign Subsidiary shall be required to be pledged to support obligations of the Borrower (unless such assets are pledged to support any Indebtedness of any Domestic Loan Party) and (B) no more than 65% of the voting stock (within the meaning of Section 956 of the Code and the Treasury Regulations thereunder) of any Foreign Subsidiary or FSHCO shall be required to be pledged by the Borrower or any of its Subsidiaries to support the obligations of the Borrower (unless such stock has been pledged to support any Indebtedness of any Domestic Loan Party).

(c) Upon the acquisition of (x) any personal property by any Loan Party (other than property that would constitute Excluded Property (as defined in the Pledge and Security Agreement)) or (y) fee owned Real Property with a value in excess of \$5,000,000 individually or \$15,000,000 in the aggregate (excluding any owned Real Property with a value of less than \$1,000,000 individually) in the aggregate for all Loan Parties (*provided*, that if a mortgage tax will be owed, the amount secured by the Lien referred to below shall be limited to the fair market value of the property at the time the applicable Mortgage is entered into), and such personal property and/or fee owned Real Property shall not already be subject to a valid, perfected and enforceable first-priority Lien in favor of the Administrative Agent for the benefit of the Secured Parties, subject only to Liens permitted under *Section 8.2 (Liens, Etc.)*, the Borrower shall give notice thereof to the Administrative Agent within thirty (30) days after such acquisition and shall, if requested by the Administrative Agent or the Requisite Lenders, cause such assets to be subjected to a Lien securing the Obligations and will take, or cause the relevant Loan Party to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect or record such Lien, including, without limitation, executing and delivering to the Administrative Agent Mortgages, Mortgage Supporting Documents, Flood Certificate Documents, joinders, amendments and other Collateral Documents, as specified by and in form and substance reasonably satisfactory to the Administrative Agent (consistent with the Mortgages, Mortgage Supporting Documents, Flood Certificate Documents and other Collateral Documents in effect on the Closing Date, if applicable).

(d) Notwithstanding the foregoing, (x) the Administrative Agent shall not take a security interest in those assets as to which the Administrative Agent shall

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determine, in its reasonable discretion, that the cost of obtaining such Lien (including any mortgage, stamp, intangibles or other tax) are excessive in relation to the benefit to the Lenders of the security afforded thereby and (y) Liens required to be granted pursuant to this *Section 7.11* shall be subject to exceptions and limitations consistent with those set forth in the Collateral Documents as in effect on the Closing Date (to the extent appropriate in the applicable jurisdiction).

The Administrative Agent may establish one or more Cash Collateral Accounts with such depositaries and securities intermediaries as it in its sole discretion shall determine. The Borrower agrees that each such Cash Collateral Account shall meet the requirements set forth in the definition of “Cash Collateral Account”. Without limiting the foregoing, funds on deposit in any Cash Collateral Account may be invested (but the Administrative Agent shall be under no obligation to make any such investment) in Cash Equivalents at the direction of the Administrative Agent and, except during the continuance of an Event of Default, the Administrative Agent agrees with the Borrower to issue Entitlement Orders for such investments in Cash Equivalents as requested by the Borrower; *provided, however*, that the Administrative Agent shall not have any responsibility for, or bear any risk of loss of, any such investment or income thereon. None of the Borrower, any of its Subsidiaries or any other Loan Party or Person claiming on behalf of or through the Borrower, any Subsidiary of the Borrower or any other Loan Party shall have any right to demand payment of any funds held in any Cash Collateral Account at any time prior to the termination of all outstanding Letters of Credit and the payment in full of all then outstanding and payable monetary Obligations.

#### **Section 7.13 Designation of Unrestricted Subsidiaries**

The board of directors of the Borrower may at any time designate any Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Subsidiary; *provided, however*, that (i) immediately before and after such designation, no Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, the Borrower and its Subsidiaries shall be in compliance, on a Pro Forma Basis, with the covenants set forth in *Article V (Financial Covenant)* (and, as a condition precedent to the effectiveness of any such designation, the Borrower shall deliver to the Administrative Agent a certificate setting forth in reasonable detail the calculations demonstrating such compliance), (iii) no Subsidiary may be designated as an Unrestricted Subsidiary if it is a “Restricted Subsidiary” for the purpose of any Indenture and (iv) no Unrestricted Subsidiary that is designated as a Subsidiary may be redesignated as an Unrestricted Subsidiary at any time prior to twelve (12) months after being so designated as a Subsidiary. The designation of any Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by the Borrower therein at the date of designation in an amount equal to the net book value of the Borrower’s Investment therein. The designation of any Unrestricted Subsidiary as a Subsidiary shall constitute the incurrence at the time of designation of any Indebtedness or Liens of such Subsidiary existing at such time.

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#### **Section 7.14 Post-Closing Matters**

The Borrower shall, and shall cause each of its Subsidiaries to, deliver each of the documents, instruments and agreements and take each of the actions set forth on *Schedule 7.14 (Post-Closing Matters)* within the time periods set forth on such Schedule.

### **ARTICLE VIII**

#### **NEGATIVE COVENANTS**

The Borrower agrees with the Lenders, the Issuers and the Administrative Agent to each of the following, as long as any Obligation (other than Cash Management Obligations, Obligations arising under Cash Management Documents and Hedging Contracts and contingent indemnification obligations as to which no claim is pending) or any Commitment remains outstanding and, in each case, unless the Requisite Lenders otherwise consent in writing:

#### **Section 8.1 Indebtedness**

The Borrower shall not, nor shall it permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except the following Indebtedness:

(a) (i) the Obligations (other than in respect of Hedging Contracts) and Guaranty Obligations in respect thereto, (ii) Loan Agreement Refinancing Debt in respect of any Permitted Pari Passu Refinancing Debt, Permitted Junior Lien Refinancing Debt or Permitted Unsecured Refinancing Debt and (iii) Indebtedness evidenced by New Incremental Notes;

(b) (i) Indebtedness existing on the First Amendment Effective Date and disclosed on *Schedule 8.1 (Existing Indebtedness)* or, to the extent not listed in such schedule, Indebtedness that does not exceed \$5,000,000 in the aggregate), (ii) Indebtedness under the 2022 Subordinated Notes, (iii) Indebtedness under the 2025 Subordinated Notes and (iv) any Permitted Refinancing thereof;

(c) Permitted Subordinated Indebtedness; *provided, however*, that (i) both immediately prior to and after giving effect thereto, no Event of Default shall exist or result therefrom and (ii) the Borrower and its Subsidiaries will be in Pro Forma Compliance with *Article V (Financial Covenant)* after giving effect to the incurrence or issuance of such Indebtedness;

(d) Guaranty Obligations incurred by the Borrower or any of its Subsidiaries in respect of Indebtedness of the Borrower or any Subsidiary that is otherwise permitted by this *Section 8.1* (other than *clause (a)* above); *provided, however*, that (i) none of the Borrower and its Subsidiaries shall be permitted to Guarantee any Indebtedness arising under any Indenture (or any Permitted Refinancing thereof) unless such Subsidiary shall have also Guaranteed the Obligations substantially on the terms set forth in the Guaranty and (ii) if the Indebtedness being Guaranteed is subordinated to the

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Obligations, then the Guaranty Obligations with respect to such Indebtedness shall be subordinated to the Guaranty Obligations with respect to the Obligations on terms at least as favorable to the Lenders as those contained in the subordination provisions of such Indebtedness;

(e) Indebtedness of (i) any Domestic Loan Party owing to any other Domestic Loan Party, (ii) any Domestic Subsidiary that is not a Loan Party owing to (A) any other Domestic Subsidiary that is not a Loan Party or (B) the Borrower or a Loan Party in respect of an Investment permitted under *Section 8.3(c) (Investments)*, (iii) any Domestic Loan Party owing to any Foreign Subsidiary, (iv) any Foreign Subsidiary owing to any other Foreign Subsidiary and (v) any Foreign Subsidiary or any Subsidiary that is not a Loan Party owing to any Domestic Loan Party in respect of an Investment permitted under *Section 8.3(c) (Investments)*; *provided, however*, that all such Indebtedness of any Loan Party owing to any Subsidiary that is not a Loan Party must be expressly subordinated to the Obligations;

(f) (i) Capital Lease Obligations and purchase money Indebtedness (including Indebtedness in respect of mortgage, industrial revenue bond, industrial development bond and similar financings) to finance the acquisition, lease, construction, repair, replacement or improvement of fixed or capital assets and incurred concurrently with or within 270 days of the acquisition, lease, construction, repair, replacement or improvement of the property subject to the Liens permitted under *Section 8.2(i) (Liens, Etc.)* (including permitted sale-leaseback transactions) and (ii) any Permitted Refinancing thereof;

(g) [Reserved];

(h) Indebtedness in respect of Interest Rate Contracts and other Hedging Contracts incurred in the ordinary course of business and not for speculative purposes;

(i) (i) Indebtedness of the Borrower and its Subsidiaries (A) assumed in connection with any Proposed Acquisition permitted under *Section 8.3 (Investments)*; provided, however, that such Indebtedness is not incurred in contemplation of such Proposed Acquisition or (B) owed to the seller of any property acquired in such Proposed Acquisition on an unsecured subordinated basis, which subordination shall be on terms reasonably satisfactory to the Administrative Agent, in each case, so long as (1) both immediately prior to and after giving effect thereto, no Default or Event of Default shall exist or result therefrom and (2) the Borrower and its Subsidiaries will be in Pro Forma Compliance with *Article V (Financial Covenant)* after giving effect to such Proposed Acquisition and the incurrence or issuance of such Indebtedness and (ii) any Permitted Refinancing thereof; provided, that such Permitted Refinancing shall be subject to the second proviso in *Section 7.11(a)(i) (Additional Collateral and Guaranties)* with respect to restrictions on the ability of acquired Subsidiaries to be Guarantors hereunder);

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(j) Indebtedness representing deferred compensation to employees, consultants and independent contractors of the Borrower and its Subsidiaries or any direct or indirect parent of the Borrower incurred in the ordinary course of business of the Borrower and its Subsidiaries;

(k) Indebtedness consisting of promissory notes issued by the Borrower or any of its Subsidiaries to current or former officers, directors, employees or consultants, their respective estates, spouses or former spouses to finance the purchase or redemption of Stock or Stock Equivalents of Holdings or the Borrower, or to finance a Restricted Payment with respect to SARs, in each case, to the extent permitted by *Section 8.5 (Restricted Payments)*;

(l) Indebtedness incurred by the Borrower or its Subsidiaries in any Investment permitted under *Section 8.3 (Investments)* in respect of agreements providing for indemnification, the adjustment of the purchase price or similar adjustments, including earn-out adjustments;

(m) Indebtedness consisting of obligations of the Borrower or its Subsidiaries under deferred employee compensation or other similar arrangements incurred by such Person in connection with any Investment permitted under *Section 8.3 (Investments)*;

(n) Cash Management Obligations and other Indebtedness in respect of netting services, overdraft protections and similar arrangements, in each case, in connection with Deposit Accounts;

(o) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(p) Indebtedness incurred by the Borrower or any of its Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including, without limitation, letters of credit in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement or similar obligations regarding workers' compensation claims;

(q) obligations in respect of performance and surety bonds and performance and completion guarantees provided by the Borrower or any of its Subsidiaries, or obligations in respect of letters of credit related thereto, in each case, in the ordinary course of business or consistent with past practice;

(r) in the case of any Foreign Subsidiary, Indebtedness in an aggregate principal amount not to exceed the greater of \$40,000,000 and 1.0% of Consolidated Total Assets as of the most recently ended Test Period in the aggregate at any time outstanding;

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(s) Indebtedness not otherwise permitted under this *Section 8.1*; provided, however, that, (i) both immediately prior to and after giving effect thereto, no Event of Default shall exist or result therefrom, (ii) the Borrower and its Subsidiaries will be in Pro Forma Compliance with *Article V (Financial Covenant)* after giving effect to the incurrence or issuance of such Indebtedness and (iii) as of the date any such Indebtedness is Incurred, after giving Pro Forma Effect to such Indebtedness, the Borrower's Senior Leverage Ratio as of such date shall be less than or equal to 3.25 to 1.0; and

(t) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in *clauses (a) through (s)* above;

(u) Indebtedness in an aggregate principal amount not to exceed the greater of \$75,000,000 and 2.0% of Consolidated Total Assets as of the most recently ended Test Period in the aggregate at any time outstanding; and

(v) Indebtedness of the Borrower or any Subsidiary to any joint venture (regardless of the form of legal entity) that is not a Subsidiary arising in the ordinary course of business in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of the Borrower and its Subsidiaries.

For purposes of determining compliance with this *Section 8.1*, the amount of any Indebtedness denominated in any currency other than Dollars shall be calculated based on customary currency exchange rates in effect, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) on or prior to the Closing Date, on the Closing Date and, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) after the Closing Date, on the date on which such Indebtedness was incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness); provided, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Dollars (or in a different currency from the Indebtedness being refinanced), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount, as applicable, of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums), defeasance costs and other costs and expenses incurred in connection with such refinancing.

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**Section 8.2 Liens, Etc.**

The Borrower shall not, nor shall it permit any of its Subsidiaries to, create or suffer to exist, any Lien upon or with respect to any of their respective properties or assets, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, except for the following:

- (a) (i) Liens created pursuant to the Loan Documents, and (ii) Liens on the Collateral securing any (A) Loan Agreement Refinancing Debt in respect of any Permitted Pari Passu Refinancing Debt or Permitted Junior Lien Refinancing Debt or (B) any New Incremental Notes;
- (b) Liens existing on the Closing Date and disclosed on *Schedule 8.2 (Existing Liens)* or, to the extent not listed in such schedule, where the property or assets subject to such Liens have a Fair Market Value that does not exceed \$10,000,000 in the aggregate, and any modifications, replacements, renewals or extensions thereof; *provided, however*, that (i) the Lien does not extend to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien or financed by Indebtedness permitted under *Section 8.1 (Indebtedness)* and (B) proceeds and products thereof and (ii) the renewal, extension or refinancing of the obligations secured by such Liens is permitted by *Section 8.1 (Indebtedness)*;
- (c) Liens for taxes, assessments or governmental charges which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- (d) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen, repairmen, construction contractors or other like Liens arising in the ordinary course of business which secure amounts not overdue for a period of more than thirty 30 days or if more than 30 days overdue, are unfiled and no other action has been taken to enforce such Lien or which are being contested in good faith and by appropriate actions diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;
- (e) (i) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation and (ii) pledges and deposits in the ordinary course of business securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower or any of its Subsidiaries;
- (f) deposits to secure the performance of bids, trade contracts, governmental contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and

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other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business;

- (g) easements, rights-of-way, restrictions, encroachments, protrusions and other similar encumbrances and title defects affecting real property which, in the aggregate, do not materially interfere with the ordinary conduct of the business of the applicable Person;
- (h) Liens securing judgments for the payment of money not constituting an Event of Default under *Section 9.1(g) (Events of Default)*;
- (i) Liens securing Indebtedness permitted under *Section 8.1(f) (Indebtedness)*; *provided, however*, that (i) such Liens attach concurrently with or within two hundred and seventy (270) days after the acquisition, repair, replacement, construction or improvement (as applicable) of the property subject to such Liens, (ii) such Liens do not at any time encumber any property except for accessions to such property other than the property financed by such Indebtedness and the proceeds and the products thereof and (iii) with respect to Capital Leases, such Liens do not at any time extend to or cover any assets (except for accessions to such assets) other than the assets subject to such Capital Leases; *provided, further*, that individual financings of equipment provided by one lender may be cross-collateralized to other financings of equipment provided by such lender;
- (j) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business, which do not (i) interfere in any material respect with the business of the Borrower or any of its material Subsidiaries or (ii) secure any Indebtedness;
- (k) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;
- (l) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business; and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;
- (m) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to *Sections 8.3(c)* to be applied against the purchase price for such Investment, and (ii) consisting of an agreement to Dispose of any property in an Asset Sale permitted under *Section 8.4 (Sale of Assets)*, in each case, solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

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- (n) Liens on property of any Foreign Subsidiary that does not constitute Collateral, which Liens secure Indebtedness of such Foreign Subsidiary permitted under *Section 8.1 (Indebtedness)*;
- (o) Liens in favor of the Borrower or another Loan Party securing Indebtedness permitted under *Section 8.1(e) (Indebtedness)*;
- (p) Liens existing on property at the time of its acquisition or existing on the property of any Person at the time such Person becomes a Subsidiary, in each case after the Closing Date; *provided*, that (i) such Lien was not created in contemplation of such acquisition or such Person becoming a Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and other than after-acquired property subjected to a Lien securing Indebtedness and other obligations incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition), and (iii) the Indebtedness secured thereby is permitted under *Section 8.1(f), (i) or (m) (Indebtedness)*;

- (q) Liens arising from precautionary UCC financing statement filings regarding leases entered into by the Borrower or any of its Subsidiaries in the ordinary course of business;
- (r) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Borrower or any of its Subsidiaries in the ordinary course of business permitted by this Agreement;
- (s) Liens deemed to exist in connection with Investments in repurchase agreements under *Section 8.3 (Investments)*;
- (t) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;
- (u) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower and its Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers or the Borrower or any Subsidiary in the ordinary course of business;

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- (v) Liens solely on any cash earnest money deposits made by the Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;
- (w) Permitted Exceptions (as defined in the Mortgages);
- (x) other Liens securing Indebtedness at any time outstanding in an aggregate principal amount not to exceed the greater of \$40,000,000 and 1.0% of Consolidated Total Assets as of the most recently ended Test Period in the aggregate at any time outstanding;
- (y) in the case of leased Real Property, (i) liens on the fee interest in the land held by the landlord under the applicable lease, (ii) rights of the landlord under the applicable lease, (iii) all superior, underlying and ground leases and all renewals, amendments, modifications, replacements, substitutions and extensions thereof;
- (z) licenses, sublicenses or similar rights to use any patent, trademark, copyright or other intellectual property right granted to others by the Borrower or any of its Subsidiaries in the ordinary course of business, which do not interfere in any material respect with the business of the Borrower or such Subsidiary;
- (aa) Liens on the Collateral that are junior to the Liens securing the Obligations in respect of Indebtedness permitted under *Section 8.1 (Indebtedness)* (s) and (u) and in respect of Note Refinancing Indebtedness; *provided*, that such junior Liens are subject to a Junior Lien Intercreditor Agreement;
- (bb) Liens on any amounts held by a trustee under any indenture or other debt agreement issued in escrow pursuant to customary escrow arrangements pending the release thereof, or under any indenture or other debt agreement pursuant to customary discharge, redemption or defeasance provisions;
- (cc) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents under *clause (d)* of the definition thereof; and
- (dd) Liens securing Indebtedness or other obligations (i) of the Borrower or a Subsidiary in favor of the Borrower or any Subsidiary of the Borrower that is a Loan Party; *provided*, that the Indebtedness secured by any such Liens is evidenced by a note and pledged to the Administrative Agent pursuant to the Pledge and Security Agreement and (ii) of any Subsidiary that is not Loan Party in favor of any Subsidiary that is not a Loan Party.

### **Section 8.3 Investments**

The Borrower shall not, nor shall it permit any of its Subsidiaries to, make or maintain, directly or indirectly, any Investment, except for the following:

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- (a) Investments existing on the First Amendment Effective Date and disclosed on *Schedule 8.3 (Existing Investments)*;
- (b) advances or extensions of credit on terms customary in the industry in the form of accounts or other receivables incurred or pre-paid film rentals, and loans and advances made in settlement of such accounts receivable, all in the ordinary course of business consistent with past practice;
- (c) Investments by (i) any Loan Party in any other Loan Party, (ii) any Subsidiary that is not a Loan Party in the Borrower or any other Subsidiary or (iii) any Loan Party in a Subsidiary that is not a Loan Party; *provided, however*, that the Dollar Equivalent of the aggregate outstanding amount of all Investments permitted pursuant to this *clause (iii)* shall not exceed the greater of \$100,000,000 and 2.5% of Consolidated Total Assets as of the most recently ended Test Period in the aggregate at any time outstanding plus an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any previous Investments initially made after the Closing Date;
- (d) any Investment in Cash Equivalents and Investments that were Cash Equivalents when made; *provided, however*, that, in the case of all of the foregoing obligations, they mature within 12 months of the date of purchase (unless required to mature earlier pursuant to the definition of “Cash Equivalents”);
- (e) so long as no Event of Default would result from such Investment, Investments by the Borrower or any Subsidiary of the Borrower in another Person, if as a result of such Investment, (i) such other Person becomes a Loan Party, (ii) such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to, the Borrower or another Loan Party or (iii) such Person becomes a Subsidiary that is not a Loan Party, in which case it will be deemed to be made pursuant to *clause (c)(iii)* above and not in reliance of this *clause (e)*;
- (f) loans or advances to employees, directors or independent contractors of the Borrower or any Subsidiary (i) in the ordinary course of business consistent with past practices, not to exceed \$10,000,000 in aggregate amount at any time outstanding, (ii) in respect of payroll payments and expenses in the ordinary course of business and (iii) in connection with such person’s purchase of equity interests of Holdings (or any direct or indirect parent of Holdings) solely to the extent that the amount of such loans and advances shall be contributed to the Borrower in cash as common equity;
- (g) refundable construction advances made with respect to the construction of motion picture exhibition theatres in the ordinary course of business consistent with past practice;

- (h) so long as immediately before or after giving effect thereto, no Event of Default shall have occurred and be continuing, Investments in Joint Ventures; *provided, however*, that the aggregate net book value of all Investments made in or assets contributed by the Borrower and its Subsidiaries to any Joint Venture shall not exceed the greater of \$80,000,000 and 2.0% of Consolidated Total Assets either individually or in the aggregate;
- (i) Investments by the Borrower or any Subsidiary in connection with a Permitted Acquisition;
- (j) Investments made using Stock of the Borrower; *provided, however*, that (i) immediately before and immediately after giving Pro Forma Effect to any such Investment, no Default or Event of Default shall have occurred and be continuing and (ii) immediately after giving effect to such Investment, the Borrower and its Subsidiaries shall be in Pro Forma Compliance with the covenant set forth in *Article V (Financial Covenant)*, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent and the Lenders pursuant to *Section 6.1 (Financial Statements)* as though such Investment had been consummated as of the first day of the fiscal period covered thereby and evidenced by a certificate from the Chief Financial Officer of the Borrower demonstrating such compliance calculation in reasonable detail; and
- (k) so long as no Event of Default is continuing or would result therefrom, Investments not otherwise permitted under this *Section 8.3*; *provided, however*, that the aggregate amount of all such Investments, together with the aggregate amount of all Restricted Payments made under *Section 8.5(g) (Restricted Payments)* shall not at any time exceed the sum of (x) \$200,000,000 plus (y) the Available Amount plus (z) an amount equal to the lesser of the return of cash with respect to any such Investment and the initial amount of such Investment, in either case, less the cost of disposition of such Investment; *provided, further*, that in the event the Borrower or any of its Subsidiaries makes an Investment in any Person under this *clause (k)*, and after the date of making such Investment, such Person becomes a Guarantor, such Investment will be reclassified as having been incurred under *clause (c)* of this Section and the amount invested in such Investment will become available for incurrence under this *clause (k)* at such time.

#### **Section 8.4 Sale of Assets**

The Borrower shall not, nor shall it permit any of its Subsidiaries to, sell, convey, transfer, lease or otherwise dispose (“Dispose” or “Disposition”) of, any of their respective assets or any interest therein (including the sale or factoring at maturity or collection of any accounts) to any Person (including any Unrestricted Subsidiary), or permit or suffer any other Person to acquire any interest in any of their respective assets or issue or sell any shares of their Stock or any Stock Equivalents (any such disposition being an “Asset Sale”), except for the following:

- (a) any Asset Sale to any Loan Party;
- (b) sale or disposition of Stock or Stock Equivalents of any Unrestricted Subsidiary;
- (c) transfers of assets that constitute Investments in Unrestricted Subsidiaries permitted by *Section 8.3(k) (Investments)*;
- (d) any Asset Sale where the Dollar Equivalent of the Fair Market Value of the assets subject to such Asset Sale is less than \$5,000,000 individually or \$35,000,000 in the aggregate;
- (e) (i) Dispositions of inventory in the ordinary course of business and (ii) Dispositions of property or assets (other than operating theatres) that have become obsolete, damaged, worn or surplus (including Intellectual Property no longer material to the business of the Borrower or any of its Subsidiaries) in the ordinary course of business;
- (f) like kind exchanges of theatres for other theatres or property, in each case, for Fair Market Value;
- (g) as long as no Event of Default is continuing or would result therefrom, any Asset Sale for not less than Fair Market Value of assets set forth on *Schedule 8.4(g) (Asset Sales)*; *provided, however*, that an amount equal to all Net Cash Proceeds of such Asset Sale in excess of \$300,000,000 are applied to the payment of the Obligations as set forth in, and to the extent required by, *Section 2.9 (Mandatory Prepayments)*;
- (h) as long as no Event of Default is continuing or would result therefrom, any sale or disposition of any Multiplex theatre for not less than Fair Market Value; *provided, however*, that an amount equal to all Net Cash Proceeds of such sale or disposition are applied to the payment of the Obligations as set forth in, and to the extent required by, *Section 2.9 (Mandatory Prepayments)*;
- (i) as long as (i) no Event of Default is continuing or would result therefrom and (ii) at least 75% of the aggregate consideration received by the Borrower or any Subsidiary from such Asset Sale is in cash or Cash Equivalents, any other Asset Sale for not less than Fair Market Value; *provided, however*, that (A) the Dollar Equivalent of the aggregate consideration received during any Fiscal Year for all such Asset Sales shall not exceed the greater of \$120,000,000 and 3.0% of Consolidated Total Assets and (B) an amount equal to all Net Cash Proceeds of such Asset Sale are applied to the payment of the Obligations as set forth in, and to the extent required by, *Section 2.9 (Mandatory Prepayments)*; *provided, further*, that for purposes of this *clause (i)*, each of the following shall be deemed to be cash: (a) the amount of any liabilities (as shown on the Borrower’s or such Subsidiary’s most recent balance sheet or in the notes thereto) that are assumed by the transferee of any such assets, (b) any notes or other obligations or

other securities or assets received by the Borrower or such Subsidiary from the transferee that are converted by the Borrower or such Subsidiary into cash within 180 days after receipt thereof (to the extent of the cash received) and (c) any Designated Non-Cash Consideration received by the Borrower or any of its Subsidiaries in such Disposition having an aggregate fair market value (as determined in good faith by the Borrower), taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of \$50,000,000 and 1.5% of Consolidated Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value);

(j) any non-exclusive license of patents, trademarks, copyrights or other intellectual property owned by the Borrower or any of its Subsidiaries, which license is granted in the ordinary course of business and which does not interfere in any material respect with the business of the Borrower or such Subsidiary;

(k) any Asset Sale if the assets Disposed of in such Asset Sale are contemporaneously leased back to the Borrower or the applicable Subsidiary on fair market terms (whether pursuant to an operating lease or a lease giving rise to a Capital Lease Obligation); and

(l) any Asset Sale if the assets Disposed of in such Asset Sale are ordered or otherwise required by a Governmental Authority to be Disposed, whether in connection with a Proposed Acquisition or otherwise.

#### **Section 8.5 Restricted Payments**

The Borrower shall not, nor shall permit any of its Subsidiaries to, directly or indirectly, declare, order, pay, make or set apart any sum for any Restricted Payment, except for the following:

(a) (i) Restricted Payments by any Subsidiary of the Borrower to any Loan Party and (ii) Restricted Payments by a non-Wholly-Owned Subsidiary of the Borrower to its shareholders generally so long as the Borrower or any Subsidiary which owns the equity interest or interests in the non-Wholly-Owned Subsidiary paying such dividends receives at least its proportionate share thereof (based on its relative holdings of equity interests in the non-Wholly-Owned Subsidiary paying such dividends and taking into account the relative preferences, if any, of the various classes of equity interests in such Subsidiary);

(b) dividends and distributions declared and paid on the common Stock of the Borrower and payable only in common Stock of the Borrower;

(c) cash dividends on the Stock of the Borrower to Holdings paid and declared in any Fiscal Year solely for the purpose of funding the following:

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(i) ordinary operating expenses of Holdings not in excess of \$4,000,000 in the aggregate in any Fiscal Year;

(ii) reasonable and customary indemnification claims made by directors or officers of Holdings attributable to the ownership or operations of the Borrower and its Subsidiaries;

(iii) payments by Holdings in respect of foreign, federal, state or local taxes owing by Holdings in respect of the Borrower and its Subsidiaries, but not greater than the amount that would be payable by the Borrower and its Subsidiaries, on a consolidated, combined or unitary basis;

(iv) the Restricted Payments permitted to be made by Holdings under *clause (f)* below; and

(v) fees and expenses (other than to Affiliates) related to any unsuccessful equity or debt offering (whether or not successful) permitted by this Agreement;

(d) Restricted Payments by the Borrower to pay (or make Restricted Payments to allow the Holdings to pay) for the repurchase, retirement or other acquisition or retirement for value of common Stock of the Borrower or Holdings held by any future, present or former employee, director or consultant of the Borrower, Holdings or any of their Subsidiaries pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, or may make Restricted Payments in respect of SARs; *provided, however*, that the aggregate amount of Restricted Payments made under this *clause (d)* does not exceed in any calendar year \$10,000,000 (which shall increase to \$20,000,000 subsequent to a Qualifying IPO) (with unused amounts in any calendar year being permitted to be carried over to the two succeeding calendar years); *provided, further*, that such amount in any calendar year may be increased by an amount not to exceed (i) the Net Cash Proceeds from the sale of Stock (other than Disqualified Stock or Permitted Cure Securities) to members of management, directors or consultants of Holdings or its Subsidiaries that occurs after the Closing Date *plus* (ii) the amount of any cash bonuses otherwise payable to members of management, directors or consultants of Holdings or any of its Subsidiaries in connection with the Transactions that are foregone in return for the receipt of Stock of the Borrower or Holdings pursuant to a deferred compensation plan *plus* (iii) the cash proceeds of key man life insurance policies received by Holdings, the Borrower or its Subsidiaries after the Closing Date (*provided*, that Holdings may elect to apply all or any portion of the aggregate increase contemplated by *clauses (i), (ii) and (iii)* above in any calendar year *less* (iv) the amount of any Restricted Payments previously made pursuant to *clauses (i), (ii) and (iii)* above; and *provided*, that, for the avoidance of doubt, as contemplated by this *clause (d)*, cancellation of Indebtedness owing to the Borrower or any Subsidiary from members of management of Holdings, any direct or indirect parent of Holdings, the Borrower or its Subsidiaries in connection with a repurchase of equity interests of

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Holdings or any direct or indirect parent of Holdings will not be deemed to constitute a Restricted Payment for purposes of this *Section 8.5*;

(e) (i) the repurchase of Stock or Subordinated Debt, if such repurchase is completed through the issuance of Stock or new Permitted Subordinated Indebtedness, (ii) regularly scheduled or otherwise required repayments or redemptions of Subordinated Debt and (iii) renewals, extensions, refinancings and refundings of Subordinated Debt, as long as such renewal, extension, refinancing or refunding is permitted under *Section 8.1 (Indebtedness)*;

(f) the repurchase of company granted stock awards or options necessary to satisfy obligations attributable to tax withholding;

(g) so long as no Event of Default is continuing or would result therefrom, Restricted Payments not otherwise permitted under this *Section 8.5*; *provided, however*, that the aggregate amount of all such Restricted Payments, together with the aggregate amount of all Investments made under *Section 8.3(k)*, shall not exceed (i) \$200,000,000 as of the most recently ended Test Period in the aggregate *plus* (ii) the Available Amount; and

(h) after a Qualifying IPO, Restricted Payments may be made to pay, or to allow Holdings or a parent company of Holdings to pay, dividends and make distributions to, or repurchase or redeem shares from, its equity holders in an amount equal to 6.0% per annum of the Net Cash Proceeds received by the Borrower from any public offering of Securities of the Borrower or any direct or indirect parent of the Borrower;

*provided, however*, that the Restricted Payments described in *clauses (c) through (h)* above shall not be permitted if either (A) an Event of Default or Default shall have occurred and be continuing at the date of declaration or payment thereof or would result therefrom or (B) such Restricted Payment is prohibited under the terms of any Indebtedness (other than the Obligations) of the Borrower or any of its Subsidiaries.

**Section 8.6 Restriction on Fundamental Changes**

The Borrower shall not, nor shall permit any of its Subsidiaries to, (i) merge with any Person, (ii) consolidate with any Person or (iii) liquidate, wind up or dissolve itself, except that:

(a) any Subsidiary may merge with (i) the Borrower (including a merger, the purpose of which is to reorganize the Borrower into a new jurisdiction); *provided, however*, that the Borrower shall be the continuing or surviving Person (and, in the case of any such transaction involving a Domestic Loan Party, the continuing or surviving Person shall be organized under the laws of any state of the United States of America or the District of Columbia) or (ii) any one or more other Subsidiaries; *provided, however*, that when any Subsidiary that is a Loan Party is merging with another Subsidiary, (A) a Loan Party shall be the continuing or surviving Person or (B) to the

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extent constituting an Investment, such Investment must be an Investment permitted under *Section 8.3(c) (Investments)* or Indebtedness permitted under *Section 8.1(e) (Indebtedness)*;

(b) the Company may merge with and into Holdings, with Holdings as the surviving entity (the “*AMC Merger*”); *provided, however*, that (i) if requested by the Administrative Agent or the Required Lenders, Holdings shall expressly assume the obligations of the prior Borrower under this agreement and the other Loan Documents in a manner reasonably acceptable to the Administrative Agent and (ii) such merger does not result in the Borrower ceasing to be a corporation organized under the laws of the United States, any state thereof or the District of Columbia;

(c) (i) any Subsidiary that is not a Loan Party may merge or consolidate with or into any other Subsidiary that is not a Loan Party and (ii) any Subsidiary (other than the Borrower) may liquidate, wind up, dissolve or change its legal form if the Borrower determines in good faith that such action is in the best interests of the Borrower and if not materially disadvantageous to the Lenders;

(d) so long as no Default or Event of Default exists or would result therefrom, any Subsidiary may merge with any other Person in order to effect an Investment permitted pursuant to *Section 8.3 (Investments)*; *provided, however*, that (i) the continuing or surviving Person shall be a Subsidiary, which together with each of its Subsidiaries, shall have complied with the requirements of *Section 7.11 (Additional Collateral and Guaranties)* and (ii) to the extent constituting an Investment, such Investment must be a permitted Investment in accordance with *Section 8.3 (Investments)*; and

(e) so long as no Default or Event of Default exists or would result therefrom, a merger, dissolution, liquidation or consolidation, the purpose of which is to effect an Asset Sale permitted pursuant to *Section 8.4 (Sale of Assets)*, may be effected.

**Section 8.7 Change in Nature of Business**

The Borrower shall not, nor shall it permit any of its Subsidiaries to, make any material change in the nature or conduct of its business as carried on at the Closing Date, whether in connection with a Permitted Acquisition or otherwise.

**Section 8.8 Transactions with Affiliates**

The Borrower shall not, nor shall it permit any of its Subsidiaries to, enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than:

- (a) transactions among the Loan Parties;
- (b) on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary

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at the time in a comparable arm’s-length transaction with a Person other than an Affiliate as determined by the board of directors in its reasonable business judgment;

- (c) the payment of fees and expenses in connection with the consummation of the Transactions;
- (d) transactions involving aggregate payments or consideration less than \$5,000,000;
- (e) equity issuances, repurchases, retirement or other acquisition of Stock by the Borrower permitted under *Section 8.5 (Restricted Payments)*;
- (f) loans, Investments and other transactions by the Borrower and its Subsidiaries to the extent permitted under this *Article VIII (Negative Covenants)*;
- (g) employment and severance arrangements between Holdings, the Borrower and its Subsidiaries and their respective officers and employees in the ordinary course of business;
- (h) payments by Holdings, the Borrower and its Subsidiaries pursuant to the tax sharing agreements among Holdings, the Borrower and its Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Borrower and its Subsidiaries;
- (i) the payment of customary fees and reasonable out-of-pocket cost to, and indemnities provided on behalf of, directors, officers, employees and consultants of Holdings, the Borrower and the Subsidiaries in the ordinary course of business to the extent attributable to the ownership or operation of the Borrower and its Subsidiaries, as determined in good faith by the board of directors of the Borrower or senior management thereof;
- (j) transactions pursuant to permitted agreements in existence on the Closing Date and set forth on *Schedule 8.8* hereto or any amendment thereto to the extent such an amendment is not adverse to the Lenders in any material respect; and
- (k) dividends, redemptions and repurchases permitted under *Section 8.5 (Restricted Payments)*.

**Section 8.9 Limitations on Restrictions on Subsidiary Distributions; No New Negative Pledge**



The Borrower shall not, nor shall it permit any of its Subsidiaries to, (a) agree to enter into or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of such Subsidiary to pay dividends or make any other distribution or transfer of funds or assets or make loans or advances to or other Investments in, or pay any Indebtedness owed to, the Borrower or any Subsidiary of the Borrower or (b) enter into or suffer to exist or become effective any agreement prohibiting or limiting the

ability of the Borrower or any Subsidiary of the Borrower to create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, to secure the Obligations, including any agreement requiring any other Indebtedness or Contractual Obligation to be equally and ratably secured with the Obligations; *provided, however*, that the foregoing shall not apply to Contractual Obligations which (i) (A) exist on the Closing Date and (to the extent not otherwise permitted by this Section 8.9) are listed on Schedule 8.9, (B) to the extent Contractual Obligations permitted by clause (A) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any permitted renewal, extension or refinancing of such Indebtedness so long as such renewal, extension or refinancing does not expand the scope of such Contractual Obligation, (ii) are binding on a Subsidiary at the time such Subsidiary first becomes a Subsidiary of the Borrower, so long as such Contractual Obligations were not entered into in contemplation of such Person becoming a Subsidiary of the Borrower, (iii) represent Indebtedness of a Subsidiary of the Borrower which is not a Loan Party which is permitted by Section 8.1 (Indebtedness), (iv) arise in connection with any Asset Sale permitted by Section 8.4 (Sale of Assets), (v) are customary provisions in joint venture agreements and other similar agreements applicable to Joint Ventures permitted under Section 8.3 (Investments) and applicable solely to such Joint Venture entered into in the ordinary course of business, (vi) are negative pledges and restrictions on Liens in favor of any holder of Indebtedness permitted under Section 8.1 (Indebtedness), but solely to the extent any negative pledge relates to the property financed by or the subject of such Indebtedness, (vii) are customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions may relate to the assets subject thereto, (viii) comprise restrictions imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 8.1(f) (Indebtedness) to the extent that such restrictions apply only to the property or assets securing such Indebtedness, (ix) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest, (x) are customary provisions restricting assignment of any agreement entered into in the ordinary course of business and (xi) are restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business and (C) are set forth in any agreements governing Loan Agreement Refinancing Debt, New Incremental Notes, Note Refinancing Indebtedness, the 2022 Subordinated Note Indenture, the 2025 Subordinated Note Indenture or Indebtedness arising under any other Indenture or Sections 8.1 (Indebtedness) (c) or (s), containing substantially similar restrictions to any of the foregoing.

#### **Section 8.10 Modification of Debt Agreements**

The Borrower shall not, nor shall it permit any of its Subsidiaries to, change or amend the terms of the 2022 Subordinated Note Indenture, the 2025 Subordinated Note Indenture, or any other subordinated notes or other subordinated debt securities (or any indenture or agreement or other material document entered into in connection therewith) if the effect of such amendments, taken as a whole, is to change or amend the terms thereof in a manner materially adverse to the interests of the Secured Parties under the Loan Documents or in the Collateral.

#### **Section 8.11 Modification of Constituent Documents**

The Borrower shall not, nor permit any of its Subsidiaries to, change its equity capital structure (including in the terms of its outstanding Stock) or otherwise amend its Constituent Documents in a manner materially adverse to the Secured Parties.

#### **Section 8.12 Fiscal Year**

The Borrower shall not, and shall not permit any Subsidiary of the Borrower to, change its Fiscal Year without the prior written consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed).

#### **Section 8.13 Designation of Senior Debt**

The Borrower shall not, nor permit any of its Subsidiaries to, designate any Indebtedness, other than the Obligations as “*Designated Senior Indebtedness*” (or any comparable term enabling the holders thereof to issue payment blockages and exercise other remedies in connection therewith or related thereto) under and as defined in the 2025 Subordinated Note Indenture, the 2022 Subordinated Note Indenture and any documentation with respect to any other subordinated Indebtedness of the Borrower and each of its Subsidiaries.

### **ARTICLE IX**

#### **EVENTS OF DEFAULT**

##### **Section 9.1 Events of Default**

Each of the following events shall be an “Event of Default”:

- (a) the Borrower shall fail to pay any principal of any Loan or any Reimbursement Obligation when the same becomes due and payable; or
- (b) the Borrower shall fail to pay any interest on any Loan, any fee under any of the Loan Documents or any other Obligation (other than one referred to in clause (a) above) and such non-payment continues for a period of five Business Days after the due date therefor; or
- (c) any representation or warranty made or deemed made by any Loan Party in any Loan Document or by any Loan Party (or any of its officers) in connection with any Loan Document shall prove to have been incorrect in any material respect when made or deemed made; or
- (d) any Loan Party shall fail to perform or observe:
  - (i) any term, covenant or agreement contained in Article V (Financial Covenant), as such Article may be waived, amended or otherwise modified from time to time by the Requisite Revolving Credit Lenders pursuant to Section 11.1 (Amendments, Waivers, Etc.);

(ii) any term, covenant or agreement contained in *Section 6.2(a) (Default Notices)*, *7.1 (Preservation of Corporate Existence, Etc.)* (solely with respect to the Loan Parties), *7.9 (Application of Proceeds)*, or *7.11 (Additional Collateral and Guaranties)* or *Article VIII (Negative Covenants)*; or

(iii) any other term, covenant or agreement contained in this Agreement or in any other Loan Document if such failure under this *clause (iii)* shall remain unremedied for 30 days after the date on which written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) (i) the Borrower or any other Loan Party or any Significant Subsidiary of the Borrower shall fail to make any payment on any Indebtedness of the Borrower or any such Subsidiary (other than the Obligations) or any Guaranty Obligation in respect of Indebtedness of any other Person, and, in each case, such failure relates to Indebtedness having a principal amount of \$25,000,000 or more, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), (ii) any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness or (iii) any such Indebtedness shall become or be declared to be due and payable, or be required to be prepaid or repurchased (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) (i) the Borrower or any other Loan Party with assets greater than \$1,000,000 or any Significant Subsidiary of the Borrower shall generally not pay its debts as such debts become due, shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors, (ii) any proceeding shall be instituted by or against the Borrower or any other Loan Party with assets greater than \$1,000,000 or any Significant Subsidiary of the Borrower seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts, under any Requirement of Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a custodian, receiver, trustee or other similar official for it or for any substantial part of its property; *provided, however*, that, in the case of any such proceedings instituted against the Borrower or any such Loan Party or any such Significant Subsidiary (but not instituted by the Borrower or such Loan Party or such Subsidiary) either such proceedings shall remain undismissed or unstayed for a period of 60 days or more or any action sought in such proceedings shall occur or (iii) the Borrower or any other Loan Party with assets greater than \$1,000,000 or any Significant Subsidiary of the Borrower shall take any corporate (or equivalent) action to authorize any action set forth in *clauses (i) or (ii)* above; or

(g) one or more judgments or orders (or other similar process) involving, in the case of money judgments, an aggregate amount whose Dollar Equivalent exceeds \$25,000,000, to the extent not covered by insurance, shall be

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rendered against the Borrower or any other Loan Party or any Significant Subsidiary of the Borrower and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) an ERISA Event has occurred which could reasonably be expected to result in a Material Adverse Effect; or

(i) any material provision of any Loan Document after delivery thereof shall for any reason fail or cease to be valid and binding on, or enforceable against, any Loan Party party thereto, or any Loan Party shall state in writing that any provision of any Loan Document after delivery thereof is for any reason not valid and binding on, or enforceable against, any Loan Party party thereto; or

(j) any Collateral Document shall for any reason fail or cease to create a valid and enforceable Lien on any Collateral in excess of \$5,000,000 in the aggregate purported to be covered thereby or, except as permitted by the Loan Documents, such Lien shall fail or cease to be a perfected and first priority Lien, or any Loan Party shall so state in writing; or

(k) there shall occur any Change of Control; or

(l) any of the Obligations shall cease to be “*Senior Indebtedness*,” “*Senior Secured Financing*” or “*Designated Senior Indebtedness*” (or any comparable term) under and as defined in the 2025 Subordinated Note Indenture, the 2022 Subordinated Note Indenture and any documentation with respect to any other subordinated Indebtedness of the Borrower or any of its Subsidiaries.

### **Section 9.2 Remedies**

During the continuance of any Event of Default, the Administrative Agent (a) may, and, at the request of the Requisite Lenders, shall, by notice to the Borrower declare that all or any portion of the Commitments be terminated, whereupon the obligation of each Lender to make any Loan and each Issuer to Issue any Letter of Credit shall immediately terminate and (b) may and, at the request of the Requisite Lenders, shall, by notice to the Borrower, declare the Loans, all interest thereon and all other amounts and Obligations payable under this Agreement to be forthwith due and payable, whereupon the Loans, all such interest and all such amounts and Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; *provided, however*, that upon the occurrence of the Events of Default specified in *Section 9.1(f) (Events of Default)*, (x) the Commitments of each Lender to make Loans and the commitments of each Lender and Issuer to Issue or participate in Letters of Credit shall each automatically be terminated and (y) the Loans, all such interest and all such amounts and Obligations shall automatically become and be due and payable, without presentment, demand, protest or

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any notice of any kind, all of which are hereby expressly waived by the Borrower. In addition to the remedies set forth above, the Administrative Agent may exercise any remedies provided for by the Collateral Documents in accordance with the terms thereof or any other remedies provided by applicable law.

### **Section 9.3 Actions in Respect of Letters of Credit**

At any time (i) upon the Revolving Credit Termination Date, (ii) after the Revolving Credit Termination Date when the aggregate funds on deposit in Cash Collateral Accounts shall be less than 105% of the Letter of Credit Obligations and (iii) as may be required by *Section 2.9(d) (Mandatory Prepayments)*, the Borrower shall pay to the Administrative Agent in immediately available funds at the Administrative Agent’s office referred to in *Section 11.8 (Notices, Etc.)*, for deposit in a Cash Collateral Account, (x) in the case of *clauses (i) and (ii)* above, the amount required to that, after such payment, the aggregate funds on deposit in the Cash Collateral Accounts equals or exceeds 105% of the sum of all outstanding Letter of Credit Obligations and (y) in the case of *clause (iii)* above, the amount required by *Section 2.9(d) (Mandatory Prepayments)*. The Administrative Agent may, from time to time after funds are deposited in any Cash Collateral Account, apply funds then held in such Cash Collateral Account to the payment of any amounts, in accordance with *Section 2.9(d) (Mandatory Prepayments)* and *Section 2.13(g) (Payments and Computations)*, as shall have become or shall become due and

payable by the Borrower to the Issuers or Lenders in respect of the Letter of Credit Obligations. The Administrative Agent shall promptly give written notice of any such application; *provided, however*, that the failure to give such written notice shall not invalidate any such application.

#### **Section 9.4      Rescission**

If at any time after termination of the Commitments or acceleration of the maturity of the Loans, the Borrower shall pay all arrears of interest and all payments on account of principal of the Loans and Reimbursement Obligations that shall have become due otherwise than by acceleration (with interest on principal and, to the extent permitted by law, on overdue interest, at the rates specified herein) and all Events of Default and Defaults (other than non-payment of principal of and accrued interest on the Loans due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to *Section 11.1 (Amendments, Waivers, Etc.)*, then upon the written consent of the Requisite Lenders and written notice to the Borrower, the termination of the Commitments or the acceleration and their consequences may be rescinded and annulled; *provided, however*, that such action shall not affect any subsequent Event of Default or Default or impair any right or remedy consequent thereon. The provisions of the preceding sentence are intended merely to bind the Lenders and the Issuers to a decision that may be made at the election of the Requisite Lenders, and such provisions are not intended to benefit the Borrower and do not give the Borrower the right to require the Lenders to rescind or annul any acceleration hereunder, even if the conditions set forth herein are met.

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#### **Section 9.5      Right to Cure**

(a) Notwithstanding anything to the contrary contained in *Section 9.1(d)(i) (Events of Default)*, in the event that the Borrower fails to comply with the requirements of the covenant set forth in *Article V (Financial Covenant)* for any period, at any time on or before the tenth day after the date of delivery of a Notice of Intent to Cure by the Borrower to the Administrative Agent pursuant to *Section 6.1(c) (Financial Statements)*, the Borrower and Holdings shall have the right to issue Permitted Cure Securities to the Permitted Holders for cash (the “Cure Right”), and upon the receipt by the Borrower (including through capital contributions by Holdings to the Borrower) of such cash (the “Cure Amount”), the covenant set forth in *Article V (Financial Covenant)* shall be recalculated, giving effect to a pro forma increase to Consolidated EBITDA in accordance with the definition thereof for the Fiscal Quarter for which such Cure Right was exercised in an amount equal to such Cure Amount (and such increase shall be included in each period that includes such Fiscal Quarter); *provided, however*, that such pro forma adjustment to Consolidated EBITDA shall be given solely for the purpose of determining the existence of a Default or an Event of Default under the covenant set forth in *Article V (Financial Covenant)* with respect to any period that includes the Fiscal Quarter for which such Cure Right was exercised and not for any other purpose under any Loan Document.

(b) If, after the exercise of the Cure Right and the recalculations pursuant to clause (a) above, the Borrower shall then be in compliance with the requirements of the covenant set forth in *Article V (Financial Covenant)* for such Fiscal Quarter, the Borrower shall be deemed to have satisfied the requirements of the covenant set forth in *Article V (Financial Covenant)* as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable Default or Event of Default under *Section 9.1(d)(i) (Events of Default)* that had occurred shall be deemed cured; *provided, however*, that (i) the Borrower may not exercise the Cure Right more than (A) two times in any four Fiscal Quarter period and (B) five times during the term of this Agreement, (ii) with respect to any exercise of the Cure Right, the Cure Amount shall be no greater than the amount required to cause the Borrower to be in compliance with *Article V (Financial Covenant)* and (iii) to the extent that the Cure Amount proceeds are used to repay Indebtedness, such Indebtedness shall not be deemed to have been repaid for purposes of calculating the covenant in *Article V (Financial Covenant)* for the period with respect to which such Cure Amount applies.

### **ARTICLE X**

#### **THE AGENTS**

##### **Section 10.1      Authorization and Action**

(a) Each Lender and each Issuer hereby appoints Citicorp as the Administrative Agent hereunder and each Lender and each Issuer authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are

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reasonably incidental thereto. Without limiting the foregoing, each Lender and each Issuer hereby (i) authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents and (ii) authorizes the Administrative Agent act as agent for the Lenders, Issuers and the other Secured Parties under the Collateral Documents.

(b) As to any matters not expressly provided for by this Agreement and the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Requisite Lenders, and such instructions shall be binding upon all Lenders and each Issuer; *provided, however*, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to personal liability unless the Administrative Agent receives an indemnification satisfactory to it from the Lenders and the Issuers with respect to such action or (ii) is contrary to this Agreement or applicable law. The Administrative Agent agrees to give to each Lender and each Issuer, if applicable, prompt notice of each notice given to it by any Loan Party pursuant to the terms of this Agreement or the other Loan Documents.

(c) In performing its functions and duties hereunder and under the other Loan Documents, each Agent is acting solely on behalf of the Lenders and the Issuers except to the limited extent provided in *Section 2.7(b)*, and its duties are entirely administrative in nature. No Agent assumes and no Agent shall be deemed to have assumed any obligation other than as expressly set forth herein and in the other Loan Documents or any other relationship as the agent, fiduciary or trustee of or for any Lender, Issuer or holder of any other Obligation. Each Agent may perform any of its duties under any Loan Document by or through its agents or employees.

(d) None of (i) the Arrangers, (ii) the Syndication Agent and (iii) the Co-Documentation Agents shall have any obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document, none shall have any rights separate from their rights as a Lender and none shall incur any liability hereunder or thereunder in such capacity.

##### **Section 10.2      Administrative Agent's Reliance, Etc.**

None of the Administrative Agent or any of its Affiliates, directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it, him, her or them under or in connection with this Agreement or the other Loan Documents, except for its, his, her or their own gross negligence or willful misconduct. Without limiting

(*Evidence of Debt*), (c) may consult with legal counsel (including counsel to the Borrower or any other Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (d) makes no warranty or representation to any Lender or Issuer and shall not be responsible to any Lender or Issuer for any statements, warranties or representations made by or on behalf of the Borrower or any of its Subsidiaries in or in connection with this Agreement or any other Loan Document, (e) shall not have any duty to ascertain or to inquire either as to the performance or observance of any term, covenant or condition of this Agreement or any other Loan Document, as to the financial condition of any Loan Party or as to the existence or possible existence of any Default or Event of Default, (f) shall not be responsible to any Lender or Issuer for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the attachment, perfection or priority of any Lien created or purported to be created under or in connection with, this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto or thereto and (g) shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which writing may be a telecopy or electronic mail) or any telephone message believed by it to be genuine and signed or sent by the proper party or parties.

### **Section 10.3 Posting of Approved Electronic Communications**

(a) Each of the Lenders, the Issuers and the Borrower agree, and the Borrower shall cause each Guarantor to agree, that the Administrative Agent may, but shall not be obligated to, make the Approved Electronic Communications available to the Lenders and Issuers by posting such Approved Electronic Communications on DebtDomain™ or a substantially similar electronic platform chosen by the Administrative Agent to be its electronic transmission system (the “*Approved Electronic Platform*”).

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Closing Date, a dual firewall and a User ID/Password Authorization System) and the Approved Electronic Platform is secured through a single-user-per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, the Issuers and the Borrower acknowledges and agrees, and the Borrower shall cause each Guarantor to acknowledge and agree, that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution. In consideration for the convenience and other benefits afforded by such distribution and for the other consideration provided hereunder, the receipt and sufficiency of which is hereby acknowledged, each of the Lenders, the Issuers and the Borrower hereby approves, and the Borrower shall cause each Guarantor to approve, distribution of the Approved Electronic Communications through the Approved Electronic Platform and understands

and assumes, and the Borrower shall cause each Guarantor to understand and assume, the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE APPROVED ELECTRONIC COMMUNICATIONS ARE PROVIDED “*AS IS*” AND “*AS AVAILABLE*”. NONE OF THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (THE “*AGENT AFFILIATES*”) WARRANT THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE APPROVED ELECTRONIC COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM AND EACH EXPRESSLY DISCLAIMS LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE APPROVED ELECTRONIC COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT OR THE AGENT AFFILIATES IN CONNECTION WITH THE APPROVED ELECTRONIC PLATFORM OR THE APPROVED ELECTRONIC COMMUNICATIONS.

(d) Each of the Lenders, the Issuers and the Borrower agree, and the Borrower shall cause each Guarantor to agree, that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Approved Electronic Communications on the Approved Electronic Platform in accordance with the Administrative Agent’s generally-applicable document retention procedures and policies.

### **Section 10.4 Each Agent Individually**

With respect to its Ratable Portion, each Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender. The terms “*Lenders*”, “*Revolving Credit Lenders*”, “*Term Lenders*”, “*Requisite Lenders*” and any similar terms shall, unless the context clearly otherwise indicates, include, without limitation, each Agent in its individual capacity as a Lender, a Revolving Credit Lender, Term Lender or as one of the Requisite Lenders. Each Agent and its respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with, any Loan Party as if such Agent were not acting as Agent hereunder or under any Loan Documents.

### **Section 10.5 Lender Credit Decision**

Each Lender and each Issuer acknowledges that it shall, independently and without reliance upon any Agent or any other Lender, conduct its own independent investigation of the financial condition and affairs of the Borrower and each other Loan Party in connection with the making and continuance of the Loans and with the issuance of the Letters of Credit. Each Lender and each Issuer also acknowledges that it shall, independently and without reliance upon any Agent or any other Lender and based on

such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and other Loan Documents. Except for the documents expressly required by any Loan Document to be transmitted by the Administrative Agent to the Lenders or the Issuers, the Administrative Agent shall not have any duty or responsibility to provide any Lender or any Issuer with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of any Loan Party or any Affiliate of any Loan Party that may come into the possession of the Administrative Agent or any Affiliate thereof or any employee or agent of any of the foregoing.

### **Section 10.6 Indemnification**

Each Lender agrees to indemnify each Agent and each of their respective Affiliates, and each of their respective directors, officers, employees, agents and advisors (to the extent not reimbursed by the Borrower and without limiting their obligation to do so), from and against such Lender's aggregate Ratable Portion of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements (including reasonable fees, expenses and disbursements of financial and legal advisors) of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against, such Agent or any of its Affiliates, directors, officers, employees, agents and advisors in any way relating to or arising out of this Agreement or the other Loan Documents or any action taken or omitted by such Agent under this Agreement or the other Loan Documents; *provided, however*, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's or its Affiliate's gross negligence or willful misconduct. Without limiting the foregoing, each Lender agrees to reimburse such Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable fees, expenses and disbursements of financial and legal advisors) incurred by such Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of its rights or responsibilities under, this Agreement or the other Loan Documents, to the extent that such Agent is not reimbursed for such expenses by the Borrower or another Loan Party.

#### **Section 10.7 Successor Administrative Agent**

The Administrative Agent may resign at any time by giving 30 days' prior written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Requisite Lenders shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Requisite Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation (such 30-day period, the "*Lender Appointment Period*"), then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, selected from among the Lenders. In either case, such appointment shall be subject to the prior written approval of the Borrower (which approval may not be unreasonably withheld and shall not be required upon the occurrence and during the continuance of an Event of Default). In addition and

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without any obligation on the part of the retiring Administrative Agent to appoint, on behalf of the Lenders and the Issuers, a successor Administrative Agent, the retiring Administrative Agent may at any time upon or after the end of the Lender Appointment Period notify the Borrower and the Lenders and the Issuers that no qualifying Person has accepted appointment as successor Administrative Agent and the effective date of such retiring Administrative Agent's resignation (which effective date shall be no earlier than three Business Days after the date of such notice). Upon the resignation effective date established in such notice and regardless of whether a successor Administrative Agent has been appointed and accepted such appointment and the Borrower has approved such successor Administrative Agent, the retiring Administrative Agent's resignation shall nonetheless become effective and (i) the retiring Administrative Agent shall be discharged from its duties and obligations as Administrative Agent hereunder and under the other Loan Documents and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each Issuer directly, until such time as the Requisite Lenders appoint a successor Administrative Agent as provided for above in this paragraph. Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents. After such resignation, the retiring Administrative Agent shall continue to have the benefit of this *Article X* as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

Any resignation pursuant to this *Section 10.7 (Successor Administrative Agent)* by a Person acting as Administrative Agent shall, unless such Person shall notify the Borrower and the Lenders and the Issuers otherwise, also act to relieve such Person and its Affiliates of any obligation to advance or issue new, or extend existing, Swing Loans or Letters of Credit where such advance, issuance or extension is to occur on or after the effective date of such resignation. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuer and Swing Lender, (ii) the retiring Issuer and Swing Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, (iii) the successor Swing Lender shall enter into an Assignment and Acceptance and acquire from the retiring Swing Lender each outstanding Swing Loan of such retiring Swing Lender for a purchase price equal to par plus accrued interest and (iv) the successor Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangement satisfactory to the retiring Issuer to effectively assume the obligations of the retiring Issuer with respect to such Letters of Credit.

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In addition to the foregoing, if a Revolving Credit Lender becomes, and during the period it remains, a Defaulting Lender, any Issuer and/or any Swing Lender may, upon prior written notice to the Borrower and the Administrative Agent, resign as Issuer or Swing Lender, respectively, effective at the close of business New York time on a date specified in such notice (which date may not be less than 30 days after the date of such notice); *provided*, that such resignation by any such Issuer will have no effect on the validity or enforceability of any Letter of Credit then outstanding or on the obligations of the Borrower or any Lender under this Agreement with respect to any such outstanding Letter of Credit or otherwise to such Issuer; and *provided further*, that such resignation by any such Swing Lender will have no effect on its rights in respect of any outstanding Swing Loans or on the obligations of the Borrower or any Lender under this Agreement with respect to any such outstanding Swing Loan.

#### **Section 10.8 Concerning the Collateral and the Collateral Documents**

(a) Each Lender and each Issuer agrees that any action taken by the Administrative Agent or the Requisite Lenders (or, where required by the express terms of this Agreement, a greater proportion of the Lenders) in accordance with the provisions of this Agreement or of the other Loan Documents, and the exercise by the Administrative Agent or the Requisite Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders, Issuers and other Secured Parties. Without limiting the generality of the foregoing, the Administrative Agent shall have the sole and exclusive right and authority to (i) act as the disbursing and collecting agent for the Lenders and the Issuers with respect to all payments and collections arising in connection herewith and with the Collateral Documents, (ii) execute and deliver each Collateral Document and accept delivery of each such agreement delivered by the Borrower or any of its Subsidiaries, (iii) act as collateral agent for the Lenders, the Issuers and the other Secured Parties for purposes of the perfection of all security interests and Liens created by such agreements and all other purposes stated therein, *provided, however*, that the Administrative Agent hereby appoints, authorizes and directs each Lender and Issuer to act as collateral sub-agent for the Administrative Agent, the Lenders and the Issuers for purposes of the perfection of all security interests and Liens with respect to the Collateral, including any Deposit Accounts maintained by a Loan Party with, and cash and Cash Equivalents held by, such Lender or such Issuer, (iv) manage, supervise and otherwise deal with the Collateral, (v) take such action as is necessary or desirable to maintain the perfection and priority of the security interests and Liens created or purported to be created by the Collateral Documents and (vi) except as may be otherwise specifically restricted by the terms hereof or of any other Loan Document, exercise all remedies given to the Administrative Agent, the Lenders, the Issuers and the other Secured Parties with respect to the Collateral under the Loan Documents relating thereto, applicable law or otherwise.

(b) Each of the Lenders and the Issuers hereby consents to the release and hereby directs, in accordance with the terms hereof, the Administrative Agent

release (or, in the case of *clause (ii)* below, release or subordinate) any Lien held by the Administrative Agent for the benefit of the Secured Parties against any of the following:

- (i) all of the Collateral and all Loan Parties, upon termination of the Commitments and payment and satisfaction in full of all Loans, all Reimbursement Obligations and all other Obligations that the Administrative Agent has been notified in writing are then due and payable (and, in respect of contingent Letter of Credit Obligations, with respect to which cash collateral has been deposited or a back-up letter of credit has been issued, in either case in the appropriate currency and on terms satisfactory to the Administrative Agent and the applicable Issuers);
- (ii) any assets that are subject to a Lien permitted by *Section 8.2(i) (Liens, Etc.)*;
- (iii) any part of the Collateral sold or disposed of by a Loan Party if such sale or disposition is permitted by this Agreement (or permitted pursuant to a waiver of or consent to a transaction otherwise prohibited by this Agreement); and
- (iv) the security interests in any Digital Cinema Equipment granted prior to the Closing Date.

*provided*, that in case of *clauses (ii), (iii)* and *(iv)* above, no such release shall occur if such Lien continues to secure any Loan Agreement Refinancing Debt.

(c) Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent and each Secured Party hereby agree that (i) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any Guaranty, it being understood and agreed that all powers, rights and remedies hereunder and under any of the Loan Documents may be exercised solely by the Administrative Agent for the benefit of the Secured Parties in accordance with the terms hereof and thereof and all powers, rights and remedies under the Collateral Documents may be exercised solely by the Administrative Agent for the benefit of the Secured Parties in accordance with the terms thereof, and (ii) in the event of a foreclosure or similar enforcement action by the Administrative Agent on any of the Collateral pursuant to a public or private sale or other disposition (including, without limitation, pursuant to Section 363(k), Section 1129(b)(2)(a)(ii) or otherwise of the Bankruptcy Code), the Administrative Agent (or any Lender, except with respect to a “credit bid” pursuant to Section 363(k), Section 1129(b)(2)(a)(ii) or otherwise of the Bankruptcy Code) may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Administrative Agent, as agent for and representative of Secured Parties (but not any Lender or Lenders in its or their respective individual capacities) shall be entitled, upon instructions from Requisite Lenders, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such sale or disposition, to use and apply any of

the Obligations as a credit on account of the purchase price for any collateral payable by the Administrative Agent at such sale or other disposition.

Each of the Secured Parties hereby directs the Administrative Agent to execute and deliver or file such termination and partial release statements and do such other things as are necessary to release Liens to be released pursuant to this *Section 10.8* promptly upon the effectiveness of any such release.

#### ***Section 10.9 Collateral Matters Relating to Related Obligations***

The benefit of the Loan Documents and of the provisions of this Agreement relating to the Collateral shall extend to and be available in respect of any Obligation arising under any Hedging Contract or Cash Management Obligation or that is otherwise owed to Persons other than the Agents, the Lenders and the Issuers (collectively, “*Related Obligations*”) solely on the condition and understanding, as among the Administrative Agent and all Secured Parties, that (a) the Related Obligations shall be entitled to the benefit of the Loan Documents and the Collateral to the extent expressly set forth in this Agreement and the other Loan Documents and to such extent the Administrative Agent shall hold, and have the right and power to act with respect to, the Guaranty and the Collateral on behalf of and as agent for the holders of the Related Obligations, but the Administrative Agent is otherwise acting solely as agent for the Lenders and the Issuers and shall have no fiduciary duty, duty of loyalty, duty of care, duty of disclosure or other obligation whatsoever to any holder of Related Obligations, (b) all matters, acts and omissions relating in any manner to the Guaranty, the Collateral, or the omission, creation, perfection, priority, abandonment or release of any Lien, shall be governed solely by the provisions of this Agreement and the other Loan Documents and no separate Lien, right, power or remedy shall arise or exist in favor of any Secured Party under any separate instrument or agreement or in respect of any Related Obligation, (c) each Secured Party shall be bound by all actions taken or omitted, in accordance with the provisions of this Agreement and the other Loan Documents, by the Administrative Agent and the Requisite Lenders, each of whom shall be entitled to act at its sole discretion and exclusively in its own interest given its own Commitments and its own interest in the Loans, Letter of Credit Obligations and other Obligations to it arising under this Agreement or the other Loan Documents, without any duty or liability to any other Secured Party or as to any Related Obligation and without regard to whether any Related Obligation remains outstanding or is deprived of the benefit of the Collateral or becomes unsecured or is otherwise affected or put in jeopardy thereby, (d) no holder of Related Obligations and no other Secured Party (except the Administrative Agent, the Lenders and the Issuers, to the extent set forth in this Agreement) shall have any right to be notified of, or to direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under this Agreement or the Loan Documents and (e) no holder of any Related Obligation shall exercise any right of setoff, banker’s lien or similar right except to the extent provided in *Section 11.6 (Right of Set-off)* and then only to the extent such right is exercised in compliance with *Section 11.7 (Sharing of Payments, Etc.)*.

#### ***Section 10.10 Activities of Agents’ Group***

(a) Each Lender and each Issuer understands that each Agent, acting in its individual capacity, and its Affiliates (collectively, the “*Agents’ Group*”) are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research) (such services and businesses are collectively referred to in this *Section 10.10(a)* as “*Activities*”) and may engage in the Activities with or on behalf of one or more of the Group Members or their respective Affiliates. Furthermore, the Agents’ Group may, in undertaking the Activities, engage in trading in financial products or undertake other investment businesses for its own account or on behalf of others (including the Group Members and their Affiliates) and including holding, for its own account or on behalf of others, equity, debt and similar positions in the Borrower, other Group Members or their respective Affiliates), including trading in or holding long, short or derivative positions in securities, loans or other financial products of one or more of the Group Members or their Affiliates. Each Agent, each Lender and each Issuer understands and agrees that in engaging in the Activities, the Agents’ Group may receive or otherwise obtain information concerning the Group Members or the Affiliates (including information concerning the ability of the Group Members to perform their respective Obligations hereunder and under the other Loan Documents) which information may not be available to any of the Agents, Lenders or the Issuers that are not members of the Agents’ Group. Neither the Administrative Agent nor any member of the Agents’ Group

shall have any duty to disclose to any Agent, Lender or any Issuer or use on behalf of the Agents, Lenders or Issuers, and shall not be liable for the failure to so disclose or use any information whatsoever about or derived from the Activities or otherwise (including any information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Group Members or any Affiliate of any Group Members) or to account for any revenue or profits obtained in connection with the Activities, except that the Administrative Agent shall deliver or otherwise make available to each Agent, each Lender and each Issuer such documents as are expressly required by any Loan Document to be transmitted by the Administrative Agent to the Agents, Lenders or the Issuers.

(b) Each Agent, each Lender and each Issuer further understands that there may be situations where members of the Agents' Group or their respective customers (including the Group Members and their Affiliates) either now have or may in the future have interests or take actions that may conflict with the interests of any one or more of the Lenders or the Issuers (including the interests of the Agents, Lenders and the Issuers hereunder and under the other Loan Documents). Each Agent and each Lender and each Issuer agrees that no member of the Agents' Group is or shall be required to restrict its activities as a result of the Person serving as an Agent being a member of the Agents' Group, and that each member of the Agents' Group may undertake any Activities without further consultation with or notification to any Agent, any Lender or any Issuer. None of (i) this Agreement nor any other Loan Document, (ii) the receipt by the Agents' Group of information (including Information) concerning the

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Group Members or their Affiliates (including information concerning the ability of the Group Members to perform their respective Obligations hereunder and under the other Loan Documents) nor (iii) any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) owing by any Agent or any member of the Agents' Group to any Agent, any Lender or any Issuer including any such duty that would prevent or restrict the Agents' Group from acting on behalf of customers (including the Group Members or their Affiliates) or for its own account.

#### **Section 10.11 Delivery of Certain Financial Information**

The Borrower agrees, and shall cause each other Group Member to agree, that the Administrative Agent may make available to the Lenders and the Issuers all Approved Electronic Communications provided to the Administrative Agent pursuant to clauses (a) through (e) of Section 6.1 (Financial Statements). Borrower further agrees, and shall cause each other Group Member to further agree, that the Administrative Agent may make available to the Lenders and the Issuers such other Approved Electronic Communications provided to the Administrative Agent, upon such Lenders' and Issuers' request. Any distribution of Approved Electronic Communications pursuant to this Section 10.11 shall be subject to the Administrative Agent's customary security measures with regards to Approved Electronic Communications.

#### **Section 10.12 Administrative Agent May File Proofs of Claim**

In case of the pendency of any proceeding under the Bankruptcy Code or any other law relating to bankruptcy, insolvency, reorganization or relief of debtors or any other judicial proceeding involving any Group Member as a debtor thereunder the Administrative Agent (irrespective of whether the principal of any Loan or Letter of Credit Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest then due, owing and unpaid in respect of the Loans, Letter of Credit Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuers and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuers and the Agents and their respective agents and counsel and all other amounts due the Lenders, the Issuers and the Agents under Sections 2.12 (Fees), 11.3 (Costs and Expenses) and 11.4 (Indemnities)) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

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and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Secured Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Secured Parties, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due to the Agents under Sections 2.12 (Fees), 11.3 (Costs and Expenses) and 11.4 (Indemnities).

### **ARTICLE XI**

#### **MISCELLANEOUS**

##### **Section 11.1 Amendments, Waivers, Etc.**

(a) No amendment or waiver of any provision of this Agreement or any other Loan Document (other than the Fee Letter, each Letter of Credit Reimbursement Agreement and notice of grant of a security interest with respect to Intellectual Property) nor consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be in writing and (x) in the case of any such waiver or consent, signed by the Requisite Lenders (or by the Administrative Agent with the consent of the Requisite Lenders) and (y) in the case of any other amendment, by the Requisite Lenders (or by the Administrative Agent with the consent of the Requisite Lenders) and the Borrower or the applicable Loan Party, as the case may be, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no amendment, waiver or consent shall, unless in writing and signed by each Lender directly affected thereby, in addition to the Requisite Lenders (or the Administrative Agent with the consent thereof), do any of the following:

(i) waive any condition specified in Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit) or 3.2(b) or (c) (Conditions Precedent to Each Loan and Letter of Credit), except with respect to a condition based upon another provision hereof, the waiver of which requires only the concurrence of the Requisite Lenders and, in the case of the conditions specified in Section 3.1 (Conditions Precedent to Initial Loans and Letters of Credit), subject to the provisions of Section 3.3 (Determinations of Initial Borrowing Conditions);

(ii) increase the Commitment of such Lender or subject such Lender to any additional obligation;

(iii) extend the scheduled final maturity of any Loan owing to such Lender, or waive, reduce or postpone any scheduled date fixed for the payment or reduction of principal or interest of any such Loan or fees owing to such Lender (it being understood that Section 2.9 (Mandatory Prepayments) does

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not provide for scheduled dates fixed for payment) or for the reduction of such Lender's Commitment;

(iv) forgive, reduce, or release the Borrower from its obligations to repay, the principal amount of any Loan or Reimbursement Obligation owing to such Lender (other than by the payment or prepayment thereof);

(v) reduce the rate of interest on any Loan or Reimbursement Obligation outstanding and owing to such Lender or any fee payable hereunder to such Lender;

(vi) expressly subordinate any of the Obligations or any Liens securing the Obligations;

(vii) postpone any scheduled date fixed for payment of interest or fees owing to such Lender or waive any such payment;

(viii) change the aggregate Ratable Portions of Lenders required for any or all Lenders to take any action hereunder;

(ix) (A) release all or substantially all of the Collateral except as provided in *Section 10.8(b) (Concerning the Collateral and the Collateral Documents)*, (B) release the Borrower from its payment obligation to such Lender under this Agreement or the Notes owing to such Lender (if any), (C) release all or substantially all of the Guarantors from its or their obligations under the Guaranty except in connection with the sale or other disposition of a Guarantor (or all or substantially all of the assets thereof) permitted by this Agreement (or permitted pursuant to a waiver or consent of a transaction otherwise prohibited by this Agreement) or (D) amend, modify or waive the *proviso* in *Section 11.10 (Binding Effect)*; or

(x) amend *Section 10.8(b) (Concerning the Collateral and the Collateral Documents)*, *Section 11.7 (Sharing of Payments, Etc.)*, this *Section 11.1* or any definition of the terms "Requisite Lenders," "Requisite Revolving Credit Lenders," "Requisite Term Lenders" or "Ratable Portion";

and *provided, further*, that (A) any modification of the application of payments to the Term Loans pursuant to *Section 2.9 (Mandatory Prepayments)* shall require the consent of the Requisite Term Lenders, (B) no amendment, waiver or consent shall, unless in writing and signed by any Special Purpose Vehicle that has been granted an option pursuant to *Section 11.2(e) (Assignments and Participations)*, affect the grant or nature of such option or the right or duties of such Special Purpose Vehicle hereunder, (C) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of such Agent under this Agreement or the other Loan Documents and (D) no

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amendment, waiver or consent shall, unless in writing and signed by the applicable Swing Lender in addition to the Lenders required above to take such action, affect the rights or duties of the Swing Lender under this Agreement or the other Loan Documents; *provided, further*, that, (x) the Administrative Agent may, solely upon the request, and with the consent, of the Borrower in connection with the execution of a Hedging Contract, amend, modify or supplement the Guaranty to provide for a "keepwell", support or other agreement within the meaning of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act to be made by the Borrower or any other Guarantor for the benefit of any Guarantor that would not otherwise constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder, so long as such amendment, modification or supplement does not adversely affect the rights of any Lender or any Issue and is otherwise on terms reasonably acceptable to the Administrative Agent, (y) the Administrative Agent may, with the consent of the Borrower, amend, modify or supplement this Agreement to cure any ambiguity, omission, defect or inconsistency, so long as such amendment, modification or supplement does not adversely affect the rights of any Lender or any Issuer and (z) the Requisite Revolving Credit Lenders (or the Administrative Agent with the prior written consent thereof), on the one hand, and the Borrower, on the other hand, may amend, supplement or otherwise modify or waive any of the terms and provisions (and related definitions) of *Article V (Financial Covenant)*. Anything herein to the contrary notwithstanding, during such period as a Lender is a Defaulting Lender, to the fullest extent permitted by applicable law, such Lender will not be entitled to vote in respect of amendments and waivers hereunder and the Commitment and the outstanding Loans or other extensions of credit of such Lender hereunder will not be taken into account in determining whether the Requisite Lenders or all of the Lenders, as required, have approved any such amendment or waiver (and the definition of "Requisite Lenders" will automatically be deemed modified accordingly for the duration of such period); *provided*, that any such amendment or waiver that would increase or extend the term of the Commitment of such Defaulting Lender, extend the date fixed for the payment of principal or interest owing to such Defaulting Lender hereunder, reduce the principal amount of any obligation owing to such Defaulting Lender, reduce the amount of or the rate or amount of interest on any amount owing to such Defaulting Lender or of any fee payable to such Defaulting Lender hereunder, or alter the terms of this proviso, will require the consent of such Defaulting Lender.

(b) The Administrative Agent may, but shall have no obligation to, with the written concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(c) If, in connection with any proposed amendment, modification, waiver or termination requiring the consent of all Revolving Credit Lenders or Term Lenders, the consent of Requisite Lenders is obtained but the consent of any Revolving

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Credit Lender or Term Lender whose consent is required is not obtained (any such Lender whose consent is not obtained as described in this *Section 11.1* being referred to as a "Non-Consenting Lender"), then, at the Borrower's request, an Eligible Assignee reasonably acceptable to the Administrative Agent shall have the right to purchase from such Non-Consenting Lender, and such Non-Consenting Lender agrees that it shall, upon the Administrative Agent's request, sell and assign to the Lender acting as the Administrative Agent or such Eligible Assignee, all of the Revolving Credit Commitments and Revolving Credit Outstandings of such Non-Consenting Lender if such Non-Consenting Lender is a Revolving Credit Lender and all of the Term Loans of such Non-Consenting Lender if such Non-Consenting Lender is a Term Lender, in each case, for an amount equal to the principal balance of all such Revolving Loans or Term Loans, as applicable, held by the Non-Consenting Lender, and, in the case of a Repricing Transaction to which said Non-Consenting Lender did not consent, the prepayment premium set forth in *Section 2.8(d) (Optional Prepayments)* (if on or prior to the date six months after the First Amendment Effective Date) and all accrued and unpaid interest and fees with respect thereto through the date of sale; *provided, however*, that such purchase and sale shall be recorded in the Register maintained by the Administrative Agent and not be effective until (x) the Administrative Agent shall have received from such Eligible Assignee an agreement in form and substance reasonably satisfactory to the Administrative Agent and the Borrower whereby such Eligible Assignee shall agree to be bound by the terms hereof and (y) such Non-Consenting Lender shall have received payments of all Revolving Loans or Term Loans, as applicable, held by it and all accrued and unpaid interest and fees with respect thereto through the date of the sale. Each Lender agrees that, if it becomes a Non-Consenting Lender, it shall execute and deliver to the Administrative Agent an Assignment and Acceptance to evidence such sale and purchase and shall deliver to the Administrative Agent any Note (if the assigning



Lender's Loans are evidenced by Notes) subject to such Assignment and Acceptance; *provided, however*, that the failure of any Non-Consenting Lender to execute an Assignment and Acceptance shall not render such sale and purchase (and the corresponding assignment) invalid and such assignment shall be recorded in the Register.

(d) Notwithstanding anything to the contrary set forth in this Agreement, any Incremental/Extended/Refinancing Amendment shall not require the consent of any Lender (other than the Lenders providing the New Incremental Loans, Extended Loans and Refinancing Loans, as applicable (such Loans, the "Incremental/Extended/Refinancing Loans")). Each of the parties hereto agrees that, upon the effectiveness of any Incremental/Extended/Refinancing Amendment which shall be promptly notified to each Lender by the Administrative Agent, this Agreement shall be deemed amended to the extent necessary to reflect the existence of the terms of the Incremental/Extended/Refinancing Loans. Any Incremental/Extended/Refinancing Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to implement the terms of any such Incremental/Extended/Refinancing Loan, including any amendments necessary to establish Incremental/Extended/Refinancing Loans as new Tranches in

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respect of Loans so provided and such other technical amendments as may be necessary or appropriate in the reasonable judgment of the Administrative Agent and the Borrower in connection with the establishment of such new Tranches, in each case on terms not inconsistent with *Sections 2.19 (Facility Increase)*, *2.20 (Amend and Extend Transactions)*, *2.21 (Refinancing Transactions)* and *2.22 (Incremental/Extended/Refinancing Amendments Generally)*, as applicable.

### **Section 11.2 Assignments and Participations**

(a) Each Lender may sell, transfer, negotiate or assign to one or more Eligible Assignees (other than to any Disqualified Institution) all or a portion of its rights and obligations hereunder (including all of its rights and obligations with respect to the Term Loans, the Revolving Loans, the Swing Loans and the Letters of Credit); *provided, however*, that (i) if any such assignment shall be of the assigning Lender's Revolving Credit Outstandings and Revolving Credit Commitments, such assignment shall cover the same percentage of such Lender's Revolving Credit Outstandings and Revolving Credit Commitments, (ii) the aggregate amount being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event (if less than the assignor's entire interest) be less than (x) in the case of Revolving Credit Outstandings and Revolving Credit Commitments, \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) in the case of Term Loans, \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof, except, in either case, (A) with the consent of the Borrower and the Administrative Agent or (B) if such assignment is being made to a Lender or an Affiliate or Approved Fund of a Lender (other than any Disqualified Institution), (iii) if such Eligible Assignee is not, prior to the date of such assignment, a Lender or an Affiliate or Approved Fund of a Lender (other than any Disqualified Institution), such assignment shall be subject to the prior consent of the Administrative Agent and the Borrower (which consents shall not be unreasonably withheld or delayed) and (iv) if such Eligible Assignee is not, prior to the date of such assignment, a Revolving Credit Lender or an Affiliate of a Revolving Credit Lender, any such assignment with respect to Revolving Credit Outstandings and Revolving Credit Commitments shall be subject to the prior consent of each Issuer and Swing Lender; *provided, however* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 5 Business Days after having received notice thereof; *provided, further*, that, notwithstanding any other provision of this *Section 11.2*, the consent of the Borrower shall not be required for any assignment occurring when any Event of Default under *Section 9.1(a), (b) or (f) (Events of Default)* shall have occurred and be continuing and (v) no Revolving Credit Commitments or Revolving Loans may be assigned to any Affiliated Lender. Any such assignment need not be ratable as among the Term Loan Facility and the Revolving Credit Facility.

(b) The parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note (if the assigning Lender's Loans are evidenced by a Note) subject to such assignment. Upon the execution, delivery, acceptance and

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recording in the Register of any Assignment and Acceptance and, other than in respect of assignments made pursuant to *Section 2.17(b) (Mitigation Obligations; Substitution of Lenders)* and *Section 11.1(c) (Amendments, Waivers, Etc.)*, the receipt by the Administrative Agent from the assignee of an assignment fee in the amount of \$3,500 (and, in the case of an Affiliated Lender or a Person that, after giving effect to such assignment, would become an Affiliated Lender, satisfaction of the requirements set forth in *clause (j)* below) from and after the effective date specified in such Assignment and Acceptance; *provided*, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment, (i) the assignee thereunder shall become a party hereto and, to the extent that rights and obligations under the Loan Documents have been assigned to such assignee pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender, and if such Lender were an Issuer, of such Issuer hereunder and thereunder, and (ii) the Notes (if any) corresponding to the Loans assigned thereby shall be transferred to such assignee by notation in the Register and (iii) the assignor thereunder shall, to the extent that rights and obligations under this Agreement have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except for those surviving the payment in full of the Obligations) and be released from its obligations under the Loan Documents, other than those relating to events or circumstances occurring prior to such assignment (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto).

(c) The Administrative Agent shall maintain at its address referred to in *Section 11.8 (Notices, Etc.)* a copy of each Assignment and Acceptance delivered to and accepted by it and shall record in the Register the names and addresses of the Lenders and Issuers and the principal amount of the Loans and Reimbursement Obligations owing to each Lender from time to time and the Commitments of each Lender. Any assignment pursuant to this *Section 11.2* shall not be effective until such assignment is recorded in the Register.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, the Administrative Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance, (ii) record or cause to be recorded the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall, if requested by such assignee, execute and deliver to the Administrative Agent new Notes to the order of such assignee in an amount equal to the Commitments and Loans assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has surrendered any Note for exchange in connection with the assignment and has retained Commitments or Loans hereunder, new Notes to the order of the assigning Lender in an amount equal to the Commitments and Loans retained by it hereunder. Such new Notes shall be dated the same date as the surrendered Notes and be in substantially the form of *Exhibit B-1 (Form of Revolving Note)* or *Exhibit B-3 (Form of Term Loan Note)*, as applicable.

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(e) In addition to the other assignment rights provided in this *Section 11.2*, each Lender may do each of the following:

(i) grant to a Special Purpose Vehicle the option to make all or any part of any Loan that such Lender would otherwise be required to make hereunder and the exercise of such option by any such Special Purpose Vehicle and the making of Loans pursuant thereto shall satisfy (once and to the extent that such

Loans are made) the obligation of such Lender to make such Loans thereunder; *provided, however*, that (x) nothing herein shall constitute a commitment or an offer to commit by such a Special Purpose Vehicle to make Loans hereunder and no such Special Purpose Vehicle shall be liable for any indemnity or other Obligation (other than the making of Loans for which such Special Purpose Vehicle shall have exercised an option, and then only in accordance with the relevant option agreement) and (y) such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain responsible to the other parties for the performance of its obligations under the terms of this Agreement and shall remain the holder of the Obligations for all purposes hereunder; and

(ii) assign, as collateral or otherwise, any of its rights under this Agreement (other than to a Disqualified Institution or a natural Person), whether now owned or hereafter acquired (including rights to payments of principal or interest on the Loans), to (A) without notice to or consent of the Administrative Agent or the Borrower, including any pledge or assignment to secure obligations to any Federal Reserve Bank (pursuant to Regulation A of the Federal Reserve Board) and (B) without notice to or consent of the Administrative Agent or the Borrower, (1) any holder of, or trustee or other representative for the benefit of, the holders of such Lender's Securities and (2) any Special Purpose Vehicle to which such Lender has granted an option pursuant to *clause (i)* above;

*provided, however*, that no such assignment or grant shall release such Lender from any of its obligations hereunder except as expressly provided in *clause (i)* above and except, in the case of a subsequent foreclosure pursuant to an assignment as collateral, if such foreclosure is made in compliance with the other provisions of this *Section 11.2* other than this *clause (e)* or *clause (f)* below. Each party hereto acknowledges and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior debt of any such Special Purpose Vehicle, such party shall not institute against, or join any other Person in instituting against, any Special Purpose Vehicle that has been granted an option pursuant to this *clause (e)* any bankruptcy, reorganization, insolvency or liquidation proceeding (such agreement shall survive the payment in full of the Obligations). The terms of the designation of, or assignment to, such Special Purpose Vehicle shall not restrict such Lender's ability to, or grant such Special Purpose Vehicle the right to, consent to any amendment or waiver to this Agreement or any other Loan Document or to the departure by the Borrower from any provision of this Agreement or any other Loan Document without the consent of such Special Purpose Vehicle except, as long as the Administrative Agent and the Lenders,

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Issuers and other Secured Parties shall continue to, and shall be entitled to continue to, deal solely and directly with such Lender in connection with such Lender's obligations under this Agreement, to the extent any such consent would reduce the principal amount of, or the rate of interest on, any Obligations, amend this *clause (e)* or postpone any scheduled date of payment of such principal or interest. Each Special Purpose Vehicle shall be entitled to the benefits of *Section 2.14(c) (Illegality)*, *Section 2.15 (Increased Cost and Increased Costs and Capital Adequacy)* and *Section 2.16 (Taxes)* as if it were such Lender; *provided, however*, that anything herein to the contrary notwithstanding, the Borrower shall not, at any time, be obligated to make any payment under *Section 2.14(c) (Illegality)*, *Section 2.15 (Increased Costs and Capital Adequacy)* or *Section 2.16 (Taxes)* to any such Special Purpose Vehicle and any such Lender in excess of the amount the Borrower would have been obligated to pay to such Lender in respect of such interest if such Special Purpose Vehicle had not been assigned the rights of such Lender hereunder; *provided, further*, that such Special Purpose Vehicle shall have no direct right to enforce any of the terms of this Agreement against the Borrower, the Administrative Agent or the other Lenders.

(f) Each Lender may sell participations to one or more Persons (other than a natural Person, an Affiliated Lender, a Defaulting Lender or a Disqualified Institution) (each, a "Participant") in or to all or a portion of its rights and obligations under the Loan Documents (including all its rights and obligations with respect to the Term Loans, Revolving Loans and Letters of Credit). The terms of such participation shall not, in any event, require the participant's consent to any amendments, waivers or other modifications of any provision of any Loan Documents, the consent to any departure by any Loan Party therefrom, or to the exercising or refraining from exercising any powers or rights such Lender may have under or in respect of the Loan Documents (including the right to enforce the obligations of the Loan Parties), except if any such amendment, waiver or other modification or consent would (i) reduce the amount, or postpone any date fixed for, any amount (whether of principal, interest or fees) payable to such participant under the Loan Documents, to which such participant would otherwise be entitled under such participation or (ii) result in the release of all or substantially all of the Collateral other than in accordance with *Section 10.8(b) (Concerning the Collateral and the Collateral Documents)*. In the event of the sale of any participation by any Lender, (w) such Lender's obligations under the Loan Documents shall remain unchanged, (x) such Lender shall remain solely responsible to the other parties for the performance of such obligations, (y) such Lender shall remain the holder of such Obligations for all purposes of this Agreement and (z) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Each participant shall be entitled to the benefits of *Section 2.14(c) (Illegality)*, *Section 2.15 (Increased Costs and Capital Adequacy)* and *Section 2.16 (Taxes)* as if it were a Lender; *provided, however*, that anything herein to the contrary notwithstanding, the Borrower shall not, at any time, be obligated to make any payment under *Section 2.14(c) (Illegality)*, *Section 2.15 (Increased Costs and Capital Adequacy)* or *Section 2.16 (Taxes)* to the participants in the rights and obligations of any Lender (together with such Lender)

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in excess of the amount the Borrower would have been obligated to pay to such Lender in respect of such interest had such participation not been sold (i) except to the extent such entitlement to receive any greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation or (ii) unless the sale of the participation to such Participant is made with the Borrower's prior written consent to such greater payments; *provided, further*, that such participant in the rights and obligations of such Lender shall have no direct right to enforce any of the terms of this Agreement against the Borrower, the Administrative Agent or the other Lenders.

(g) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); *provided*, that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under *Section 5f.103-1(c)* of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(h) Any Issuer may at any time assign its rights and obligations hereunder to any other Lender by an instrument in form and substance satisfactory to the Borrower, the Administrative Agent, such Issuer and such Lender, subject to the provisions of *Section 2.7(b) (Evidence of Debt)* relating to notations of transfer in the Register. If any Issuer ceases to be a Lender hereunder by virtue of any assignment made pursuant to this *Section 11.2*, then, as of the effective date of such cessation, such Issuer's obligations to Issue Letters of Credit pursuant to *Section 2.4 (Letters of Credit)* shall terminate and such Issuer shall be an Issuer hereunder only with respect to outstanding Letters of Credit issued prior to such date.

(i) The words "execution," "signed," "signature," (i) and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(j) Any Lender may, so long as no Default or Event of Default has occurred and is continuing, at any time, assign all or a portion of its rights and obligations with respect to Term Loans under this Agreement to a Person who is or will become, after such assignment, an Affiliated Lender through (x) Dutch auctions open to all Lenders on a pro rata basis in accordance with procedures of the type described in *Section 2.8(e)(iii) (Optional Prepayments)* or (y) open market purchases on a non-pro rata basis, in each case subject to the following limitations:

(i) Affiliated Lenders will not receive information provided solely to Lenders by the Administrative Agent or any Lender and will not be permitted to attend or participate in conference calls or meetings attended solely by the Lenders and the Administrative Agent, other than the right to receive notices of prepayments and other administrative notices in respect of its Loans required to be delivered to Lenders pursuant to *Article II*;

(ii) each Affiliated Lender that (A) purchases any Term Loans pursuant to this *clause (j)* shall represent and warrant to the seller and (B) sells any Term Loan hereunder shall represent and warrant to the buyer, in each case, that it does not possess material non-public information with respect to the Borrower and its Subsidiaries or the securities of any of them that has not been disclosed to the Lenders generally and could reasonably be expected to have a material effect upon, or otherwise be material to, a Lender's decision to participate in any such purchase or the price of the Term Loans being purchased (other than Lenders who elect not to receive such information);

(iii) the aggregate principal amount of Term Loans held at any one time by Affiliated Lenders shall not exceed 20% of the original principal amount of all Term Loans at such time outstanding (after giving effect to any substantially simultaneous cancellations thereof) (such percentage, the "*Affiliated Lender Cap*");

(iv) as a condition to each assignment pursuant to this *clause (j)*, the Administrative Agent shall have been provided a notice in the form of *Exhibit R (Form of Affiliated Lender Assignment and Acceptance)* to this Agreement in connection with each assignment to an Affiliated Lender or a Person that upon effectiveness of such assignment would constitute an Affiliated Lender;

Each Affiliated Lender agrees to notify the Administrative Agent promptly (and in any event within 10 (ten) Business Days) if it acquires any Person who is also a Lender, and each Lender agrees to notify the Administrative Agent promptly (and in any event within ten Business Days) if it becomes an Affiliated Lender. Such notice shall contain the type of information required and be delivered to the same addressee as set forth in *Exhibit R (Form of Affiliated Lender Assignment and Acceptance)*.

In addition, Holdings or the Borrower or any of their respective Subsidiaries may make open market purchases of Term Loans *provided*, that (A) any such purchased Term Loans shall be retired and cancelled immediately upon the acquisition thereof, (B) Holdings, the Borrower and/or the applicable Subsidiary shall represent and warrant to the buyer that it does not possess material non-public information with respect to the Borrower and its Subsidiaries or the securities of any of them that has not been disclosed to the Lenders generally and could reasonably be expected to have a material effect upon, or otherwise be material to, a Lender's decision to participate in any such purchase or the price of the Term Loans being purchased (other than Lenders who elect not to receive such information), (C) no proceeds of the Revolving Credit Facility or New Incremental Notes may be used to acquire such Term Loans, (D) no Default or Event of Default has occurred and is continuing or would result therefrom and (E), the aggregate principal amount of all Term Loans purchased and remaining outstanding pursuant to open market purchases since the Closing Date shall not, in the aggregate, exceed 20.0% of the principal amount of all Term Loans then outstanding (calculated as of the date of such purchase).

(k) Notwithstanding anything in *Section 11.1 (Amendments, Waivers, Etc.)* or the definition of "*Requisite Lenders*," to the contrary, for purposes of determining whether the Requisite Lenders have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, or subject to *Section 11.2(l) (Assignments and Participations)*, any plan of reorganization pursuant to the Bankruptcy Code, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, no Affiliated Lender shall have any right to consent (or not consent), otherwise act or direct or require the Administrative Agent or any Lender to take (or refrain from taking) any such action and:

(i) all Loans held by any Affiliated Lenders shall be deemed to be not outstanding for all purposes of calculating whether the Requisite Lenders have taken any actions; and

(ii) all Loans held by Affiliated Lenders shall be deemed to be not outstanding for all purposes of calculating whether all Lenders have taken any action unless the action in question affects such Affiliated Lender in a disproportionately adverse manner than its effect on other Lenders.

(l) Notwithstanding anything in this Agreement or the other Loan Documents to the contrary, each Affiliated Lender hereby agrees that, if a proceeding under any bankruptcy, insolvency law shall be commenced by or against the Borrower or any other Loan Party at a time when such Lender is an Affiliated Lender, such Affiliated Lender irrevocably authorizes and empowers the Administrative Agent to vote on behalf of such Affiliated Lender with respect to the Loans held by such Affiliated Lender in such proportion as the allocation of voting with respect to such matter by Lenders who

are not Affiliated Lenders, unless the Administrative Agent instructs such Affiliated Lender to vote, in which case such Affiliated Lender shall vote with respect to the Loans held by it as the Administrative Agent directs; *provided*, that such Affiliated Lender shall be entitled to vote in its sole discretion (and not in accordance with the direction of the Administrative Agent) in connection with any plan of reorganization to the extent any such plan of reorganization proposes to treat any Obligations held by such Affiliated Lender in a disproportionately adverse manner to such Affiliated Lender than the proposed treatment of similar Obligations held by Lenders that are not Affiliated Lenders.

### **Section 11.3 Costs and Expenses**

(a) The Borrower agrees upon demand to pay, or reimburse the Administrative Agent for, all of Administrative Agent's reasonable out-of-pocket audit, legal, appraisal, valuation, filing, document duplication and reproduction and investigation expenses and for all other reasonable out-of-pocket costs and expenses of every type and nature (including the reasonable fees, expenses and disbursements of the Administrative Agent's counsel, Latham & Watkins LLP, local legal counsel, auditors, accountants, appraisers, printers, insurance and environmental advisors, and other consultants and agents) incurred by the Administrative Agent in connection with any of the following: (i) the Administrative Agent's audit and investigation of the Borrower and its Subsidiaries in connection with the preparation, negotiation or execution of any Loan Document or the Administrative Agent's periodic audits of the Borrower or any of its Subsidiaries, as the case may be, (ii) the preparation, negotiation, execution or

interpretation of this Agreement (including, without limitation, the satisfaction or attempted satisfaction of any condition set forth in *Article III (Conditions to Loans and Letters of Credit)*), any Loan Document or any proposal letter or commitment letter issued in connection therewith, or the making of the Loans hereunder, (iii) the creation, perfection or protection of the Liens under any Loan Document (including any reasonable fees, disbursements and expenses for local counsel in various jurisdictions), (iv) the ongoing administration of this Agreement and the Loans, including consultation with attorneys in connection therewith and with respect to the Administrative Agent's rights and responsibilities hereunder and under the other Loan Documents, (v) the protection, collection or enforcement of any Obligation or the enforcement of any Loan Document, (vi) the commencement, defense or intervention in any court proceeding relating in any way to the Obligations, any Loan Party, any of the Borrower's Subsidiaries, this Agreement or any other Loan Document, (vii) the response to, and preparation for, any subpoena or request for document production with which the Administrative Agent is served or deposition or other proceeding in which the Administrative Agent is called to testify, in each case, relating in any way to the Obligations, any Loan Party, any of the Borrower's Subsidiaries, this Agreement or any other Loan Document or (viii) any amendment, consent, waiver, assignment, restatement, or supplement to any Loan Document or the preparation, negotiation and execution of the same.

- (b) The Borrower further agrees to pay or reimburse the Administrative Agent and each of the Lenders and Issuers upon demand for all out-of-

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pocket costs and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel and costs of settlement), incurred by the Administrative Agent, such Lenders or such Issuers in connection with any of the following: (i) in enforcing any Loan Document or Obligation or any security therefor or exercising or enforcing any other right or remedy available by reason of an Event of Default, (ii) in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work-out" or in any insolvency or bankruptcy proceeding, (iii) in commencing, defending or intervening in any litigation or in filing a petition, complaint, answer, motion or other pleadings in any legal proceeding relating to the Obligations, any Loan Party, any of the Borrower's Subsidiaries and related to or arising out of the transactions contemplated hereby or by any other Loan Document or (iv) in taking any other action in or with respect to any suit or proceeding (bankruptcy or otherwise) described in *clause (i), (ii) or (iii) above; provided, however,* that the Borrower's obligations under this *paragraph (b)* to pay or reimburse the Administrative Agent, the Lenders and the Issuers for the expenses of counsel shall be limited to one outside counsel to the Administrative Agent and one outside counsel to the Lenders and the Issuers and, in each case, any reasonably appropriate local counsel in each relevant jurisdiction, and if the interests of any Lender or group of Lenders (other than all of the Lenders) are distinctly or disproportionately affected, one additional outside counsel for such Lender or group of Lenders.

#### **Section 11.4 Indemnities**

(a) The Borrower agrees to indemnify and hold harmless each Agent, each Arranger, Lender, Issuer (including each Person obligated on a Hedging Contract that is a Loan Document if such Person was a Lender or Issuer at the time of it entered into such Hedging Contract) and each of their respective Affiliates, and each of the directors, officers, employees, agents, trustees, representatives, attorneys, consultants and advisors of or to any of the foregoing (including those retained in connection with the satisfaction or attempted satisfaction of any condition set forth in *Article III (Conditions to Loans and Letters of Credit)* (each such Person being an "Indemnitee") from and against any and all claims, damages, liabilities, obligations, losses, penalties, actions, judgments, suits, costs, disbursements and expenses, joint or several, of any kind or nature (including fees, disbursements and expenses of financial and legal advisors to any such Indemnitee) that may be imposed on, incurred by or asserted against any such Indemnitee in connection with or arising out of any investigation, litigation or proceeding, whether or not such investigation, litigation or proceeding is brought by the Borrower or any of its Subsidiaries or any such Indemnitee or any of their respective directors, security holders or creditors or the Borrower or any such Subsidiary, Indemnitee, director, security holder or creditor is a party thereto, whether direct, indirect, or consequential and whether based on any federal, state or local law or other statutory regulation, securities or commercial law or regulation, or under common law or in equity, or on contract, tort or otherwise, in any manner relating to or arising out of this Agreement, any other Loan Document, any Obligation, any Letter of Credit, any Disclosure Document, or any act, event or transaction related or attendant to any thereof,

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or the use or intended use of the proceeds of the Loans or Letters of Credit or in connection with any investigation of any potential matter covered hereby (collectively, the "Indemnified Matters"); *provided, however,* that the Borrower shall not have any liability under this *Section 11.4* to an Indemnitee (i) with respect to any Indemnified Matter that has resulted primarily from the gross negligence or willful misconduct of that Indemnitee, as determined by a court of competent jurisdiction in a final non-appealable judgment or order, (ii) with respect to a dispute among Indemnitee (other than a claim against any Agent or its affiliates solely in its capacity as Agent, except to the extent such claim is found by a final non-appealable judgment of a court of competent jurisdiction to have resulted primarily from the gross negligence or willful misconduct of such Lead Arranger or affiliate, as applicable); or (iii) arising from a material breach of the obligations of an Indemnitee under this Agreement as determined by a final, non-appealable judgment of a court of competent jurisdiction. Without limiting the foregoing, "Indemnified Matters" include (i) all Environmental Liabilities and Costs arising from or connected with the past, present or future operations of the Borrower or any of its Subsidiaries involving any property subject to a Collateral Document, or damage to real or personal property or natural resources or harm or injury alleged to have resulted from any Release of Contaminants on, upon or into such property or migrating from such property, (ii) any costs or liabilities incurred in connection with any Remedial Action concerning the Borrower or any of its Subsidiaries, (iii) any costs or liabilities incurred in connection with any Environmental Lien on Real Property or any asset owned or leased by the Borrower or any of its Subsidiaries and (iv) any costs or liabilities concerning the Borrower or any of its Subsidiaries, including their operations and owned or leased Real Property, incurred in connection with any other matter under any Environmental Law, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (49 U.S.C. § 9601 *et seq.*) and applicable state property transfer laws, whether, with respect to any such matter, such Indemnitee is a mortgagee pursuant to any leasehold mortgage, a mortgagee in possession, the successor in interest to the Borrower or any of its Subsidiaries, or the owner, lessee or operator of any property of the Borrower or any of its Subsidiaries by virtue of foreclosure, except, with respect to those matters referred to in *clauses (i), (ii), (iii) and (iv) above,* to the extent (x) incurred following foreclosure by any Agent, any Lender or any Issuer, or any Agent, any Lender or any Issuer having become the successor in interest to the Borrower or any of its Subsidiaries and (y) to the extent attributable solely to acts or omissions of any Agent, such Lender or such Issuer or any agent on behalf of such Agent, such Lender or such Issuer or any other Indemnitee.

(b) The Borrower shall indemnify each Agent, each Arranger, Lender and Issuer for, and hold such Agent, Arranger, Lender and Issuer and harmless from and against, any and all claims for brokerage commissions, fees and other compensation made against the Agents, the Arrangers, the Lenders and the Issuers for any broker, finder or consultant with respect to any agreement, arrangement or understanding made by or on behalf of any Loan Party or any of its Subsidiaries in connection with the transactions contemplated by this Agreement.

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(c) The Borrower, at the request of any Indemnitee, shall have the obligation to defend against any investigation, litigation or proceeding or requested Remedial Action, in each case contemplated in *clause (a) above,* and the Borrower, in any event, may participate in the defense thereof with legal counsel of the Borrower's choice. In the event that such Indemnitee requests the Borrower to defend against such investigation, litigation or proceeding or requested Remedial Action, the Borrower shall promptly do so and such Indemnitee shall have the right to have legal counsel of its choice participate in such defense. No action taken by legal counsel chosen by such

Indemnitee in defending against any such investigation, litigation or proceeding or requested Remedial Action, shall vitiate or in any way impair the Borrower's obligation and duty hereunder to indemnify and hold harmless such Indemnitee.

(d) The Borrower agrees that any indemnification or other protection provided to any Indemnitee pursuant to this Agreement (including pursuant to this *Section 11.4*) or any other Loan Document shall (i) survive payment in full of the Obligations and (ii) inure to the benefit of any Person that was at any time an Indemnitee under this Agreement or any other Loan Document.

#### **Section 11.5 Limitation of Liability**

(a) The Borrower agrees that no Indemnitee shall have any liability (whether in contract, tort or otherwise) to any Loan Party or any of their respective Subsidiaries or any of their respective equity holders or creditors for or in connection with the transactions contemplated hereby and in the other Loan Documents, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted primarily from such Indemnitee's gross negligence or willful misconduct. In no event, however, shall any Indemnitee be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings). The Borrower hereby waives, releases and agrees (each for itself and on behalf of its Subsidiaries) not to sue upon any such claim for any special, indirect, consequential or punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(b) IN NO EVENT SHALL ANY AGENT AFFILIATE HAVE ANY LIABILITY TO ANY LOAN PARTY, LENDER, ISSUER OR ANY OTHER PERSON FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT OR CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY OR ANY AGENT AFFILIATE'S TRANSMISSION OF APPROVED ELECTRONIC COMMUNICATIONS THROUGH THE INTERNET OR ANY USE OF THE APPROVED ELECTRONIC PLATFORM, EXCEPT TO THE EXTENT SUCH LIABILITY OF ANY AGENT AFFILIATE IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM AGENT AFFILIATE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

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#### **Section 11.6 Right of Set-off**

Upon the occurrence and during the continuance of any Event of Default each Lender and each Affiliate of a Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Lender or its Affiliates to or for the credit or the account of any Loan Party against any and all of the Obligations now or hereafter existing whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and even though such Obligations may be unmaturing. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender or its Affiliates; *provided, however*, that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees that it shall not, without the express consent of the Requisite Lenders (and that, it shall, to the extent lawfully entitled to do so, upon the request of the Requisite Lenders) exercise its set-off rights under this *Section 11.6* against any deposit accounts of the Loan Parties and their Subsidiaries maintained with such Lender or any Affiliate thereof. The rights of each Lender under this *Section 11.6* are in addition to the other rights and remedies (including other rights of set-off) that such Lender may have.

#### **Section 11.7 Sharing of Payments, Etc.**

(a) If any Lender (directly or through an Affiliate thereof) obtains any payment (whether voluntary, involuntary, through the exercise of any right of set-off (including pursuant to *Section 11.6 (Right of Set-off)*) or otherwise) of the Loans owing to it, any interest thereon, fees in respect thereof or amounts due pursuant to *Section 11.3 (Costs and Expenses)* and *Section 11.4 (Indemnities)* (other than payments pursuant to *Section 2.14 (Special Provisions Governing Eurodollar Rate Loans)*, *2.15 (Increased Costs and Capital Adequacy)* or *2.16 (Taxes)*) or otherwise receives any Collateral or any "Proceeds" (as defined in the Pledge and Security Agreement) of Collateral (other than payments pursuant to *Section 2.14 (Special Provisions Governing Eurodollar Rate Loans)*, *2.15 (Increased Costs and Capital Adequacy)* or *2.16 (Taxes)*) (in each case, whether voluntary, involuntary, through the exercise of any right of set-off (including pursuant to *Section 11.6 (Right of Set-off)*) or otherwise) in excess of its Ratable Portion of all payments of such Obligations obtained by all the Lenders, such Lender (a "Purchasing Lender") shall forthwith purchase from the other Lenders (each, a "Selling Lender") such participations in their Loans or other Obligations as shall be necessary to cause such Purchasing Lender to share the excess payment ratably with each of them. Notwithstanding anything herein to the contrary, the sharing provisions under this *Section 11.7* shall not apply to any amounts received by any Lender under any terms and provisions hereof that expressly permit a non-pro rata payment to one or more Lenders, including, without limitation, *Section 2.8(e) (Optional Prepayments)* and *Section 11.2(j) (Assignments and Participations)*.

(b) If all or any portion of any payment received by a Purchasing Lender is thereafter recovered from such Purchasing Lender, such purchase from each

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Selling Lender shall be rescinded and such Selling Lender shall repay to the Purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Selling Lender's ratable share (according to the proportion of (i) the amount of such Selling Lender's required repayment in relation to (ii) the total amount so recovered from the Purchasing Lender) of any interest or other amount paid or payable by the Purchasing Lender in respect of the total amount so recovered.

(c) The Borrower agrees that any Purchasing Lender so purchasing a participation from a Selling Lender pursuant to this *Section 11.7* may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

#### **Section 11.8 Notices, Etc.**

(a) *Addresses for Notices.* All notices, demands, requests, consents and other communications provided for in this Agreement shall be given in writing, or by any telecommunication device capable of creating a written record (including electronic mail), and addressed to the party to be notified as follows:

(i) if to the Borrower:

AMC ENTERTAINMENT INC.  
920 Main Street  
Kansas City, MO 64105  
Attention: General Counsel  
Teletype no: (816) 480-4700  
E-Mail Address: kconnor@amctheatres.com

- (ii) if to any Lender, at its Applicable Lending Office specified opposite its name on *Schedule II (Applicable Lending Offices and Addresses for Notices)* or on the signature page of any applicable Assignment and Acceptance;
- (iii) if to any Issuer, at the address set forth under its name on *Schedule II (Applicable Lending Offices and Addresses for Notices)*; and
- (iv) if to the Administrative Agent or the Swing Lender:

CITICORP NORTH AMERICA, INC.  
1615 Brett Road  
OPS III  
New Castle, DE 19720  
Attention: Loan Agency Team  
Telecopy no.: (212) 994-0961  
Phone no.: (302) 894-6010  
E-Mail Address: GLAgentOfficeOps@citi.com

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and with a copy to:

LATHAM & WATKINS LLP  
885 Third Avenue  
New York, New York 10022  
Attention: Jesse K. Sheff  
Telecopy no: (212) 751-4864  
E-Mail Address: Jesse.Sheff@lw.com

or at such other address as shall be notified in writing (x) in the case of the Borrower, the Agents and Swing Lender, to the other parties and (y) in the case of all other parties, to the Borrower and the Administrative Agent.

(b) *Effectiveness of Notices.* All notices, demands, requests, consents and other communications described in *clause (a)* above shall be effective (i) if delivered by hand, including any overnight courier service, upon personal delivery, (ii) if delivered by mail, when deposited in the mails, (iii) if delivered by posting to an Approved Electronic Platform, an Internet website or a similar telecommunication device requiring that a user have prior access to such Approved Electronic Platform, website or other device (to the extent permitted by *Section 10.3* to be delivered thereunder), when such notice, demand, request, consent and other communication shall have been made generally available on such Approved Electronic Platform, Internet website or similar device to the class of Person being notified (regardless of whether any such Person must accomplish, and whether or not any such Person shall have accomplished, any action prior to obtaining access to such items, including registration, disclosure of contact information, compliance with a standard user agreement or undertaking a duty of confidentiality) and such Person has been notified that such communication has been posted to the Approved Electronic Platform and (iv) if delivered by electronic mail or any other telecommunications device, when transmitted to an electronic mail address (or by another means of electronic delivery) as provided in *clause (a)* above; *provided, however*, that notices and communications to the Administrative Agent pursuant to *Article II (The Facilities)* or *Article X (the Agents)* shall not be effective until received by the Administrative Agent.

(c) *Use of Electronic Platform.* Notwithstanding *clause (a)* and *(b)* above (unless the Administrative Agent requests that the provisions of *clause (a)* and *(b)* above be followed) and any other provision in this Agreement or any other Loan Document providing for the delivery of any Approved Electronic Communication by any other means the Loan Parties shall deliver all Approved Electronic Communications to the Administrative Agent by properly transmitting such Approved Electronic Communications in an electronic/soft medium in a format acceptable to the Administrative Agent to GLAgentOfficeOps@citi.com or such other electronic mail address (or similar means of electronic delivery) as the Administrative Agent may notify the Borrower. Nothing in this *clause (c)* shall prejudice the right of the Administrative Agent or Lender or Issuer to deliver any Approved Electronic Communication to any

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Loan Party in any manner authorized in this Agreement or to request that the Borrower effect delivery in such manner.

#### ***Section 11.9 No Waiver; Remedies***

No failure on the part of any Lender, Issuer or Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

#### ***Section 11.10 Binding Effect***

This Agreement shall become effective as provided in Section 3 of the First Amendment and thereafter shall be binding upon and inure solely to the benefit of the Borrower, the Administrative Agent and each Lender and Issuer and, in each case, their respective successors and assigns; *provided, however*, that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

#### ***Section 11.11 Governing Law***

This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

#### ***Section 11.12 Submission to Jurisdiction; Service of Process***

(a) Any legal action or proceeding with respect to this Agreement or any other Loan Document shall be brought in the courts of the State of New York located in the City of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, each party hereto

hereby accepts for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts. The parties hereto hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, that any of them may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions. The Borrower and each other Group Member irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or tort or otherwise, against any Agent, any Lender, any Issuer or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York located in the City of New York or of the United States of America for the Southern District of New York; *provided*, that nothing in this

Agreement or any other Loan Document shall limit the right of the Administrative Agent to commence any proceeding in the federal or state courts of any other jurisdiction to the extent the Administrative Agent determines that such action is necessary or appropriate to exercise its rights or remedies as a secured creditor under this Agreement or any Collateral Document.

(b) The Borrower hereby irrevocably consents to the service of any and all legal process, summons, notices and documents in any suit, action or proceeding brought in the United States of America arising out of or in connection with this Agreement or any other Loan Document by the mailing (by registered or certified mail, postage prepaid) or delivering of a copy of such process to the Borrower at its address specified in *Section 11.8 (Notices, Etc.)*. The Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Nothing contained in this *Section 11.12* shall affect the right of the any Agent or any Lender to serve process in any other manner permitted by law or commence legal proceedings or otherwise proceed against the Borrower or any other Loan Party in any other jurisdiction.

(d) If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase Dollars with such other currency at the spot rate of exchange quoted by the Administrative Agent at 11:00 a.m. (New York time) on the Business Day preceding that on which final judgment is given, for the purchase of Dollars, for delivery two Business Days thereafter.

#### ***Section 11.13 Waiver of Jury Trial***

EACH OF THE AGENTS, THE LENDERS, THE ISSUERS AND THE BORROWER IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT.

#### ***Section 11.14 Marshaling; Payments Set Aside***

None of the Administrative Agent, Lenders or Issuers shall be under any obligation to marshal any assets in favor of the Borrower or any other party or against or in payment of any or all of the Obligations. To the extent that the Borrower makes a payment or payments to the Administrative Agent, the Lenders or the Issuers or any such Person receives payment from the proceeds of the Collateral or exercise their rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens,

right and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

#### ***Section 11.15 Section Titles***

The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto, except when used to reference a section. Any reference to the number of a clause, sub-clause or subsection hereof immediately followed by a reference in parenthesis to the title of the Section containing such clause, sub-clause or subsection is a reference to such clause, sub-clause or subsection and not to the entire Section; *provided, however*, that, in case of direct conflict between the reference to the title and the reference to the number of such Section, the reference to the title shall govern absent manifest error. If any reference to the number of a Section (but not to any clause, sub-clause or subsection thereof) is followed immediately by a reference in parenthesis to the title of a Section, the title reference shall govern in case of direct conflict absent manifest error.

#### ***Section 11.16 Execution in Counterparts***

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are attached to the same document. Delivery of an executed signature page of this Agreement by facsimile transmission, electronic mail or by posting on the Approved Electronic Platform shall be as effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all parties shall be lodged with the Borrower and the Administrative Agent.

#### ***Section 11.17 Entire Agreement***

This Agreement, together with all of the other Loan Documents and all certificates and documents delivered hereunder or thereunder, embodies the entire agreement of the parties and supersedes all prior agreements and understandings relating to the subject matter hereof. In the event of any conflict between the terms of this Agreement and any other Loan Document, the terms of this Agreement shall govern.

#### ***Section 11.18 Confidentiality; Fiduciary Duty***

Each Lender and each Agent agrees to keep information obtained by it pursuant hereto and the other Loan Documents confidential in accordance with such Lender's or Agent's, as the case may be, customary practices and agrees that it shall only use such information in connection with the transactions contemplated by this Agreement and not disclose any such information other than (a) to such Lender's or such Agent's, as the case may be, Affiliates, and its and its Affiliates' partners, trustees, advisors, directors, officers, employees, representatives and agents that are or are expected to be involved in the

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evaluation of such information in connection with the transactions contemplated by this Agreement and are advised of the confidential nature of such information, (b) to the extent such information presently is or hereafter becomes available to such Lender or such Agent, as the case may be, on a non-confidential basis from a source other than the Borrower or any other Loan Party or becomes publicly available other than as a result of a breach of this *Section 11.18*, (c) to the extent disclosure is required by law, regulation or judicial order or requested or required by bank regulators or auditors, (d) (i) to current or prospective assignees, participants and Special Purpose Vehicle grantees of any option described in *Section 11.2(f) (Assignments and Participations)*, contractual counterparties in any Hedging Contract permitted hereunder and to their respective legal or financial advisors, in each case and to the extent such assignees, participants, grantees or counterparties agree to be bound by, and to cause their advisors to comply with, the provisions of this *Section 11.18*; *provided*, that no such disclosure shall be made by such Lender or such Agent or any of their respective Affiliates to any such Person that is a Disqualified Institution; (ii) to any actual or prospective party (or its managers, administrators, trustees, partners, directors, officers, employees, agents, advisors and other representatives) surety, reinsurer, guarantor or credit liquidity enhancer (or their advisors) to or in connection with any swap, derivative or other similar transaction under which payments are to be made by reference to the Obligations or to the Borrower and its obligations or to this Agreement or payments hereunder; (iii) to any rating agency when required by it; (iv) to the CUSIP Service Bureau or any similar organization or (v) in connection with establishing a due diligence defense. Notwithstanding any other provision in this Agreement, each Agent hereby agrees that the Borrower (and each of its officers, directors, employees, accountants, attorneys and other advisors) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Facility and the transactions contemplated hereby and all materials of any kind (including opinions and other tax analyses) that are provided to it relating to such U.S. tax treatment and U.S. tax structure.

Each Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the “*Lenders*”), may have economic interests that conflict with those of the Loan Parties, their stockholders and/or their Affiliates. Each Loan Party agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and such Loan Party, its stockholders or its affiliates, on the other. The Loan Parties acknowledge and agree that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Lenders, on the one hand, and the Loan Parties, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Loan Party, its stockholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Loan Party, its stockholders or its Affiliates on other matters) or any other obligation to any Loan Party except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or

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fiduciary of any Loan Party, its management, stockholders, creditors or any other Person. Each Loan Party acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Loan Party agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Loan Party, in connection with such transaction or the process leading thereto.

#### ***Section 11.19 Patriot Act Notice***

Each Lender subject to the Patriot Act hereby notifies the Borrower that, pursuant to Section 326 of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, including the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

#### ***Section 11.20 Designated Senior Debt***

All Obligations shall be “*Senior Indebtedness*”, “*Senior Secured Financing*” and “*Designated Senior Debt*” (or any comparable term) for purposes of the 2025 Subordinated Note Indenture, the 2022 Subordinated Note Indenture and any other subordinated Indebtedness of the Borrower and its Subsidiaries.

#### ***Section 11.21 Independence of Covenants***

All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

#### ***Section 11.22 Electronic Execution of Assignments***

The words “execution,” “signed,” “signature,” and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as an original executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

#### ***Section 11.23 Use of Name, Logo, Etc.***

Except for the use of the Borrower’s name and logo by the Agent or Arrangers in connection with the Transactions, the First Amendment Transactions or in customary new business presentations in the ordinary course of business, no Agent or Arranger shall otherwise use the Borrower’s name, product photographs, logo or trademark in any publication unless the Borrower provides written authorization (not to be unreasonably

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withheld) for such use of the Borrower’s name, product photographs, logo or trademark, and any such authorization shall be subject to such quality control requirements, usage instructions and guidelines in relation thereto that may be in effect from time to time or other instructions by the Borrower in writing.

#### ***Section 11.24 Severability***

In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.



**EXHIBIT A-2****Specified Amended Schedules**

[Attached.]

**SCHEDULE I****COMMITMENTS**

<b>Lender</b>	<b>Revolving Credit Commitment</b>	<b>Term Loan Commitment (as of the Closing Date)</b>	<b>Term Loan Commitment (as of the First Amendment Effective Date)</b>
Citibank, N.A.	\$ 37,500,000	\$ 775,000,000	\$ 125,000,000
Bank of America, N.A.	\$ 37,500,000	—	—
Barclays Bank PLC	\$ 25,000,000	—	—
Credit Suisse AG, Cayman Islands Branch	\$ 25,000,000	—	—
HSBC Bank USA, N.A.	\$ 25,000,000	—	—
<b>TOTAL</b>	<b>\$ 150,000,000</b>	<b>\$ 775,000,000</b>	<b>\$ 125,000,000</b>

**SCHEDULE II****APPLICABLE LENDING OFFICES AND ADDRESSES FOR NOTICES**

<b>Lender</b>	<b>Domestic Lending Office</b>	<b>Eurodollar Lending Office</b>
Citicorp North America, Inc.	1615 Brett Road OPS III New Castle, DE 19720 (302) 894-6010 (phone) (212) 994-0961 (fax) Attn: Loan Agency Team E-Mail: GLAgentOfficeOps@citi.com	1615 Brett Road OPS III New Castle, DE 19720 (302) 894-6010 (phone) (212) 994-0961 (fax) Attn: Loan Agency Team E-Mail: GLAgentOfficeOps@citi.com
Bank of America, N.A.	Bank of America Plaza 101 South Tryon Street, 14th Floor NC1-002-14-27 Charlotte, North Carolina 28255 Attn: Fair Value Option Servicing Team Tel: 980.386.4605 Fax: 704.602.3632	Bank of America Plaza 101 South Tryon Street, 14th Floor NC1-002-14-27 Charlotte, North Carolina 28255 Attn: Fair Value Option Servicing Team Tel: 980.386.4605 Fax: 704.602.3632
Barclays Bank PLC	70 Hudson Street Jersey City, NJ 07302 (201) 499-0040 (phone) (212) 972-535-5728 (fax) Attn: Vincent Cangiano E-mail:xraUSOversightteamCh@barclays.com	70 Hudson Street Jersey City, NJ 07302 (201) 499-0040 (phone) (212) 972-535-5728 (fax) Attn: Vincent Cangiano E-mail:xraUSOversightteamCh@barclays.com
Credit Suisse AG, Cayman Islands Branch	11 Madison Avenue New York, New York 10010-3629 Attention: William O'Daly Facsimile: (212) 743-2254 Telephone: (212) 325-1986	11 Madison Avenue New York, New York 10010-3629 Attention: William O'Daly Facsimile: (212) 743-2254 Telephone: (212) 325-1986
HSBC Bank USA, N.A.	One HSBC Center, 26th Floor Buffalo, NY 14201 (716) 841-6216 (phone) (917) 229-0977 (fax) Attn: Adrienne R. Smith E-Mail: adrienne.smith@us.hsbc.com	One HSBC Center, 26th Floor Buffalo, NY 14201 (716) 841-6216 (phone) (917) 229-0977 (fax) Attn: Adrienne R. Smith E-Mail: adrienne.smith@us.hsbc.com

**Schedule 1.1****Mortgaged Real Property**

<b>No.</b>	<b>Property</b>	<b>County</b>	<b>State</b>
	555 North Lakeview Parkway	Lake	IL

Vernon Hills, Illinois 3025 Lindbergh Boulevard Springfield, Illinois	Sangamon	IL
1496 South Hart Vincennes, Indiana	Knox	IN
1400 Eagle Ridge Drive Schererville, Indiana	Lake	IN
3131 South 3rd Place Terre Haute, Indiana	Vigo	IN
4300 Baldwin Road Auburn Hills, Michigan	Oakland	MI
800 North Route 73 Marlton, New Jersey	Burlington	NJ
1740 Clements Bridge Road Deptford, New Jersey	Gloucester	NJ
67 Willowbrook Road Wayne, New Jersey	Passaic	NJ
2190 Empire Boulevard Webster, New York	Monroe	NY
4276 Maple Road, Suite C Amherst, New York	Erie	NY
3585 Hempstead Turnpike Levittown, New York	Nassau	NY
18 N Park Avenue Rockville Center, New York	Nassau	NY
2310 Broadway New York, New York	New York	NY

**Schedule 2.4**

**Existing Letters of Credit**

<u>LC #</u>	<u>Original Issue Date</u>	<u>Citibank Issue Date</u>	<u>Maturity Date</u>	<u>Amount (\$)</u>	<u>Beneficiary</u>	<u>Purpose/Note</u>	<u>Issuing Bank</u>
63657179	7/11/1991	3/15/2011	7/10/2013	5,459,000.00	The Travelers Indemnity Co.	Insurance collateral. Automatically renewed annually for 1 yr. Amount decreased to \$5,459,000 on 4/13/2009.	Citibank
63657213	4/2/1998	3/21/2011	4/1/2014	25,000.00	The Village of South Barrington	Completion & maintenance escrow for land improvements. Automatically renewed annually for 1 yr. Original amount of \$228,640 reduced to \$25,000 on 4/24/2000.	Citibank
63657183	8/10/2007	3/16/2011	8/12/2013	3,192,200.00	Dream Team Associates, LLC	E-Walk/Rent. Automatically renewed annually for 1 yr. Lease expires on 11/30/2019.	Citibank
63656952	9/1/2006	2/18/2011	10/31/2013	37,000.00	National Fire Insurance Company of Hartford and/or American Casualty Company of Reading, PA	Insurance/Workers Compensation Insurance. Automatically renewed annually for 1 yr. Beneficiary's name changed from "Transcontinental Insurance Company" per Beneficiary's request.	Citibank
63659809	1/27/2012	1/27/2012	1/27/2014	2,800,000.00	Park Place Village 5, LLC	Security deposit for Theatre Support Center. Leawood, KS location. Automatically renewed annually for 1 year.	Citibank

**Schedule 3.1(a)**

**Opinion Jurisdictions**

Arizona  
Delaware  
Kansas  
Missouri  
New York

**Schedule 4.2**

**Consents**

None.

**Schedule 4.3(a)**

**Ownership of Subsidiaries**

**Subsidiaries**

Subsidiary	Jurisdiction of Organization	Number/Class of Authorized Shares	Number/Class of Outstanding Shares	Percentage owned (directly or indirectly) by the Company
AMC Card Processing Services, Inc.	Arizona	3,000 Common	1,000 Common	100%
AMC Concessionaire Services of Florida, LLC	Florida	N/A	N/A	100%
AMC ITD, Inc.	Kansas	1,000 Common	100 Common	100%
AMC License Services, Inc.	Kansas	10,000 Common	1,000 Common	100%
American Multi-Cinema, Inc.	Missouri	8,800,000 Common	8,800,000 Common	100%
Club Cinema of Mazza, Inc.	District of Columbia	1,000 Common	100 Common	100%
Loews Citywalk Theatre Corporation	California	500 Common	500 Common	100%
AMC of Maryland, LLC	Maryland	N/A	AMCI David Johnson Frank Lewis	100% Class A 50% Class B 50% Class B
AMC Starplex, LLC	Delaware	N/A	N/A	100%

**Unrestricted Subsidiary**

Unrestricted Subsidiary	Jurisdiction of Organization	Number/Class of Authorized Shares	Number/Class of Outstanding Shares	Percentage owned (directly or indirectly) by the Company
Centertainment Development, Inc.	Delaware	3,000 Common	1,000 Common	100%
AMC Theatres of Canada, Inc.	New Brunswick	1,000 Common	1,000 Common	100%
AMC Theatres of UK Limited (UK)	UK	100	5	100%
AMC Interchange Ventures ULC	BC	NO MAX	100	100%

**Schedule 4.3(b)**

**Borrower Information**

Legal Name	Principal Place of Business	Federal Taxpayer Identification Number
AMC Entertainment Inc.	ONE AMC WAY 11500 ASH STREET LEAWOOD, KS 66211	43-1304369

**Schedule 4.7**

**Litigation**

On May 28, 2015, the Company received a Civil Investigative Demand ("CID") from the Antitrust Division of the United States Department of Justice in connection with an investigation under Sections 1 and 2 of the Sherman Antitrust Act. Beginning in May of 2015, the Company also received CIDs from the Attorneys General for the States of Ohio, Texas, Washington, Florida, New York, and Kansas and from the District of Columbia, regarding similar inquiries under those states' antitrust laws. The CIDs request the production of documents and answers to interrogatories concerning potentially anticompetitive conduct, including film clearances and participation in certain joint ventures. The Company may receive additional CIDs from antitrust authorities in other jurisdictions in which it operates. The Company does not believe it has violated federal or state antitrust laws and is cooperating with the relevant governmental authorities. However, the Company cannot predict the ultimate scope, duration or outcome of these investigations.

**Schedule 4.14**

**Insurance**

<b>Layer</b>	<b>Policy Limit</b>	<b>Carrier</b>	<b>AM Best Rating</b>	<b>S&amp;P Rating</b>	<b>Policy Number</b>	<b>Policy Term</b>
<b>Casualty</b>						
Automobile	\$ 1,000,000	ACE American Insurance Co	A++ XV	AA	CAL H08830393	1-1-15 / 16
	\$ 4,000,000/10,000,000					
General Liability	\$ 10,000,000	ACE American insurance Co	A++ XV	AA	XSL G27340143	1-1-15 / 16
		Indemnity Insurance Co of North America				
Workers Compensation - all other states	\$ 1,000,000		A++ XV	AA	WLR C48139772	1-1-15 / 16
Workers Compensation - CA, MA	\$ 1,000,000	ACE American Insurance Co	A++ XV	AA	WLR C48139760	1-1-15 / 16
		Indemnity Insurance Co of North America				
Workers Compensation - WI	\$ 1,000,000		A++ XV	AA	SCF C48139784	1-1-15 / 16
<b>Total Primary Casualty</b>						
Umbrella - Primary	\$ 25,000,000	XL Specialty Insurance Company	A XV	A+	US00069830L115A	1-1-15 / 16
		Allied World National Assurance Company				
Excess (\$25 M xs \$25 M)	\$ 25,000,000		A XV	A	0305-4084	1-1-15 / 16
Excess (\$25 M xs \$50 M)	\$ 25,000,000	Continental Casualty Company	A XV	A	L6011772528	1-1-15 / 16
Excess (\$25 p/o \$50 M xs \$75 M)	\$ 25,000,000	Federal Insurance Company	A++ XV	AA	9364-20-51	1-1-15 / 16
		National Surety Corporation (Fireman's Fund)				
Excess (\$25 p/o \$50 M xs \$75 M)	\$ 25,000,000		A XV	A	SHX 00057973141	1-1-15 / 16
<b>Total Umbrella</b>	<b>\$ 125,000,000</b>					
<b>Total Casualty</b>						
<b>Executive Risk</b>						
Directors & Officers Liability	\$ 10,000,000	Ace American Insurance Company	A++ XV	AA	DON G23678846 002	1-1-15 / 16
D&O (\$10M xs \$10M)	\$ 10,000,000	AXIS Insurance Company	A+ XV	A+	MLN778289/01/2015	1-1-15 / 16
		National Union Fire Ins Co of Pittsburgh	A XV	A+	02-406-01-66	1-1-15 / 16
D&O (\$10M xs \$20M)	\$ 10,000,000					
D&O (\$10M xs \$30M)	\$ 10,000,000	Beazley Insurance Co., Inc.	A VIII	NR	V1497F150201	1-1-15 / 16
D&O (\$10M xs \$40M)	\$ 10,000,000	Continental Casualty Company	A XV	A	596533383	1-1-15 / 16
D&O (\$10M xs \$50M)	\$ 10,000,000	Aspen Bermuda Limited (Bermuda)	A XV	A	MLA4E6Y15AOR	1-1-15 / 16
D&O (\$10M xs \$60M)	\$ 10,000,000	Starr Indemnity & Liability Co	A XIV	NR	SISIXFL21150915	1-1-15 / 16
D&O (\$5M xs \$70M)	\$ 5,000,000	Freedom Specialty Ins Co	A+ XV	A+	XMF1500922	1-1-15 / 16
		Allied World Assurance Co Ltd (Bermuda)				
D&O (\$10M xs \$75M)	\$ 10,000,000		NR	A	C019160/002	1-1-15 / 16
		Endurance Specialty Insurance Ltd (Bermuda)				
D&O (\$10M xs \$85M)	\$ 10,000,000		A XV	A	PPL10006193000	1-1-15 / 16
<b>Total D&amp;O</b>	<b>\$ 95,000,000</b>					
Employment Practices Liability	\$ 10,000,000	Lloyd's	A XV	A+	FG1581408	1-1-15 / 16
Fiduciary Liability	\$ 10,000,000	Continental Casualty Company	A XV	A	596533173	1-1-15 / 17
Crime	\$ 10,000,000	Continental Casualty Company	A XV	A	596534243	1-1-15 / 17
Media Liability	\$ 10,000,000	Federal Insurance Company	A++ XV	AA	8234-7818	1-1-15 / 16
		National Union Fire Ins Co of Pittsburgh				
Cyber Liability	\$ 10,000,000		A XV	A+	01-932-88-73	1-1-15 / 16
Cyber Excess Liability	\$ 5,000,000	Greenwich Insurance Company	A XV	A+	MTE 9031677	1-1-15 / 16
Kidnap, Ransom and Extortion Coverage	\$ 10,000,000	Hiscox Insurance Company	A XII	AA	UKA3007004.14	4-1-14/1-1-17
<b>Total Executive Risk</b>						
Directors & Officers Liability - RUNOFF	\$ 10,000,000	AXIS Insurance Company	A+ XV	A+	MCN758933/01/2012	8-30-12 / 8-30-18
		Travelers Casualty & Surety Co	A++ XV	AA	105590652	8-30-12 / 8-30-18
D&O (\$10M xs \$10M)	\$ 10,000,000					
D&O (\$10M xs \$20M)	\$ 10,000,000	National Union Fire Ins Co of Pittsburgh	A XV	A+	01-680-01-37	8-30-12 / 8-30-18
D&O (\$10M xs \$30M)	\$ 10,000,000	Ace American Insurance Company	A+ XV	AA-	DOX G25588460 001	8-30-12 / 8-30-18
<b>Total D&amp;O - RUNOFF</b>	<b>\$ 40,000,000</b>					
<b>Foreign</b>						
Liability including Foreign Voluntary Compensation	\$ 2M/\$2M	Liberty Mutual Fire Insurance Company	A XV	A-	KS7-F41-444083-015	1-1-15 / 16
Liability - Local Policies		Liberty Mutual Fire Insurance Company	A XV	A-	YMM831722 (UK)	1-1-15 / 16
UK Employers Liability		Liberty Mutual Insurance Europe Limited	A XV	A-	1000041116-03	1-1-15 / 16
<b>Total Foreign Liability</b>						
Property	\$ 2,500,000	Liberty Mutual Fire Insurance Company	A XV	A-	YU2-L4L-444083-035 YU2-F41-444086-013 (Canada) / YMM831716 (UK)	1-1-15 / 16
Property - Local Policies		Liberty Mutual Fire Insurance Company	A XV	A-		1-1-15 / 16
<b>Total Foreign Property</b>						
<b>Property</b>						
Lead \$5 Mil (\$575 K p/o primary \$5M)	\$ 575,000	ACE American Insurance Company	A++ XV	AA	GPA D3 7403325 003	1-1-15 / 16
\$1.15 Mil p/o of \$10M x \$5	\$ 1,150,000	ACE American Insurance Company	A++ XV	AA	GPA D3 7403325 003	1-1-15 / 16
\$4.025 Mil p/o \$35 M x \$15M	\$ 4,025,000	ACE American Insurance Company	A++ XV	AA	GPA D3 7403325 003	1-1-15 / 16
\$9.2M p/o \$80M x \$50M	\$ 9,200,000	ACE Bermuda Insurance Ltd.	A++ XV	AA	AMCE01445P	1-1-15 / 16
\$19.55 M p/o \$170M x \$130M	\$ 19,550,000	ACE Bermuda Insurance Ltd.	A++ XV	AA	AMCE01445P	1-1-15 / 16
Lead \$5 Mil (\$1.125M p/o primary \$5M)	\$ 1,125,000	Allied World Assurance Company (AWAC) Bermuda	A XV	A	P013355/006	1-1-15 / 16
		Arch Insurance Company	A+ XV	A+	PRP0052781-02	1-1-15 / 16
\$550 K p/o of \$10M x \$5	\$ 550,000					
\$1.925 M p/o of \$35M x \$15)	\$ 1,925,000	Arch Insurance Company	A+ XV	A+	PRP0052781-02	1-1-15 / 16
\$4.4M p/o \$80M x \$50M	\$ 4,400,000	Arch Insurance Company	A+ XV	A+	PRP0052781-02	1-1-15 / 16
Lead \$5 Mil (\$650K M p/o primary \$5M)	\$ 650,000	Aspen Specialty Insurance Company (Swett)	A XV	A	PRAC2RV15	1-1-15 / 16
\$1.3 M p/o of \$10M x \$5	\$ 1,300,000	Aspen Specialty Insurance Company (Swett)	A XV	A	PRAC2RV15	1-1-15 / 16
\$3.6M p/o \$80M x \$50M	\$ 3,600,000	Aspen Specialty Insurance Company (Swett)	A XV	A	PXAC2RY15	1-1-15 / 16
\$750K p/o of \$10M x \$5	\$ 750,000	Axis Insurance Company	A+ XV	A+	MNG751035-15	1-1-15 / 16
\$2.625M p/o \$35M x \$15M	\$ 2,625,000	Axis Insurance Company	A+ XV	A+	MNG751035-15	1-1-15 / 16
\$1 M p/o of \$5M x \$25	\$ 6,000,000	Axis Insurance Company	A+ XV	A+	MNG751035-125	1-1-15 / 16
\$4.55 M p/o \$35M x \$15M	\$ 4,550,000	Lloyd's London Brit	A XV	A+	PD-10543-00	1-1-15 / 16
Lead \$5 Mil (\$325 K p/o primary \$5M)	\$ 325,000	Federal Insurance Company (Chubb)	A++ XV	AA	6675029	1-1-15 / 16
\$650 K p/o of \$10M x \$5	\$ 650,000	Federal Insurance Company (Chubb)	A++ XV	AA	6675029	1-1-15 / 16
\$6.8 M p/o of \$80M x \$50	\$ 6,800,000	Federal Insurance Company (Chubb)	A++ XV	AA	6675029	1-1-15 / 16
\$400K M p/o of \$10M x \$5 M	\$ 400,000	General Security Indemnity Co	A XV	A+	2015 10F143508	1-1-15 / 16

\$1.4 M p/o of \$35M x \$15	\$ 1,400,000	General Security Indemnity Co	A XV	A+	2015 10F143508	1-1-15 / 16
\$3.2 M p/o \$80M x \$50M	\$ 3,200,000	General Security Indemnity Co	A XV	A+	2015 10F143508	1-1-15 / 16
\$550K M p/o of \$10M x \$5 M	\$ 550,000	Ironshore Specialty Insurance Company	A XIV	NR	001543502	1-1-15 / 16
\$1.925 M p/o of \$35M x \$15	\$ 1,925,000	Ironshore Specialty Insurance Company	A XIV	NR	001543501	1-1-15 / 16
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\$4.4 M p/o \$80M x \$50M	\$ 4,400,000	Ironshore Specialty Insurance Company	A XIV	NR	001543502	1-1-15 / 16
Lead \$5 Mil (\$300K M p/o primary \$5M)	\$ 300,000	Liberty Mutual Fire Ins Co	A XV	A-	MJ2-L9L-441127-035	1-1-15 / 16
\$600K M p/o of \$10M x \$5 M	\$ 600,000	Liberty Mutual Fire Ins Co	A XV	A-	MJ2-L9L-441127-035	1-1-15 / 16
\$5.25 M p/o of \$35M x \$15	\$ 2,100,000	Liberty Mutual Fire Ins Co	A XV	A-	MJ2-L9L-441127-035	1-1-15 / 16
\$4.8 M p/o of \$80M x \$50	\$ 4,800,000	Liberty Mutual Fire Ins Co	A XV	A-	MJ2-L9L-441127-035	1-1-15 / 16
\$10.2 M p/o \$170M x \$130M	\$ 10,200,000	Liberty Mutual Fire Ins Co	A XV	A-	MJ2-L9L-441127-035	1-1-15 / 16
Lead \$5 Mil (\$450K M p/o primary \$5M)	\$ 450,000	Lloyds MSP	A XV	A+	WB1500017	1-1-15 / 16
\$900K M p/o of \$10M x \$5 M	\$ 900,000	Lloyds MSP	A XV	A+	WB1500017	1-1-15 / 16
Lead \$5 Mil (\$250K M p/o primary \$5M)	\$ 250,000	Maxum Indemnity Company (Swett)	A- VIII	NR	MSP 6015185-05	1-1-15 / 16
\$500K M p/o of \$10M x \$5 M	\$ 500,000	Maxum Indemnity Company (Swett)	A- VIII	NR	MSP 6015185-05	1-1-15 / 16
\$25.5 M p/o \$170M x \$130M	\$ 25,500,000	Mitsui Sumitomo Ins Co of America	A+ XV	A+	EXP7000118	1-1-15 / 16
Lead \$5 Mil (\$325K p/o primary \$5)	\$ 325,000	National Fire & Marine Ins Co (Berkshire)	A++ XV	AA+	42-PRP-000120-02	1-1-15 / 16
\$650 K p/o of \$10M x \$5	\$ 650,000	National Fire & Marine Ins Co (Berkshire)	A++ XV	AA+	42-PRP-000120-02	1-1-15 / 16
\$4.550 Mil p/o \$35 M x \$15M	\$ 4,550,000	National Fire & Marine Ins Co (Berkshire)	A++ XV	AA+	42-PRP-000120-02	1-1-15 / 16
\$10.4M p/o \$80M x \$50M	\$ 10,400,000	National Fire & Marine Ins Co (Berkshire)	A++ XV	AA+	42-PRP-000120-02	1-1-15 / 16
Lead \$5 Mil (\$375K M p/o primary \$5M)	\$ 375,000	QBE Specialty Ins Company	A XV	A+	CFE0933522	1-1-15 / 16
\$750 K p/o of \$10M x \$5 M	\$ 750,000	QBE Specialty Ins Company	A XV	A+	CFE0933522	1-1-15 / 16
\$2.625 M p/o of \$35M x \$15	\$ 2,625,000	QBE Specialty Ins Company	A XV	A+	CFE0933522	1-1-15 / 16
\$6 M p/o of \$80M x \$50	\$ 6,000,000	QBE Specialty Ins Company	A XV	A+	CFE0933522	1-1-15 / 16

\$69.7 M p/o of \$170M x \$130	\$ 69,700,000	RSUI Indemnity (Swett)	A XIII	NR	NHD390018	1-1-15 / 16
Lead \$5 Mil (\$250K M p/o primary \$5M)	\$ 250,000	Westport Insurance Corporation (SwissRe)	A+ XV	AA-	NAP 0450334-03	1-1-15 / 16
\$500K M p/o of \$10M x \$5 M	\$ 500,000	Westport Insurance Corporation (SwissRe)	A+ XV	AA-	NAP 0450334-03	1-1-15 / 16
\$1.75 M p/o of \$35M x \$15	\$ 6,650,000	Westport Insurance Corporation (SwissRe)	A+ XV	AA-	NAP 0450334-03	1-1-15 / 16
\$4 M p/o of \$80M x \$50	\$ 15,200,000	Westport Insurance Corporation (SwissRe)	A+ XV	AA-	NAP 0450334-03	1-1-15 / 16
\$32.3 M p/o of \$170M x \$130	\$ 32,300,000	Westport Insurance Corporation (SwissRe)	A+ XV	AA-	NAP 0450334-03	1-1-15 / 16
Lead \$5 Mil (\$375K M p/o primary \$5M)	\$ 375,000	Zurich American Insurance Company	A+ XV	AA-	ERP0488889405	1-1-15 / 16
\$750 K p/o of \$10M x \$5 M	\$ 750,000	Zurich American Insurance Company	A+ XV	AA-	ERP0488889405	1-1-15 / 16
\$2.625 M p/o of \$35M x \$15	\$ 2,625,000	Zurich American Insurance Company	A+ XV	AA-	ERP0488889405	1-1-15 / 16
\$6 M p/o of \$80M x \$50	\$ 6,000,000	Zurich American Insurance Company	A+ XV	AA-	ERP0488889405	1-1-15 / 16
\$12.75 M p/o of \$170M x \$130	\$ 12,750,000	Zurich American Insurance Company	A+ XV	AA-	ERP0488889405	1-1-15 / 16
	\$ 147,100,000					
	\$ 302,825,000					
	\$ 527,075,000					
	\$ 1,054,150,000					
	\$ 2,049,900,000					
<b>Total All Risk</b>	<b>\$ 2,067,125,000</b>					

Boiler	\$ 100,000,000	Liberty Mutual Fire Insurance Company	A XV	A-	YB2-L9L-461896-015	1-1-15 / 16
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Terrorism (US, UK and Canada)	\$ 100,000,000	Lloyds	A XV	A+	RQ1400050	1-1-14/16
Terrorism - Excess	\$ 100,000,000	Lloyds	A XV	A+	RQ1400054	1-1-14/16

**All Lines**

**Schedule 4.15**

**Labor Matters**

**Collective Bargaining Agreements**

*United States*

Collective Bargaining Agreement between American Multi-Cinema, Inc. and New York City, NY, Local No. 2179 of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, UAW, AFL-CIO Effective July 1, 2014 (Lincoln Square, Orpheum, 84<sup>th</sup> Street, Village 7, 19<sup>th</sup> Street East and Bay Terrace Theatres Film Crew)

Collective Bargaining Agreement between American Multi-Cinema, Inc. and California Branch Special Department of the International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada Effective October 1, 2013 (Southbay 16 Film Crew)

**Employment Agreements and Plans**

*See also Plans listed on Schedule 4.16*

*Employee Plans*

1. American Multi-Cinema, Inc. Employee Welfare Benefit Plans (Group Health Plan - benefits include medical, prescription, dental, vision, life insurance, accidental death & dismemberment coverage, short- and long-term disability, and the flex plan)

Group Health Plan for Certain Associates

Flex Plan (premium conversion)

Flexible Spending Accounts (FSAs)

Group Term Life Insurance, Accidental Death and Dismemberment and Long Term Disability Insurance

Supplemental Life Insurance Policy

Severance Pay Plan

Executive Severance Plan

Travel Accident Policy / Summary

AMC Cares Scholarship Program

Commuter Benefits Program

Adoption Policy / Summary

American Multi-Cinema, Inc. 401(k) Savings Plan

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Defined Benefit Retirement Income Plan for Certain Employees of American Multi- Cinema, Inc.

Non Qualified Deferred Compensation Plan (NQDC)

AMC Supplemental Executive Retirement Plan (SERP)

AMC Retirement Enhancement Plan (REP)

18. Employment Agreements with the following individuals:

<u>Name</u>	<u>Effective Date</u>
Kevin Connor	Nov. 6, 2002
John McDonald	July 1, 2001
Mark McDonald	July 1, 2001
Ed (Edward) Moyer	July 1, 2001
Craig Ramsey	July 1, 2001
Elizabeth Frank	Aug. 18, 2010
Stephen Colanero	Nov. 24, 2009
Robert Lenihan	January 1, 2013
Michael Zwonitzer	January 1, 2013

19. The Cineplex Odeon Corporation Pension U.S. Employees' Pension Plan (CPX)

20. Annual Incentive Plan

21. Management Incentive Program

22. AMC Cares Charitable Fund

23. Equity Incentive Plan
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#### **Schedule 4.16**

#### **List of Plans**

#### **Multi-Employer Pension Plans**

2. AMC Entertainment Inc. (or its predecessors) has made contributions to the following Multi-Employer Pension Plans during the past 5 years but no longer participates in such plans:

- a) IATSE National Pension Fund, Plan B
- b) Greater Cleveland Moving Picture Projector Operators Pension Plan (IATSE Local 160)
- c) St. Louis Motion Picture Operators Pension Fund (IATSE Local 143)

**Company Sponsored Title IV Plans**

3. Defined Benefit Retirement Income Plan for Certain Employees of American Multi- Cinema, Inc.
4. The Cineplex Odeon Corporation Pension U.S. Employees' Pension Plan (CPX)

**Schedule 4.17**

**Environmental Matters**

1. The Jersey Garden Theatre is located on a “brown-fields site” but it is subject to a Certification Concerning Prior Conduct and Covenant Not to Sue and a Consent Decree.

**Schedule 4.19**

**Real Property**

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
<b>United States</b>							
99500N	Park Place Office	11500 Ash Street	Leawood	KS	Leased	AMC ITD, Inc..	Office - Open Construction
05040N	Assembly Row 12	395 Artisan Row	Somerville	MA	Leased	American Multi-Cinema, Inc.	Open
04050N	North Point 12	4500 North Point Circle	Alpharetta	GA	Leased	American Multi-Cinema, Inc.	Open
21120N	19th Street East 6	890 Broadway	New York	NY	Leased	American Multi-Cinema, Inc.	Open
00060N	Esquire 7	6706 Clayton Road	Saint Louis	MO	Leased	American Multi-Cinema, Inc.	Open
00070N	Chesterfield 14	3000 Chesterfield Mall	Chesterfield	MO	Leased	American Multi-Cinema, Inc.	Open
00250N	Parkway 14	8600 Ward Parkway Ste 14	Kansas City	MO	Leased	American Multi-Cinema, Inc.	Open
00300N	Independence 20	19200 E 39th St S	Independence	MO	Leased	American Multi-Cinema, Inc.	Open
00380N	Town Center 20	11701 Nall Avenue	Leawood	KS	Leased	AMC ITD, Inc.	Open
00520N	Flatiron 14	61 W Flatiron Crossing Drive	Broomfield	CO	Leased	American Multi-Cinema, Inc.	Open
00530N	Orchard 12	14653 Orchards Parkway	Westminster	CO	Leased	American Multi-Cinema, Inc.	Open
00570N	Highlands Ranch 24	103 W Centennial Blvd	Highlands Ranch	CO	Leased	American Multi-Cinema, Inc.	Open
00590N	West Jordan 12	9180 S. Redwood Road	West Jordan	UT	Leased	American Multi-Cinema, Inc.	Open
00630N	Headquarters 10	72 Headquarters Plaza	Morristown	NJ	Leased	American Multi-Cinema, Inc.	Open
00680N	Marketfair 10	3521 Route 1	Princeton	NJ	Leased	American Multi-Cinema, Inc.	Open
00790N	Hamilton 24	325 Sloan Avenue	Hamilton	NJ	Leased	American Multi-Cinema, Inc.	Open
00850N	Oak View 24	3555 South 140th Plaza	Omaha	NE	Leased	American Multi-Cinema, Inc.	Open
00920N	Westminster Promenade 24	10655 Westminster Blvd	Westminster	CO	Leased	American Multi-Cinema, Inc.	Open
00940N	Ahwatukee 24	4915 East Ray Road	Phoenix	AZ	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
00980N	Centerpoint 11	730 South Mill Avenue	Tempe	AZ	Leased	American Multi-Cinema, Inc.	Open
00990N	Esplanade 14	2515 East Camelback Road	Phoenix	AZ	Leased	American Multi-Cinema, Inc.	Open
01020N	Deer Valley 30	3033 West Agua Fria Freeway	Phoenix	AZ	Leased	American Multi-Cinema, Inc.	Open
01030N	Mesa Grand 24	1645 South Stapley Drive	Mesa	AZ	Leased	American Multi-Cinema, Inc.	Open
01040N	Creve Coeur 12	10465 Olive Blvd	Creve Coeur	MO	Leased	American Multi-Cinema, Inc.	Open
01050N	West Olive 16	12657 Olive Blvd	Creve Coeur	MO	Leased	American Multi-Cinema, Inc.	Open
01180N	Barry Woods 24	8101 Roanridge Road	Kansas City	MO	Leased	American Multi-Cinema, Inc.	Open
01270N	Arizona Center 24	565 North 3rd Street	Phoenix	AZ	Leased	American Multi-Cinema, Inc.	Open
01280N	Arrowhead 14	Suite 1079	Glendale	AZ	Leased	American Multi-Cinema, Inc.	Open
01300N	Randhurst 12	200 Randhurst Village Drive	Mount Prospect	IL	Leased	American Multi-Cinema, Inc.	Open
01330N	River East 21	322 E Illinois St	Chicago	IL	Leased	American Multi-Cinema, Inc.	Open
01430N	Southroads 20	4923 E 41st Street	Tulsa	OK	Leased	American Multi-Cinema, Inc.	Open
01440N	Quail Springs Mall 24	2501 West Memorial Suite E	Oklahoma City	OK	Leased	American Multi-Cinema, Inc.	Open
01450N	Crossroads Mall 16	1211 East I 240 Service Rd	Oklahoma City	OK	Leased	American Multi-Cinema, Inc.	Open
01460N	Penn Square Mall 10	1901 NW Expressway, Ste 2100	Oklahoma City	OK	Leased	American Multi-Cinema, Inc.	Open
01480N	Katy Mills 20	5000 Katy Mills Circle Suite 131	Katy	TX	Leased	American Multi-Cinema, Inc.	Open
01500N	Valley View 16	13331 Preston Rd Ste 2300	Dallas	TX	Leased	American Multi-Cinema, Inc.	Open
01580N	Parks at Arlington 18	3861 S Cooper St	Arlington	TX	Leased	American Multi-Cinema, Inc.	Open
01590N	NorthPark 15	8687 N Central Expy Ste 3000	Dallas	TX	Leased	American Multi-Cinema, Inc.	Open
01600N	Highland Village 12	4090 Barton Creek	Highland Village	TX	Leased	American Multi-Cinema, Inc.	Open
01620N	Willowbrook 24	17145 Tomball Parkway	Houston	TX	Leased	American Multi-Cinema, Inc.	Open
01640N	Village on the Parkway 9	5100 Belt Line Road	Addison	TX	Leased	American Multi-Cinema, Inc.	Open
01650N	Eastchase 9	8301 Ederville Road	Fort Worth	TX	Leased	American Multi-Cinema, Inc.	Open
01750N	Grapevine 30	3150 Grapevine Mills Parkway	Grapevine	TX	Leased	American Multi-Cinema, Inc.	Open
01790N	Deerbrook 24	20131 Highway 59 N Suite 8000	Humble	TX	Leased	American Multi-Cinema, Inc.	Open
01900N	Desert Ridge 18	21001 N Tatum Blvd Ste 32	Phoenix	AZ	Leased	American Multi-Cinema, Inc.	Open
02020N	Promenade @ Woodland Hills 16	21801 Oxnard Street	Woodland Hills	CA	Leased	American Multi-Cinema, Inc.	Open
02030N	Santa Monica 7	1310 3rd Street	Santa Monica	CA	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
02060N	Santa Anita 16	400 S Baldwin Ave Ste 940-U	Arcadia	CA	Leased	American Multi-Cinema, Inc.	Open
02090N	Burbank Town Center 8	201 E Magnolia Blvd Suite 345	Burbank	CA	Leased	American Multi-Cinema, Inc.	Open
02120N	Downtown Disney 12	1565 Disneyland Drive	Anaheim	CA	Leased	American Multi-Cinema, Inc.	Open
02150N	Bay Street 16	5614 Bay Street Ste 220	Emeryville	CA	Leased	American Multi-Cinema, Inc.	Open
02180N	Burbank 16	125 East Palm Avenue	Burbank	CA	Leased	American Multi-Cinema, Inc.	Open
02190N	Eastridge 15	2190 Eastridge Loop	San Jose	CA	Leased	American Multi-Cinema, Inc.	Open
02320N	Montebello 10	1475 N Montebello Blvd	Montebello	CA	Leased	American Multi-Cinema, Inc.	Open
02340N	Marina Pacifica 12	6346 E Pacific Coast Hwy	Long Beach	CA	Leased	American Multi-Cinema, Inc.	Open
02350N	Palm Promenade 24	770 Dennery Road	San Diego	CA	Leased	American Multi-Cinema, Inc.	Open
02370N	Victoria Gardens 12	12600 North Mainstreet	Rancho Cucamonga	CA	Leased	American Multi-Cinema, Inc.	Open
02390N	Covina 30	1414 North Azusa Avenue	Covina	CA	Leased	American Multi-Cinema, Inc.	Open
02420N	Rolling Hills 20	2591 Airport Drive	Torrance	CA	Leased	American Multi-Cinema, Inc.	Open
02450N	Century City 15	Suite 2000	Los Angeles	CA	Leased	American Multi-Cinema, Inc.	Open
02460N	Mission Valley 20	1640 Camino Del Rio North	San Diego	CA	Leased	American Multi-Cinema, Inc.	Open
02480N	Fullerton Town Center 20	1001 S Lemon St	Fullerton	CA	Leased	American Multi-Cinema, Inc.	Open

02490N	Puente Hills 20	1560 South Azusa Avenue	City Of Industry	CA	Leased	American Multi-Cinema, Inc.	Open
02520N	Palace 9	220 East Third Street	Fort Worth	TX	Leased	American Multi-Cinema, Inc.	Open
02550N	Studio 30 Houston	2949 Dunvale	Houston	TX	Leased	American Multi-Cinema, Inc.	Open
02600N	Stonebriar 24	Suite 300	Frisco	TX	Leased	American Multi-Cinema, Inc.	Open
02620N	First Colony 24	3301 Town Center Blvd South	Sugar Land	TX	Leased	American Multi-Cinema, Inc.	Open
02650N	Rivercenter 9	849 E. Commerce Street, Suite 800	San Antonio	TX	Leased	American Multi-Cinema, Inc.	Open
02650LAN	Rivercenter Alamo IMAX	849 E. Commerce Street, Suite 483	San Antonio	TX	Leased	American Multi-Cinema, Inc.	Open
02660N	Firewheel 18	100 Coneflower Dr	Garland	TX	Leased	American Multi-Cinema, Inc.	Open
02680N	Gulf Pointe 30	11801 South Sam Houston Pkwy E	Houston	TX	Leased	American Multi-Cinema, Inc.	Open
02690N	Mesquite 30	19919 Lyndon B Johnson Fwy	Mesquite	TX	Leased	American Multi-Cinema, Inc.	Open
02700N	Coral Ridge 10	3401 NE 26th Avenue	Fort Lauderdale	FL	Leased	American Multi-Cinema, Inc.	Open
02720N	Merchant's Crossing 16	15201 N Cleveland Avenue	North Fort Myers	FL	Leased	American Multi-Cinema, Inc.	Open
02730N	Veterans Expressway 24	9302 Anderson Road	Tampa	FL	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
02760N	Mall of the Americas 14	7795 West Flagler Space 1	Miami	FL	Leased	American Multi-Cinema, Inc.	Terminating 1/6/16
02780N	Tamiami 14	11865 SW 26 <sup>th</sup> Street	Miami	FL	Leased	American Multi-Cinema, Inc.	Open
02820N	Regency 20 Brandon	2496 W Brandon Blvd	Brandon	FL	Leased	American Multi-Cinema, Inc.	Open
02830N	Altamonte Mall 18	433 E Altamonte Dr	Altamonte Springs	FL	Leased	American Multi-Cinema, Inc.	Open
02880N	Sunset Place 24	5701 Sunset Drive, Suite 300	South Miami	FL	Leased	American Multi-Cinema, Inc.	Open
02930N	Sarasota Mall 12	8201 S Tamiami Trl	Sarasota	FL	Leased	American Multi-Cinema, Inc.	Open
02960N	Lake Square 12	10401-015 US Highway 441 South	Leesburg	FL	Leased	American Multi-Cinema, Inc.	Open
03090N	Regency 24 Jacksonville	9451 Regency Square Blvd.	Jacksonville	FL	Leased	American Multi-Cinema, Inc.	Open
03340N	Lynnhaven 18	1001 Lynnhaven Mall Loop	Virginia Beach	VA	Leased	American Multi-Cinema, Inc.	Open
03370N	Hoffman Center 22	206 Swamp Fox Road	Alexandria	VA	Leased	American Multi-Cinema, Inc.	Open
03390N	Rivertowne 12	6075 Oxon Hill Road	Oxon Hill	MD	Leased	American Multi-Cinema, Inc.	Open
03490N	Columbia Mall 14	10300 Little Patuxent Pkwy	Columbia	MD	Leased	American Multi-Cinema, Inc.	Open
03540N	Granite Run 8	1067 West Baltimore Pike	Media	PA	Leased	American Multi-Cinema, Inc.	Open
03570N	Neshaminy 24	660 Neshaminy Mall	Bensalem	PA	Leased	American Multi-Cinema, Inc.	Open
03620N	Courthouse 8	2150 Clarendon Blvd	Arlington	VA	Leased	American Multi-Cinema, Inc.	Open
03640N	Potomac Mills 18	2700 Potomac Mills Circle STE 886	Woodbridge	VA	Leased	American Multi-Cinema, Inc.	Open
03660N	Tyson's Corner 16	7850E Tysons Corner Ctr	McLean	VA	Leased	American Multi-Cinema, Inc.	Open
03670N	Worldgate 9	13025 Worldgate Drive	Herndon	VA	Leased	American Multi-Cinema, Inc.	Open
03690N	Hampton Towne Centre 24	1 Town Center Way	Hampton	VA	Leased	American Multi-Cinema, Inc.	Open
03770N	Dublin Village 18	6700 Village Parkway	Dublin	OH	Leased	American Multi-Cinema, Inc.	Open
03830N	Lennox 24	777 Kinnear Road	Columbus	OH	Leased	American Multi-Cinema, Inc.	Open
03850N	Easton 30	275 Easton Town Center	Columbus	OH	Leased	American Multi-Cinema, Inc.	Open
04010N	Buckhead Fork & Screen	3340 Peachtree Road NE	Atlanta	GA	Leased	American Multi-Cinema, Inc.	Open
04020N	North DeKalb 16	Suite F-22	Decatur	GA	Leased	American Multi-Cinema, Inc.	Open
04030N	Sugarloaf Mills 18 (fka Discover Mills)	5900 Sugarloaf Parkway Ste 415	Lawrenceville	GA	Leased	American Multi-Cinema, Inc.	Open
04040N	Avenue Forsyth 12	350 Peachtree Parkway Suite 500	Cumming	GA	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
04090N	Mansell Crossing	7730 North Point Pkwy	Alpharetta	GA	Leased	American Multi-Cinema, Inc.	Open
04100N	Phipps Plaza 14	3500 Peachtree Road NE	Atlanta	GA	Leased	American Multi-Cinema, Inc.	Open
04110N	Colonial 18	825 Lawrenceville Suwanee Rd	Lawrenceville	GA	Leased	American Multi-Cinema, Inc.	Open
04160N	Southlake Pavilion 24	7065 Mount Zion Circle	Morrow	GA	Leased	American Multi-Cinema, Inc.	Open
04170N	Barrett Commons 24	2600 Cobb Place Lane NW	Kennesaw	GA	Leased	American Multi-Cinema, Inc.	Open
04180N	Deer Valley 16	4204 Lone Tree Way	Antioch	CA	Leased	American Multi-Cinema, Inc.	Open
04190GN	Rainbow Promenade 10	2321 N RAINBOW BLVD	Las Vegas	NV	Leased	American Multi-Cinema, Inc.	Open
04210N	Del Amo 18	3525 W Carson St Spc 73	Torrance	CA	Leased	American Multi-Cinema, Inc.	Open
04220N	Tyler 16	3775 Tyler St	Riverside	CA	Leased	American Multi-Cinema, Inc.	Open
04230N	La Jolla 12	8657 Villa La Jolla DR STE 129	La Jolla	CA	Leased	American Multi-Cinema, Inc.	Open
04240N	Cupertino Square 16	10123 N Wolfe Rd Suite 3000	Cupertino	CA	Leased	American Multi-Cinema, Inc.	Open
04270N	Tustin Legacy 14	2457 PARK AVE	Tustin	CA	Leased	American Multi-Cinema, Inc.	Open
04280N	Otay Ranch 12	2015 Birch Road Bldg 750	Chula Vista	CA	Leased	American Multi-Cinema, Inc.	Open
04290N	Plaza Bonita 14	3050 Plaza Bonita Rd	National City	CA	Leased	American Multi-Cinema, Inc.	Open
04300N	Glendora 12	1337 E GLADSTONE ST	Glendora	CA	Leased	American Multi-Cinema, Inc.	Open
04330N	Saratoga 14	700 El Paseo De Saratoga	San Jose	CA	Leased	American Multi-Cinema, Inc.	Open
04340N	Van Ness 14	1000 Van Ness Avenue	San Francisco	CA	Leased	American Multi-Cinema, Inc.	Open
04350N	Ontario Mills 30	4549 Mills Circle	Ontario	CA	Leased	American Multi-Cinema, Inc.	Open
04370N	Orange 30	20 City Blvd West Suite E	Orange	CA	Leased	American Multi-Cinema, Inc.	Open
04410N	Norwalk 20	12300 E Civic Center Drive	Norwalk	CA	Leased	American Multi-Cinema, Inc.	Open
04420N	Burbank Town Center 6	770 North 1st Street	Burbank	CA	Leased	American Multi-Cinema, Inc.	Open
04440N	Fashion Valley 18	7037 Friars Road	San Diego	CA	Leased	American Multi-Cinema, Inc.	Open
04450N	Fallbrook 7	6731 Fallbrook Avenue	West Hills	LA	Leased	American Multi-Cinema, Inc.	Open
04460N	Marina Marketplace 6	4335 Glencoe Avenue	Marina Del Rey	CA	Leased	American Multi-Cinema, Inc.	Open
04470N	Mercado 20	3111 Mission College Blvd.	Santa Clara	CA	Leased	American Multi-Cinema, Inc.	Open
04600N	Fiesta Square 16	3033 North College	Fayetteville	AR	Leased	American Multi-Cinema, Inc.	Open
04610N	Festival Plaza 16	7925 Vaughn Road	Montgomery	AL	Leased	American Multi-Cinema, Inc.	Open
04620N	Destin Commons 14	4600 Legendary Drive	Destin	FL	Leased	American Multi-Cinema, Inc.	Open
04630N	Baton Rouge 16	16040 Hatters Ave	Baton Rouge	LA	Leased	American Multi-Cinema, Inc.	Open
04640N	Mall of Louisiana 15	9168 Picardy Ave	Baton Rouge	LA	Leased	American Multi-Cinema, Inc.	Open
04650N	Southpoint 17	8030 Renaissance Pkwy, Ste 975	Durham	NC	Leased	Theater Partners Durham, L.L.C.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
04660N	Grove City 14	4218 Buckeye Parkway	Grove City	OH	Leased	American Multi-Cinema, Inc.	Open
04670N	West Chester 18	9415 Civic Center Blvd	West Chester	OH	Leased	American Multi-Cinema, Inc.	Open
04680N	Westroads 14	10000 California St	Omaha	NE	Leased	RDM Omaha, LLC	Open
04690N	Brentwood 14	2525 Sand Creek Road	Brentwood	CA	Leased	American Multi-Cinema, Inc.	Open
04700N	Town Square 18	6587 Las Vegas Blvd South	Las Vegas	NV	Leased	American Multi-Cinema, Inc.	Open
04710N	South Barrington 30	175 Studio Drive	South Barrington	IL	Leased	American Multi-Cinema, Inc.	Open
04840N	Elmwood Palace 20	1200 Elmwood Park Blvd	Harahan	LA	Leased	American Multi-Cinema, Inc.	Open
04850N	Westbank Palace 16	1151 Manhattan Blvd	Harvey	LA	Leased	American Multi-Cinema, Inc.	Open
04860N	Clearview Palace 12	4486 Veterans Memorial Blvd	Metairie	LA	Leased	American Multi-Cinema, Inc.	Open
04870N	Hammond Palace 10	801 C M Fagan Dr	Hammond	LA	Leased	American Multi-Cinema, Inc.	Open
04880N	Houma Palace 10	5737 W Park Ave	Houma	LA	Leased	American Multi-Cinema, Inc.	Open
05380N	Livonia 20	19500 Haggerty Road	Livonia	MI	Leased	American Multi-Cinema, Inc.	Open
05400N	Forum (Sterling Heights) 30	44681 Mound Road	Sterling Heights	MI	Leased	American Multi-Cinema, Inc.	Open
05520N	Empire (42nd St.) 25	234 West 42nd Street	New York	NY	Leased	American Multi-Cinema, Inc.	Open
05640N	Woodhaven 10	1336 Bristol Pike	Bensalem	PA	Leased	American Multi-Cinema, Inc.	Open
05710N	Celebration 2	651 Front Street	Celebration	FL	Leased	American Multi-Cinema, Inc.	Closed
05720N	Downtown Disney 24	PO BOX 10000	Lake Buena Vista	FL	Leased	American Multi-Cinema, Inc.	Open
05750N	Weston 8	1338 SW 160 <sup>th</sup> Avenue	Sunrise	FL	Leased	American Multi-Cinema, Inc.	Open



05810N	Tallahassee Mall 20	2415 N Monroe Street	Tallahassee	FL	Leased	American Multi-Cinema, Inc.	Open
05820N	West Oaks 14	9415 West Colonial Drive	Ocoee	FL	Leased	American Multi-Cinema, Inc.	Open
05830N	Sunrise 8	4321 NW 88 <sup>th</sup> Avenue	Sunrise	FL	Leased	American Multi-Cinema, Inc.	Open
05860N	Indian River 24	6200 20th St, Room 600	Vero Beach	FL	Leased	American Multi-Cinema, Inc.	Open
05870N	Orange Park 24	1910 Wells Road	Orange Park	FL	Leased	American Multi-Cinema, Inc.	Open
05880N	Aventura Mall 24	19501 Biscayne Blvd., Suite 3001	Aventura	FL	Leased	American Multi-Cinema, Inc.	Open
05940N	Tilghman 8	4608 Broadway	Allentown	PA	Leased	American Multi-Cinema, Inc.	Open
05960N	Marple Springfield 10	400 South State Road	Springfield	PA	Leased	American Multi-Cinema, Inc.	Open
05980N	Painters Crossing 9	112 Wilmington Pike	West Chester	PA	Leased	American Multi-Cinema, Inc.	Open
06030N	River Park Square 20	Suite 334	Spokane	WA	Leased	American Multi-Cinema, Inc.	Open
06060N	Kent Station 14	426 Ramsey Way	Kent	WA	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
06070N	Southcenter 16	3600 Southcenter Mall	Tukwila	WA	Leased	American Multi-Cinema, Inc.	Open
06100N	Studio 30 (Olathe)	12075 S Strang Line Rd	Olathe	KS	Leased	AMC License Services, Inc.	Open
06500N	Eden Prairie Mall 18	8251 Flying Cloud Drive Suite 4000	Eden Prairie	MN	Leased	American Multi-Cinema, Inc.	Open
06510N	Rosedale 14	850 Rosedale Center	Roseville	MN	Leased	American Multi-Cinema, Inc.	Open
06650N	Newport on the Levee 20	One Levee Way Ste 4100	Newport	KY	Leased	American Multi-Cinema, Inc.	Open
06700N	309 Cinema 9	Routes 309 & 63	Spring House	PA	Leased	American Multi-Cinema, Inc.	Open
06800N	Northlake 14	7325 Northlake Mall Dr	Charlotte	NC	Leased	American Multi-Cinema, Inc.	Open
06810N	Carolina Pavilion 22	9541 South Boulevard	Charlotte	NC	Leased	American Multi-Cinema, Inc.	Open
06830N	Concord Mills 24	8421 Concord Mills Blvd	Concord	NC	Leased	American Multi-Cinema, Inc.	Open
07000N	Woodlands Square 20	3128 Tampa Road	Oldsmar	FL	Leased	American Multi-Cinema, Inc.	Open
07010N	Westshore Plaza 14	210 Westshore Plaza	Tampa	FL	Leased	American Multi-Cinema, Inc.	Open
07050N	Southdale Center 16	400 Southdale Ctr	Edina	MN	Leased	American Multi-Cinema, Inc.	Open
07060N	Arbor Lakes 16	12575 Elm Creek Blvd N	Maple Grove	MN	Leased	American Multi-Cinema, Inc.	Open
07070N	Stonecrest Mall 16	8060 Mall Pkwy	Lithonia	GA	Leased	American Multi-Cinema, Inc.	Open
08010N	Parkway Pointe 15	3101 Cobb Pkwy Ste 201	Atlanta	GA	Leased	American Multi-Cinema, Inc.	Open
08020N	Barton Creek 14	2901 Capital Of Texas Highway	Austin	TX	Leased	American Multi-Cinema, Inc.	Open
08040N	Owings Mills 17	10100 Mill Run Cir	Owings Mills	MD	Leased	American Multi-Cinema, Inc.	Open
08050N	Security Square 8	1717 N Rolling Rd	Baltimore	MD	Leased	American Multi-Cinema, Inc.	Open
08100N	Framingham 15	22 Flutie Pass	Framingham	MA	Leased	American Multi-Cinema, Inc.	Open
08120N	Tyngsboro 12	440 Middlesex Rd	Tyngsboro	MA	Leased	American Multi-Cinema, Inc.	Open
08130N	Braintree 10	121 Grandview Rd	Braintree	MA	Leased	American Multi-Cinema, Inc.	Open
08140N	Burlington 10	20 South Ave	Burlington	MA	Leased	American Multi-Cinema, Inc.	Open
08160N	Framingham Premium 1	22 Flutie Pass	Framingham	MA	Leased	American Multi-Cinema, Inc.	Open
08250N	Yorktown 16	80 Yorktown Shopping Center	Lombard	IL	Leased	American Multi-Cinema, Inc.	Open
08270N	Ford City 14	7601 South Cicero Avenue	Chicago	IL	Leased	American Multi-Cinema, Inc.	Open
08290N	Northbrook Court 14	1525 Lake Cook Road	Northbrook	IL	Leased	American Multi-Cinema, Inc.	Open
08320N	Yorktown Premium 1	80 Yorktown Shopping Center	Lombard	IL	Leased	American Multi-Cinema, Inc.	Open
08350N	Ridge Park Square 8	4788 Ridge Rd	Brooklyn	OH	Leased	American Multi-Cinema, Inc.	Open
08390N	Westwood Town Center 6	21653 Center Ridge Rd	Rocky River	OH	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
08400N	Irving Mall 14	2433 Irving Mall	Irving	TX	Leased	American Multi-Cinema, Inc.	Open
08490N	Castleton 14	6020 E 82nd Street	Indianapolis	IN	Leased	American Multi-Cinema, Inc.	Open
08500N	Galleria at South Bay 16	1815 Hawthorne Blvd Ste 368	Redondo Beach	CA	Leased	American Multi-Cinema, Inc.	Open
08580N	Mayfair 18	2500 N Mayfair Rd Ste M186	Wauwatosa	WI	Leased	American Multi-Cinema, Inc.	Open
08650N	Clifton Commons 16	405 Route 3	Clifton	NJ	Leased	American Multi-Cinema, Inc.	Open
08660N	Bay Plaza 13	2210 Bartow Ave	Bronx	NY	Leased	American Multi-Cinema, Inc.	Open
08670N	Essex Green 9	495 Prospect Avenue	West Orange	NJ	Leased	American Multi-Cinema, Inc AMC Theatres of New Jersey, Inc.	Open
08680N	Bridgewater Commons 7	400 Commons Way Ste 380	Bridgewater	NJ	Leased	American Multi-Cinema, Inc.	Open
08700N	Franklin Mills 14	1149 Franklin Mills Cir	Philadelphia	PA	Leased	American Multi-Cinema, Inc.	Open
08710N	Plymouth Meeting 12	494 W Germantown Pike	Plymouth Meeting	PA	Leased	American Multi-Cinema, Inc.	Open
08760N	Dartmouth Mall 12	140 N Dartmouth Mall	North Dartmouth	MA	Leased	American Multi-Cinema, Inc.	Open
08800N	Pacific Place 11	600 Pine St Ste 400	Seattle	WA	Leased	American Multi-Cinema, Inc.	Open
08820N	Kitsap 8	10055 Kitsap Mall Blvd NW	Silverdale	WA	Leased	American Multi-Cinema, Inc.	Open
08860N	Mazza Gallerie 7	5300 Wisconsin Ave NW	Washington	DC	Leased	American Multi-Cinema, Inc.	Open
20180N	Citywalk Stadium IMAX	100 Universal City Plz	Universal City	CA	Leased	American Multi-Cinema, Inc.	Open
21040N	Orpheum 7	1538 3rd Ave	New York	NY	Leased	American Multi-Cinema, Inc.	Open
21100N	Village 7	66 3rd Ave	New York	NY	Leased	American Multi-Cinema, Inc.	Open
21160N	Lincoln Square 13	1998 Broadway	New York	NY	Leased	American Multi-Cinema, Inc.	Open
21200N	34th Street 14	312 W 34th St	New York	NY	Leased	American Multi-Cinema, Inc.	Open
21300N	Bay Terrace 6	21101 26th Ave	Bayside	NY	Leased	American Multi-Cinema, Inc.	Open
21400N	Stony Brook 17	2196 Nesconset Hwy	Stony Brook	NY	Leased	American Multi-Cinema, Inc.	Open
21440N	Roosevelt Field 8	630 Old Country Rd	Garden City	NY	Leased	American Multi-Cinema, Inc.	Open
21460N	Raceway 10	1025 Corporate Dr	Westbury	NY	Leased	American Multi-Cinema, Inc.	Open
21510N	Fresh Meadows 7	19002 Horace Harding Expy	Fresh Meadows	NY	Leased	American Multi-Cinema, Inc.	Open
21620N	Shore 8	37 Wall St	Huntington	NY	Leased	American Multi-Cinema, Inc.	Open
21770N	Ridgefield Park 12	75 Challenger Rd	Ridgefield Park	NJ	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
21810N	East Hanover 12	145 State Route 10	East Hanover	NJ	Leased	American Multi-Cinema, Inc.	Open
21830N	Mountainside 10	1021 Route 22	Mountainside	NJ	Leased	American Multi-Cinema, Inc.	Open
21840N	Newport Centre 11	30300 Mall Dr W	Jersey City	NJ	Leased	American Multi-Cinema, Inc.	Open
21940N	Cherry Hill 24	2121 Route 38	Cherry Hill	NJ	Leased	American Multi-Cinema, Inc.	Open
21950N	Kips Bay 15	570 2nd Ave	New York	NY	Leased	American Multi-Cinema, Inc.	Open
21980N	Jersey Gardens 20	651 Kapkowski Rd	Elizabeth	NJ	Leased	American Multi-Cinema, Inc.	Open
22190N	Brick Plaza 10	3 Brick Plz	Bricktown	NJ	Leased	American Multi-Cinema, Inc.	Open
22200N	New Brunswick 18	17 US Highway 1	New Brunswick	NJ	Leased	American Multi-Cinema, Inc.	Open
22320N	Seacourt 10	635 Bay Ave	Toms River	NJ	Leased	American Multi-Cinema, Inc.	Open
22330N	Freehold Metroplex	101 Trotters Way	Freehold	NJ	Leased	American Multi-Cinema, Inc.	Open
22340N	Monmouth Mall 15	180 State Route 35 S	Eatontown	NJ	Leased	American Multi-Cinema, Inc.	Open
22350N	Menlo Park 12	55 PARSONAGE RD UNIT 390	Edison	NJ	Leased	American Multi-Cinema, Inc.	Open
22390N	Layton Hills 9	728 W 1425 N	Layton	UT	Leased	American Multi-Cinema, Inc.	Open
22480N	Rockaway 16	363 Mount Hope Ave	Rockaway	NJ	Leased	American Multi-Cinema, Inc.	Open
22490N	Aviation 12	1200 S Stiles Street	Linden	NJ	Leased	American Multi-Cinema, Inc.	Open
22500N	Universal Cineplex 20	6000 Universal Blvd Ste 740	Orlando	FL	Leased	American Multi-Cinema, Inc.	Open
22530N	Garden State 16	Garden State Plaza	Paramus	NJ	Leased	American Multi-Cinema, Inc.	Open
23040N	MJ Harlem 9	2309 Frederick Douglass Blvd	New York	NY	Leased	American Multi-Cinema, Inc.	Open
23070N	MJ Capital Center 12	800 Shoppers Way	Largo	MD	Leased	American Multi-Cinema, Inc.	Open
23250N	Metreon 16	101 4th St	San Francisco	CA	Leased	American Multi-Cinema, Inc.	Open
24070N	City View 8	4728 Bryant Irvin Rd	Fort Worth	TX	Leased	American Multi-Cinema, Inc.	Closed
24170N	Broadway 4	1441 3rd Street Promenade	Santa Monica	CA	Leased	American Multi-Cinema, Inc.	Open
24180N	Marina 6	13455 Maxella Ave Ste 270	Marina Del Rey	CA	Leased	American Multi-Cinema, Inc.	Open

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24260N	Spring 10	20115 Holzwarth Rd	Spring	TX	Leased	American Multi-Cinema, Inc.	Open
24300N	Fountains 18	11225 Fountain Lake Dr	Stafford	TX	Leased	American Multi-Cinema, Inc.	Open
24340N	Factoria 8	3505 Factoria Blvd SE	Bellevue	WA	Leased	American Multi-Cinema, Inc.	Open
24380N	Oak Tree 6	10006 Aurora Ave N	Seattle	WA	Leased	American Multi-Cinema, Inc.	Open
24470N	Lakewood Mall 12	5721 Main St SW	Lakewood	WA	Leased	American Multi-Cinema, Inc.	Open
24480N	Cascade Mall 14	200 Cascade Mall Dr	Burlington	WA	Leased	American Multi-Cinema, Inc.	Open
24490N	Woodinville 12	17640 Garden Way NE	Woodinville	WA	Leased	American Multi-Cinema, Inc.	Open
25200N	Crestwood 18	13221 Rivercrest Dr	Crestwood	IL	Leased	American Multi-Cinema, Inc.	Open
25390N	Chicago Ridge 6	500 Chicago Ridge Mall	Chicago Ridge	IL	Leased	American Multi-Cinema, Inc.	Open
25650N	600 North Michigan 9	600 N Michigan Ave	Chicago	IL	Leased	American Multi-Cinema, Inc.	Open
25710N	Quarry 14	9201 W 63rd St	Hodgkins	IL	Leased	American Multi-Cinema, Inc.	Open
25850N	Woodridge 18	10000 Woodward Ave	Woodridge	IL	Leased	American Multi-Cinema, Inc.	Open
25870N	Waterfront 22	300 Waterfront Dr W	West Homestead	PA	Leased	American Multi-Cinema, Inc.	Open
25910N	Streets of Woodfield 20	601 N Martingale Rd Ste 105	Schaumburg	IL	Leased	American Multi-Cinema, Inc.	Open
25920N	Country Club Hills 16	4201 167th St	Country Club Hills	IL	Leased	American Multi-Cinema, Inc.	Open
26200N	Danbury 16	61 Eagle Rd	Danbury	CT	Leased	American Multi-Cinema, Inc.	Open
26280N	Plainville 20	220 New Britain Ave	Plainville	CT	Leased	American Multi-Cinema, Inc.	Open
26290N	Alderwood 16	18733 33rd Ave W	Lynnwood	WA	Leased	American Multi-Cinema, Inc.	Open
26540N	Georgetown 14	3111 K St NW	Washington	DC	Leased	American Multi-Cinema, Inc.	Open
26570N	Boston Common 19	175 Tremont St	Boston	MA	Leased	American Multi-Cinema, Inc.	Open
26600N	Methuen 20	90 Pleasant Valley St	Methuen	MA	Leased	American Multi-Cinema, Inc.	Open
26790N	Westgate 20	9400 West Hanna Lane	Glendale	AZ	Leased	American Multi-Cinema, Inc.	Open
26800N	Port Chester 14	40 Westchester Ave	Port Chester	NY	Leased	American Multi-Cinema, Inc.	Open
26980N	Foothills 15	7401 N La Cholla Blvd Ste 144	Tucson	AZ	Leased	American Multi-Cinema, Inc.	Open
27080N	Vestal Towne Square 9	2425 Vestal Pkwy	Vestal	NY	Leased	American Multi-Cinema, Inc.	Open
27290N	Palisades Center 21	4403 Palisades Center Dr	West Nyack	NY	Leased	American Multi-Cinema, Inc.	Open
27440N	Galleria Metroplex 16	1 Galleria Drive	Middletown	NY	Leased	American Multi-Cinema, Inc.	Open
27670N	Uptown 1	3426 Connecticut Ave NW	Washington	DC	Leased	American Multi-Cinema, Inc.	Open
27760N	White Flint 5	11301 Rockville Pike	Kensington	MD	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
27770N	Rio Cinemas 18	9811 Washingtonian Blvd	Gaithersburg	MD	Leased	American Multi-Cinema, Inc.	Open
27900N	Liberty Tree Mall 20	100 Independence Way	Danvers	MA	Leased	American Multi-Cinema, Inc.	Open
27940N	St. Charles Towne Center 9	11115 Mall Cir	Waldorf	MD	Leased	American Multi-Cinema, Inc.	Open
27980N	Shirlington 7	2772 S Randolph St	Arlington	VA	Leased	American Multi-Cinema, Inc.	Open
28160N	Center Park 8	4001 Powder Mill Rd	Beltsville	MD	Leased	American Multi-Cinema, Inc.	Open
28170N	White Marsh 16	8141 Honeygo Blvd	Baltimore	MD	Leased	American Multi-Cinema, Inc.	Open
28300N	Lexington Park 6	21882 FDR Blvd	Lexington Park	MD	Leased	American Multi-Cinema, Inc.	Open
29040N	John R 15	32289 John R Rd	Madison Heights	MI	Leased	American Multi-Cinema, Inc.	Open
29050N	Gratiot 21	35705 S Gratiot Ave	Clinton Township	MI	Leased	American Multi-Cinema, Inc.	Open
29080N	Grand Rapids 18	3000 Alpine Ave NW	Walker	MI	Leased	American Multi-Cinema, Inc.	Open
29090N	Southfield 20	25333 W 12 Mile Rd	Southfield	MI	Leased	American Multi-Cinema, Inc.	Open
29120N	Fairlane 21	18900 Michigan Ave	Dearborn	MI	Leased	American Multi-Cinema, Inc.	Open
60530N	Southlands 16	23955 E Plaza Ave	Aurora	CO	Leased	American Multi-Cinema, Inc.	Open
60540N	Arapahoe Crossing 16	6696 S Parker Rd	Aurora	CO	Leased	American Multi-Cinema, Inc.	Open
60810N	Bloomington 12	2929 W 3Rd St	Bloomington	IN	Leased	American Multi-Cinema, Inc.	Open
60830N	Bloomington 11	1351 S College Mall Rd	Bloomington	IN	Leased	American Multi-Cinema, Inc.	Open
60960N	Brighton 12	320 Pavillions Place	Brighton	CO	Leased	American Multi-Cinema, Inc.	Open
61210N	University Place 8	1370 E Main St	Carbondale	IL	Leased	American Multi-Cinema, Inc.	Open
61240N	Carbondale 8	1263 E Main St	Carbondale	IL	Leased	American Multi-Cinema, Inc.	Open
61270N	Castle Rock 12	3960 Lighthouse Ave	Castle Rock	CO	Leased	American Multi-Cinema, Inc.	Open
61320N	Plaza 5	1047 W Broadway	Centralia	IL	Leased	American Multi-Cinema, Inc.	Open
61480N	Galewood 14	5530 W Homer St	Chicago	IL	Leased	American Multi-Cinema, Inc.	Open
61490N	Cicero 14	4779 W Cermak Rd	Cicero	IL	Leased	American Multi-Cinema, Inc.	Open
61630N	Columbus 12	555 Creekview Ct	Columbus	IN	Leased	American Multi-Cinema, Inc.	Open
61810N	Coon Rapids 16	10051 Woodcrest Dr Nw	Coon Rapids	MN	Leased	American Multi-Cinema, Inc.	Open
61950N	Star 17 - Council Bluffs	3220 23Rd Ave	Council Bluffs	IA	Leased	American Multi-Cinema, Inc.	Open
62030N	Village Mall 6	2917 N Vermilion St	Danville	IL	Leased	American Multi-Cinema, Inc.	Open
62150N	Cherry Creek 8	3000 E 1St Ave	Denver	CO	Leased	American Multi-Cinema, Inc.	Open

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62350N	Star 14 - Dubuque	2835 NW Arterial	Dubuque	IA	Leased	American Multi-Cinema, Inc.	Open
62410N	Eastgate 6	625 Lewis And Clark Blvd	East Alton	IL	Leased	American Multi-Cinema, Inc.	Open
62520N	Edwardsville 12	6633 Center Grove Rd	Edwardsville	IL	Leased	American Multi-Cinema, Inc.	Open
62610N	Evansville 16	5600 Pearl Dr	Evansville	IN	Leased	American Multi-Cinema, Inc.	Open
62810N	Farmington 4	838 Valley Creek Dr	Farmington	MO	Leased	American Multi-Cinema, Inc.	Open
62840N	Star 18 - Fitchburg	6091 Mckee Rd	Fitchburg	WI	Leased	American Multi-Cinema, Inc.	Open
63210N	Galesburg 8	1401 W Carl Sandburg Dr	Galesburg	IL	Leased	American Multi-Cinema, Inc.	Open
63750N	Hobart 12	2590 Southlake Mall	Merrillville	IN	Leased	American Multi-Cinema, Inc.	Open
63810N	Indianapolis 17	4325 S Meridian St	Indianapolis	IN	Leased	American Multi-Cinema, Inc.	Open
63830N	Washington Square 12	10280 E Washington St	Indianapolis	IN	Leased	American Multi-Cinema, Inc.	Open
63840N	Trader's Point 12	5920 W 86Th St	Indianapolis	IN	Leased	American Multi-Cinema, Inc.	Open
64010N	Inver Grove 16	5567 Bishop Ave	Inver Grove Heights	MN	Leased	American Multi-Cinema, Inc.	Open
64450N	Star 12 - Johnson Creek	420 Village Walk Ln	Johnson Creek	WI	Leased	American Multi-Cinema, Inc.	Open
64830N	Kokomo 12	1530 E Boulevard	Kokomo	IN	Leased	American Multi-Cinema, Inc.	Open
64960N	Desert Star 15	1301 Wisconsin Dells Pkwy South	Lake Delton	WI	Leased	American Multi-Cinema, Inc.	Open
65010N	Lake in the Hills 12	311 N Randall Rd	Lake In The Hills	IL	Leased	American Multi-Cinema, Inc.	Open
65300N	Bowles Crossing 12	8035 W Bowles Ave	Littleton	CO	Leased	American Multi-Cinema, Inc.	Open
65550N	Manteca Showplace 16	848 Lifestyle St	Manteca	CA	Leased	American Multi-Cinema, Inc.	Open
65610N	Illinois Centre 8	3107 Civic Circle Blvd	Marion	IL	Leased	American Multi-Cinema, Inc.	Open
65810N	Marion 12	713 N Theatre Rd	Marion	IN	Leased	American Multi-Cinema, Inc.	Open
66010N	Mattoon 10	2509 Hurst Dr	Mattoon	IL	Leased	American Multi-Cinema, Inc.	Open
66230N	Michigan City 14	100 Meijer Dr	Michigan City	IN	Leased	American Multi-Cinema, Inc.	Open
66510N	Mt. Vernon 8	400 Potomac Blvd	Mount Vernon	IL	Leased	American Multi-Cinema, Inc.	Open
66640N	Muncie 12	860 E Princeton Ave	Muncie	IN	Leased	American Multi-Cinema, Inc.	Open
66750N	Naperville 16	2815 Show Place Dr	Naperville	IL	Leased	American Multi-Cinema, Inc.	Open
66910N	New Lenox 14	1320 W Maple St	New Lenox	IL	Leased	American Multi-Cinema, Inc.	Open
66930N	Niles 12	301 Golf Mill Ctr	Niles	IL	Leased	American Multi-Cinema, Inc.	Open
67250N	Twenty Mile 10	18625 Stage Run Rd	Parker	CO	Leased	American Multi-Cinema, Inc.	Open
67420N	Pekin 14	1124 Edgewater Dr	Pekin	IL	Leased	American Multi-Cinema, Inc.	Open

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
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								Lease
67620N	Poplar Bluff 8	3525 S Westwood Blvd	Poplar Bluff	MO	Leased	American Multi-Cinema, Inc.	Open	
68020N	Quincy 6	300 N 33Rd St	Quincy	IL	Leased	American Multi-Cinema, Inc.	Open	
68030N	Quincy Mall 3	3429 Quincy Mall	Quincy	IL	Leased	American Multi-Cinema, Inc.	Open	
68210N	Richmond 11	4713 National Rd E	Richmond	IN	Leased	American Multi-Cinema, Inc.	Open	
68310N	Rockford 16	8301 E State St	Rockford	IL	Leased	American Multi-Cinema, Inc.	Open	
68320N	Machesney Park 14	1860 Anjali Way	Machesney Park	IL	Leased	American Multi-Cinema, Inc.	Open	
68710N	Schererville 16	875 Deer Creek Dr	Schererville	IN	Leased	American Multi-Cinema, Inc.	Open	
68780N	Village Crossing 18	7000 Carpenter Rd	Skokie	IL	Leased	American Multi-Cinema, Inc.	Open	
68810N	South Bend 16	450 W Chippewa Ave	South Bend	IN	Leased	American Multi-Cinema, Inc.	Open	
69060N	Springfield 12	3141 Mercantile Dr	Springfield	IL	Leased	American Multi-Cinema, Inc.	Open	
69140N	Springfield 8	2945 S Dirksen Pkwy	Springfield	IL	Leased	American Multi-Cinema, Inc.	Open	
69420N	Terre Haute 12	3153 S 3Rd Pl	Terre Haute	IN	Leased	American Multi-Cinema, Inc.	Open	
88050N	LA Film Office	2121 Avenue of the Stars Suite 2580	Los Angeles	CA	Leased (office)	American Multi-Cinema, Inc.	Office	
79060N	Hoffman Center - Pads	Attn: Robert L Harris, President	Kansas City	MO	Leased (Pads)	American Multi-Cinema, Inc.	Pads	
79010N	Promenade Retail	21801 Oxnard Street	Woodland Hills	CA	Leased (retail space)	American Multi-Cinema, Inc.	Retail Space	
29040BN	John R Sign (AEL)	451 West 14 Mile Rd	Madison Heights	MI	Leased (sign)	American Multi-Cinema, Inc.	Open	
29040DN	John R Sign (Gallozi)	32451 John R Rd	Madison Heights	MI	Leased (sign)	American Multi-Cinema, Inc.	Open	
24440N	Uptown 3	511 Queen Anne Ave N	Seattle	WA	Leased (subleased)	American Multi-Cinema, Inc.	Closed/Subleased — Lease terminates 1/31/16	
00720N	Deptford 8	1740 Clements Bridge Road	Deptford	NJ	Owned	AMC Theatres of New Jersey, Inc.	Open	
00730N	Marlton 8	800 North Route 73	Marlton	NJ	Owned	AMC Theatres of New Jersey, Inc.	Open	
05540N	Maple Ridge 8	4276 Maple Road Suite C	Amherst	NY	Owned	American Multi-Cinema, Inc.	Open	
21020N	84th Street 6	2310 Broadway	New York	NY	Owned	American Multi-Cinema, Inc.	Open	
21410N	Nassau Metroplex 10	3585 Hempstead Tpke	Levittown	NY	Owned	American Multi-Cinema, Inc.	Open	
21580N	Fantasy 5	18 N Park Ave	Rockville Centre	NY	Owned	American Multi-Cinema, Inc.	Open	

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
21760N	Wayne 14	67 Willowbrook Blvd	Wayne	NJ	Owned	AMC Theatres of New Jersey, Inc.	Open
24950N	Webster 12	2190 Empire Blvd.	Webster	NY	Owned	American Multi-Cinema, Inc.	Open
29070N	Holland 8	12270 James	Holland	MI	Owned	American Multi-Cinema, Inc.	Open
29110N	Great Lakes 25	4300 Baldwin	Auburn Hills	MI	Owned	American Multi-Cinema, Inc.	Open
60710N	Toler 2	911 W Washington St	Benton	IL	Owned	American Multi-Cinema, Inc.	Vacant
61550N	Collinsville (vacant land)	Collinsville Vacant Land	Collinsville	IL	Owned	American Multi-Cinema, Inc.	Vacant
62010N	Danville 2 (vacant land)	Danville Vacant Land	Danville	IL	Owned	American Multi-Cinema, Inc.	Vacant
62850N	Cinema Saver 6	2525 Worthington Ave	Fort Collins	CO	Owned	American Multi-Cinema, Inc.	Open
63230N	Galesburg West S. Prairie	12 South Prairie Street	Galesburg	IL	Owned	American Multi-Cinema, Inc.	Closed
63510N	Hamilton 10	877 Washington Blvd., NW	Hamilton	OH	Owned	American Multi-Cinema, Inc.	Closed
63520N	Hamilton 8	1453 Main St	Hamilton	OH	Owned	American Multi-Cinema, Inc.	Open
66610N	Muncie 7	3401 W Community Dr	Muncie	IN	Owned	American Multi-Cinema, Inc.	Open
67210N	Flat River 2	300 W Main St	Park Hills	MO	Owned	American Multi-Cinema, Inc.	Closed
67510N	Eastwood 2	663 E Main St	Peru	IN	Owned	American Multi-Cinema, Inc.	Closed
64970N	Lake Delton	Vacant Land	Fitchberg	WI	Owned	American Multi-Cinema, Inc.	Vacant
68720N	Schereville 12	1400 Eagle Ridge Dr	Schererville	IN	Owned	American Multi-Cinema, Inc.	Open
69030N	Parkway 8	3024 Lindbergh Blvd	Springfield	IL	Owned	American Multi-Cinema, Inc.	Open
69410N	Honey Creek 8	3131 S 3Rd Place	Terre Haute	IN	Owned	American Multi-Cinema, Inc.	Open
69510N	Vernon Hills 8	555 Lakeview Pkwy	Vernon Hills	IL	Owned	American Multi-Cinema, Inc.	Open
69630N	Vincennes 8	1496 S Hart Street Rd	Vincennes	IN	Owned	American Multi-Cinema, Inc.	Open
96600SN	South Barrington Land	40 acres (approximately)	South Barrington	IL	Owned	American Multi-Cinema, Inc.	Open
79980N	Maple Ridge Retail	4276 Maple Road Suite C	Amherst	NY	Owned	American Multi-Cinema, Inc.	Open
60010N	Vacant Land	Less than 12 acre	Malden	MO	Owned	American Multi-Cinema, Inc.	Vacant
66830N	Vacant Land	4 Acres	New Castle	IN	Owned	American Multi-Cinema, Inc.	Vacant
02690AN	Vacant Land	7 Acres	Mesquite	TX	Owned	American Multi-Cinema, Inc.	Vacant

Canada

Unit#	Theatre	Theatre Address	Theatre City	State	Owned/ Lease	Lessee	Status
37040N	Interchange 30	30 Interchange Way	Concord	Ontario	Leased	AMC Interchange Ventures ULC	Closed

#### Schedule 7.14

#### Post-Closing Matters

- As soon as reasonably practicable, but in no event later than May 31, 2013 (or such later date as the Administrative Agent may agree in its sole discretion), the Borrower shall deliver to the Administrative Agent evidence reasonably satisfactory to the Administrative Agent that each of the following Subsidiaries shall have either (i) been dissolved or merged into a Loan Party or (ii) become Loan Parties by delivering all documents and other items required pursuant to *Section 7.11 (Additional Collateral and Guaranties)*: (a) Rave Digital Media, LLC, (b) Brentwood General, Inc., (c) RDM-Brentwood, LTD., (d) RDM-Durham, LLC, (e) RDM-Grove City, LLC, (f) Rave Motion Pictures Baton Rouge, L.L.C., (g) Rave Motion Pictures Montgomery L.L.C., (h) RDM-Vegas, LLC, (i) RDM-West Chester, LLC, (j) Rave Motion Pictures Baton Rouge II, L.L.C. and (k) Rave Motion Pictures Destin, L.L.C.

As soon as reasonably practicable, but in no event later than thirty (30) days after the Closing Date (or such longer period as the Administrative Agent may agree in its sole discretion), the Borrower shall deliver customary "Lender's Loss Payable Endorsement" with respect to its property insurance.

As soon as reasonably practicable, but in no event later than ninety (90) days after the Closing Date (or such longer period as the Administrative Agent may agree in its sole discretion), the Borrower shall, or shall cause the applicable Loan Parties to, deliver to the Administrative Agent:

Mortgages; Fixture Filings. A Mortgage encumbering each Mortgaged Real Property, duly executed and acknowledged by each Loan Party that is the owner of or holder of any interest in such Mortgaged Real Property, and otherwise in form for recording in the recording office of each applicable political subdivision where each such Mortgaged Real Property is situated, together with such certificates, affidavits, questionnaires or returns as shall be required in connection with the recording or filing thereof to create a lien under applicable law, and such financing statements and other instruments as may be necessary to grant a mortgage lien under the laws of any applicable jurisdiction, all of which shall be in form and substance reasonably satisfactory to Administrative Agent;

Mortgage Supporting Documents. Mortgage Supporting Documents for each Mortgaged Real Property; and

Consents and Approvals. With respect to each Mortgaged Real Property, such consents, approvals, amendments, supplements, estoppels, tenant subordination agreements or other instruments, if any, as may reasonably be deemed necessary by the Administrative Agent in order for the owner or holder of such Mortgaged Real Property to grant the Lien contemplated by the Mortgage with respect thereto.

**Schedule 8.1**

**Existing Indebtedness**

**Capital Lease Obligations**

Theatre Name	Balance
Baton Rouge 16	\$ 9,017,000
Quary 14	\$ 8,253,000
MJ Capital Center 12	\$ 5,826,000
Santa Monica 7	\$ 3,712,000
Weston 8	\$ 341,000
	\$ 27,149,000

**Financing Lease Obligations**

Theatre Name	Balance
Garden State 16	\$ 15,059,000
Town Square 18	\$ 15,907,000
Manteca 16	\$ 10,679,000
Mall of Louisiana 15	\$ 9,816,000
West Chester 18	\$ 4,816,000
Del Amo 18	\$ 4,192,000
Southpoint 17	\$ 4,333,000
Festival 16	\$ 3,288,000
Destin 14	\$ 3,661,000
Tysons Corner 16	\$ 3,645,000
	\$ 75,396,000

**Schedule 8.2**

**Existing Liens**

None.

**Schedule 8.3**

**Existing Investments**

Investment	Investor	Type of Investment	Ownership Percentage
Citywalk Big Screen Theatres Joint Venture	Loews Citywalk Theatre Corporation	Partnership Interests	50%
DCDC, LLC	American Multi-Cinema, Inc.	LLC Interest	15.45%
Digital Cinema Implementation Partners, LLC	American Multi-Cinema, Inc.	LLC Interest	33.3%
Loews Kaplan Cinema Associates Partnership	AMC Theatres of New Jersey, Inc.	Partnership Interest	50%
National Cinemedia, LLC	American Multi-Cinema, Inc.	LLC Interest	15.04%
Open Road Releasing, LLC (f/k/a Regamc, LLC)	American Multi-Cinema, Inc.	LLC Interest	50%
Universal Cineplex Odeon Joint Venture	American Multi-Cinema, Inc.	Joint Venture	50%
RealD Inc.	American Multi-Cinema, Inc.	Equity in Corporation	Less than 1%
AC JV, LLC	American Multi-Cinema, Inc.	LLC Interest	32%

**Schedule 8.4(g)**

**Asset Sales**

All of the stock of, and/or property and assets owned by, the following entities:

National Cinemedia, LLC  
 Digital Cinema Implementation Partners, LLC  
 AMC Theatres of Canada, Inc.  
 AMC Theatres of UK Limited Club Cinema of Mazza, Inc.  
 Loews Citywalk Theatre Corporation  
 Universal Cineplex Odeon Joint Venture  
 Citywalk Big Screen Theatres Joint Venture  
 RealD Inc.  
 Open Road Releasing, LLC

**The following theatres:**

Theatre Name	Entity	City	County	State
Deptford 8	American Multi-Cinema, Inc.	Deptford	Gloucester	NJ
Marlton 8	American Multi-Cinema, Inc.	Marlton	Burlington	NJ
Maple Ridge 8	American Multi-Cinema, Inc.	Amherst	Erie	NY
84th Street 6	American Multi-Cinema, Inc.	New York	New York	NY
Nassau Metroplex 10	American Multi-Cinema, Inc.	Levittown	Nassau	NY
Fantasy 5	American Multi-Cinema, Inc.	Rockville Center	Nassau	NY
Wayne 14	American Multi-Cinema, Inc.	Wayne	Passaic	NJ
Webster 12	American Multi-Cinema, Inc.	Webster	Monroe	NY
Holland 8	American Multi-Cinema, Inc.	Holland	Ottawa	MI
Great Lakes 25	American Multi-Cinema, Inc.	Auburn Hills	Oakland	MI
Cinema Savers 6	American Multi-Cinema, Inc.	Fort Collins	Larimer	CO
Hamilton 8	American Multi-Cinema, Inc.	Hamilton	Butler	OH
Muncie 7 (closed)	American Multi-Cinema, Inc.	Muncie	Delaware	IN
Schererville 12	American Multi-Cinema, Inc.	Schererville	Lake	IN
Parkway Pt 8	American Multi-Cinema, Inc.	Springfield	Sangamon	IL
Honey Creek 8	American Multi-Cinema, Inc.	Terre Haute	Vigo	IN
Vernon Hills 8	American Multi-Cinema, Inc.	Vernon Hills	Lake	IL
Vincennes 8	American Multi-Cinema, Inc.	Vincennes	Knox	IN
Galesburg (closed)	American Multi-Cinema, Inc.	Galesburg	Knox	IL
Toler 2 (closed)	American Multi-Cinema, Inc.	Benton	Franklin	IL
Eastwood 2 (closed)	American Multi-Cinema, Inc.	Peru	Miami	IN
Flat River 2 (closed)	American Multi-Cinema, Inc.	Park Hills	St. Francois	MO
Hamilton 10 (closed)	American Multi-Cinema, Inc.	Hamilton	Butler	OH
Mesquite (land)	American Multi-Cinema, Inc.	Mesquite	Dallas	TX
Lake Delton (land)	American Multi-Cinema, Inc.	Lake Delton	Sauk	WI
Collinsville (land)	American Multi-Cinema, Inc.	Collinsville	Madison	IL
Danville 2 (land)	American Multi-Cinema, Inc.	Danville	Vermilion	IL

Theatre Name	Entity	City	County	State
South Barrington (land)	American Multi-Cinema, Inc.	South Barrington	Lake	IL
707 N 6th Street	American Multi-Cinema, Inc.	Springfield	Sangamon	IL
1512 & 1516 S Macarthur	American Multi-Cinema, Inc.	Springfield	Sangamon	IL

**Other:**

Theatre Name	Entity	City	County
Interchange	American Multi-Cinema, Inc.	Concord	Canada
Great Northern	AMC Theatres of UK Limited	Manchester	UK

any new Internet ticketing venture/company  
 any new film distribution venture/company

**Schedule 8.8**

**Transactions with Affiliates**

None.

**Schedule 8.9**

**Limitations on Restrictions on Subsidiary Distributions**

None.

**AMC ENTERTAINMENT HOLDINGS, INC.**  
**ANNUAL INCENTIVE COMPENSATION PROGRAM**  
**CONTINUING STRUCTURE**  
**(As Modified by the Compensation Committee February 24, 2016)**

AMC Entertainment Holdings, Inc. (along with all of its subsidiaries, the “Corporation”) shall have an Annual Incentive Compensation Program (“AIP”) structured as set forth below. The AIP shall automatically be continued for each of the Corporation’s fiscal years until terminated or revised by the Compensation Committee.

**1. Structure:** Each participant shall have an incentive at target based upon a percentage of his or her base salary (the “Incentive at Target”). The Incentive at Target shall be allocated between (i) a component paid out based upon attainment of the Company Performance Target (defined below) during the applicable fiscal year (the “Company Component”) and (ii) a component paid out based on the participant’s achievement of individual Key Performance Metrics with supervisory discretion during the applicable fiscal year (the “Individual Component”).

**2. Participation:**

**a. Named Executive Officers:** The Corporation’s Named Executive Officers (as determined pursuant to SEC Rules), shall participate in the AIP at the following Incentive at Target levels and allocations:

Name	Position	Target (% of Salary)	Mix Company/Individual
Adam Aron	President & CEO	125%	100/0
Craig Ramsey	EVP & Chief Financial Officer	70%	100/0
John McDonald	EVP, US Operations	70%	80/20
Elizabeth Frank	EVP, Chief Content & Programming Officer	65%	80/20
Mark McDonald	EVP, Development	65%	80/20

**b. Other Employees:** All other participants along with their Incentive at Target level and allocation shall be determined at the discretion of the CEO in consultation with the SVP Human Resources.

**3. Payout:** Unless otherwise provided in a written agreement with the employee, an employee must remain employed on the last day of the applicable fiscal year to be eligible for any payout under the AIP and employees hired after the beginning of the applicable fiscal year shall have their payouts prorated.

**a. Company Component:** The Company Component payout shall be determined based upon the attainment as certified by the Compensation Committee of the Company Performance Target.

**i. Company Performance Target:** The Company Performance Target (adopted pursuant to Section 10 of the Corporation’s 2013 Equity Incentive Plan) shall be the Adjusted EBITDA (as defined in the Corporation’s 10-K) provided for in the Corporation’s annual financial performance plan for the applicable fiscal year as approved by the Board of Directors (the “Financial Plan”).

**iii. Payout Scale:** The Company Component payout shall be on a scale as set forth on Exhibit A attached hereto (payout for performance that falls between two stated levels shall be determined by linear interpolation).

**iv. Supplemental Net Income Threshold for the CEO & CFO:** The Compensation Committee shall have discretion with regard to the CEO and CFO to reduce the Company Component Payout as provided above in the event the Corporation fails to achieve at least 80% of the net income provided for in the Financial Plan (the “Net Income Threshold”). Determination of achievement of the Net Income Threshold shall be made by the Compensation Committee, but shall exclude the impacts of the following:

1. Gains or losses from the Corporation’s investment in National Cinemedia LLC, including gains or losses from the sale or disposition of all or a portion of the Corporation’s ownership interest (including as-converted shares of National Cinemedia, Inc.) or from adjustments due to changes in the underlying value of the shares of National Cinemedia, Inc.
2. Losses from discontinued Canadian operations.
3. Expenses related to mergers and acquisitions approved by the Board.
4. Gains or losses from Board approved refinancing of debt obligations related to acquisition activity and/or resulting in lower outstanding debt or cash interest expense.
5. Gains or losses from one time significant or unusual items, subject to Compensation Committee review and approval.

**b. Individual Component:** The Individual Component payout shall be determined as follows:

**i. Named Executive Officers:** The payout shall be determined by the Compensation Committee in consultation with the CEO.

**ii. Other Participants:** The payout shall be determined by each participant’s supervisor subject to parameters established by the CEO in consultation with the SVP Human Resources.

<b>AEBITDA Attained %</b>		<b>PAYOUT %</b>
80.0%		0.0%
81.0%		10.0%
82.0%		20.0%
83.0%		30.0%
84.0%		40.0%
85.0%		45.0%
86.0%		50.0%
87.0%		56.0%
88.0%		62.0%
89.0%		68.0%
90.0%		74.0%
91.0%		80.0%
92.0%		86.0%
93.0%		89.0%
94.0%		92.0%
94.8%		94.4%
95.0%		95.0%
96.0%		96.0%
97.0%		97.0%
98.0%		98.0%
99.0%		99.0%
100.0%		100.0%
101.0%		105.0%
102.0%		110.0%
103.0%		115.0%
104.0%		120.0%
105.0%		125.0%
106.0%		130.0%
107.0%		135.0%
108.0%		140.0%
109.0%		145.0%
110.0%		150.0%
111.0%		155.0%
112.0%		160.0%
113.0%		165.0%
114.0%		170.0%
115.0%		175.0%
116.0%		180.0%
117.0%		185.0%
118.0%		190.0%
119.0%		195.0%
120.0%		200.0%

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AMC ENTERTAINMENT HOLDINGS, INC.

2013 EQUITY INCENTIVE PLAN

Performance Stock Unit Award Notice

1. Participant: [\*]
2. Type of Award: Performance Stock Units
3. Target Units: [\*]
4. Maximum Units: [\*]  
Subject to reduction to satisfy tax withholding obligations as and when due pursuant to Section 3(c) of the Performance Stock Unit Award Agreement
5. Date of Grant: [\*]
6. Vesting: The Performance Stock Units are eligible to vest in [\*] as set forth in Section 2 of the Performance Stock Unit Award Agreement.
7. Performance Goal(s): Vesting of the Performance Stock Units shall be subject to the following Performance Goal(s) as set forth in Section 2 of the Performance Stock Unit Award Agreement:  
[\*]
8. Settlement: Each Performance Stock Unit shall be convertible into one share of Common Stock within 30 days of vesting subject to Section 3 of the Performance Stock Unit Award Agreement.
9. Dividend Equivalents: The Performance Stock Units shall be entitled to dividend equivalents as set forth in Section 1 of the Performance Stock Unit Award Agreement.

By executing this Performance Stock Unit Award Notice, the Participant agrees and acknowledges that the Performance Stock Units described herein are granted under and governed by the terms and conditions of the Performance Stock Unit Award Agreement attached hereto and the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan, both of which are hereby incorporated by reference and together with this Performance Stock Unit Award Notice constitute one document. This Performance Stock Unit Award Notice may be signed in counterparts, each of which shall be an original with the same effect as if signatures thereto and hereto were upon the same instrument.

PARTICIPANT

AMC ENTERTAINMENT HOLDINGS, INC.

By: \_\_\_\_\_  
[\*]

By: \_\_\_\_\_  
Name: [\*]  
Title: [\*]

AMC ENTERTAINMENT HOLDINGS, INC.

2013 EQUITY INCENTIVE PLAN

Performance Stock Unit Award Agreement

[\*]

SECTION 1. GRANT OF PERFORMANCE STOCK UNIT AWARD.

- (a) **Performance Stock Unit Award.** AMC Entertainment Holdings, Inc. (the “Company”) hereby grants to the Participant whose name is set forth on the applicable Performance Stock Unit Award Notice (the “Notice”) on the date set forth on such Notice (such date, the “Date of Grant”), Performance Stock Units (the “Units”) in an amount set forth in the Notice, pursuant to the terms and conditions set forth in the Notice, this agreement (the “Agreement”) and the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan (the “Plan”). The Units are intended to constitute “qualified performance-based compensation” as that term is used in Section 162(m) of the Code, which Units shall be subject to the terms and conditions of Section 10 of the Plan.
- (b) **No Purchase Price.** In lieu of a purchase price, this Award is made in consideration of Service previously rendered, and to be rendered, by the Participant to the Company.
- (c) **Equity Incentive Plan and Defined Terms.** Capitalized terms not defined herein shall have the same meaning as in the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
- (d) **Dividend Equivalents.** Each Unit held as of the record date for dividends or other distributions paid in respect of shares of Common Stock shall be entitled to a dividend equivalent equal to the amount paid in respect of one share of Common Stock. Prior to vesting, such dividend equivalents shall accumulate and be paid within thirty (30) days following the date and to the extent the Units vest. All rights to dividend equivalents shall be forfeited along with and to the extent the Units are forfeited.



## SECTION 2. VESTING AND FORFEITURE; PERFORMANCE GOALS

- (a) **Vesting and Forfeiture.** Unless earlier forfeited, all or a portion of the Maximum Units (as set forth on the Notice) are eligible to vest based upon [\*] for the [\*] beginning [\*] and ending [\*] (the “Performance Period”). Unless otherwise provided in a written employment agreement with the Participant in effect as of the Date of Grant, all Units shall be immediately forfeited upon termination of the Participant’s Service for any reason prior to the last day of the Performance Period. Each Unit that becomes vested in accordance with Section 2(a) shall be referred to herein as a “Vested Unit”. Each Unit that does not become a Vested Unit shall be forfeited and canceled immediately without consideration as of the Vesting Date.
- (b) **Performance Goals.** The Committee shall determine, in its sole discretion, and certify in writing whether and the extent to which the Performance Goal(s) were achieved with respect to the Performance Period. Such determination and certification shall occur as soon as practicable following the receipt of the Company’s financial statements for the applicable Performance Period. For the avoidance of doubt, the Committee may adjust the Performance Goal(s) (including, without limitation, to prorate goals and payments for a partial plan year) pursuant to Section 10.5 of the Plan and subject to compliance with Section 162(m) of the Code.

## SECTION 3. SETTLEMENT OF PERFORMANCE STOCK UNITS

- (a) **Time of Settlement.** Subject to the terms of the Plan and this Agreement, each Unit shall be settled within thirty (30) days following vesting (each a “Settlement Date”). On the Settlement Date, the applicable Units shall be converted into an equivalent number of shares of Common Stock that will be immediately distributed to the Participant (or the Participant’s legal representative). With regard to shares of Common Stock delivered on the Settlement Date, the Company may at its election either (i) issue a certificate representing the shares, or (ii) not issue any certificate representing the shares and

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instead document the Participant’s interest by registering the shares with the Company’s transfer agent (or another custodian selected by the Company) in book-entry form.

- (b) **Delay of Settlement.** Notwithstanding Section 3(a), the Settlement Date may be delayed where the Company reasonably anticipates that the settlement of the Vested Units will violate Federal securities laws or other applicable law; provided that the Vested Units shall be settled at the earliest date at which the Company reasonably anticipates that the settlement will not cause such violation. For purposes of this Section 3(b), the making of a payment that would cause inclusion in gross income or the application of any penalty provision of the Code shall not be treated as a violation of applicable law.
- (c) **Withholding Requirements.** As of the date any withholding tax is paid by the Company on behalf of the Participant with regard to the Units (a “Taxable Date”), the Company shall accelerate settlement and withhold shares of Common Stock with a Fair Market Value on the Taxable Date equal to the minimum amount of the applicable tax withholding, plus any minimum tax withholding liability incurred as a result of such acceleration; provided that, in connection with taxes owed on the Settlement Date, the Participant may elect at any time no later than five (5) business days prior to the Settlement Date to satisfy any withholding requirement by remitting to the Company an amount in cash equal to the minimum applicable tax withholding in connection with the settlement of the Vested Units.

## SECTION 4. MISCELLANEOUS PROVISIONS.

- (a) **Securities Laws.** Subject to Section 3(b), no shares of Common Stock will be issued or transferred pursuant to this Agreement unless and until all then applicable requirements imposed by Federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares of Common Stock pursuant to this Agreement, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable pursuant to this Agreement as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Committee may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares.
- (b) **Participant Undertaking.** The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect the obligations or restrictions imposed on either the Participant or upon the shares of Common Stock issued pursuant to this Agreement.
- (c) **No Right to Continued Service.** Nothing in this Agreement or the Plan shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without Cause.
- (d) **Notification.** Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.
- (e) **Entire Agreement.** This Agreement, the Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

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- (f) **Waiver.** No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.
  - (g) **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant’s assigns and the legal representatives, heirs and legatees of the Participant’s estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.
  - (h) **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
  - (i) **Amendment.** This Agreement shall not be amended unless such amendment is agreed to in writing by both the Participant and the Company.

- (j) **Governing Law.** This Agreement and all rights hereunder shall be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and to applicable Federal securities laws.
- (k) **Section 409A Compliance.** To the extent applicable, it is intended that the Units comply with the requirements of Section 409A of the Code and the Treasury Regulations and other guidance, compliance programs and other interpretive authority thereunder (“**Section 409A**”), and that this Agreement shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A. In the event that (i) any provision of this Agreement, (ii) the Units or any payment or transaction in respect of the Units or (iii) other action or arrangement contemplated by the provisions of this Agreement is determined by the Committee to not comply with the applicable requirements of Section 409A, the Committee shall have the authority to take such actions and to make such changes to this Agreement as the Committee deems necessary to comply with such requirements. No payment that constitutes deferred compensation under Section 409A that would otherwise be made under this Agreement upon a termination of Service will be made or provided unless and until such termination is also a “separation from service,” as determined in accordance with Section 409A. Notwithstanding the foregoing or anything elsewhere in this Agreement to the contrary, if the Participant is a “specified employee” as defined in Section 409A at the time of termination of Service with respect to the Units, then solely to the extent necessary to avoid the imposition of any additional tax under Section 409A, the commencement of any payments or benefits under the Units shall be deferred until the date that is six months following the Participant’s termination of Service (or, if earlier, the date of death of the Participant). Notwithstanding anything to the contrary in this Agreement, dividend equivalents shall be paid no later than the March 15 following the calendar year during which the Participant first acquires a vested, legally binding right to receive the dividend equivalent. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A or any damages for failing to comply with Section 409A.

AMC ENTERTAINMENT HOLDINGS, INC.

2013 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Notice

- 1. Participant: [\*]
- 2. Type of Award: Restricted Stock Units
- 3. Number of Units: [\*]  
 Subject to reduction to satisfy tax withholding obligations as and when due pursuant to Section 3(c) of the Restricted Stock Unit Award Agreement
- 4. Date of Grant: [\*]
- 5. Vesting: The Restricted Stock Units are eligible to vest [\*] as set forth in Section 2 of the Restricted Stock Unit Award Agreement.
- 6. Performance Goal: Vesting of the Restricted Stock Units shall be subject to the following Performance Goal set forth in Section 2 of the Restricted Stock Unit Award Agreement:  
 [\*]
- 7. Settlement: Each Restricted Stock Unit shall be convertible into one share of Class A Common Stock within 30 days of vesting subject to Section 3 of the Restricted Stock Unit Award Agreement.
- 8. Dividend Equivalents: The Restricted Stock Units shall be entitled to dividend equivalents as set forth in Section 1 of the Restricted Stock Unit Award Agreement.

By executing this Restricted Stock Unit Award Notice, the Participant agrees and acknowledges that the Restricted Stock Units described herein are granted under and governed by the terms and conditions of the Restricted Stock Unit Award Agreement attached hereto and the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan, both of which are hereby incorporated by reference and together with this Restricted Stock Unit Award Notice constitute one document. This Restricted Stock Unit Award Notice may be signed in counterparts, each of which shall be an original with the same effect as if signatures thereto and hereto were upon the same instrument.

PARTICIPANT

AMC ENTERTAINMENT HOLDINGS, INC.

By: \_\_\_\_\_  
 [\*]

By: \_\_\_\_\_  
 Name: [\*]  
 Title: [\*]

AMC ENTERTAINMENT HOLDINGS, INC.

2013 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Agreement

[\*]

SECTION 1. GRANT OF RESTRICTED STOCK UNIT AWARD.

- (a) **Restricted Stock Unit Award.** AMC Entertainment Holdings, Inc. (the "Company") hereby grants to the Participant whose name is set forth on the applicable Restricted Stock Unit Award Notice (the "Notice") on the date set forth on such Notice (such date, the "Date of Grant"), Restricted Stock Units (the "Units") in an amount set forth in the Notice, pursuant to the terms and conditions set forth in the Notice, this agreement (the "Agreement") and the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan (the "Plan"). The Units are intended to constitute "qualified performance-based compensation" as that term is used in Section 162(m) of the Code, which Units shall be subject to the terms and conditions of Section 10 of the Plan.
- (b) **No Purchase Price.** In lieu of a purchase price, this Award is made in consideration of Service previously rendered and, to be rendered, by the Participant to the Company.
- (c) **Equity Incentive Plan and Defined Terms.** Capitalized terms not defined herein shall have the same meaning as in the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
- (d) **Dividend Equivalents.** Each Unit held as of the record date for dividends or other distributions paid in respect of shares of Common Stock shall be entitled to a dividend equivalent equal to the amount paid in respect of one share of Common Stock. Prior to vesting, such dividend equivalents shall accumulate and be paid within thirty (30) days following the date and to the extent the Units vest. All rights to dividend equivalents shall be forfeited along with and to the extent the Units are forfeited.

SECTION 2. VESTING AND FORFEITURE; PERFORMANCE GOALS

- (a) **Vesting.** [\*]
- (b) **Performance Goals.** Each scheduled vesting shall be conditioned upon the Company having achieved [\*] for the [\*] (the “Performance Period”), as reported in the Company’s audited financial statements for such Performance Period (each a “Performance Goal”). The Committee shall determine and certify in writing whether and the extent to which the Performance Goal was achieved with respect to a Performance Period. Such determination and certification shall occur as soon as practicable following the receipt of the Company’s financial statements for the Performance Period. For the avoidance of doubt, the Committee may adjust the Performance Goal(s) (including, without limitation, to prorate goals and payments for a partial plan year) pursuant to Section 10.5 of the Plan and subject to compliance with Section 162(m) of the Code.
- (c) **Forfeiture.** Unless otherwise provided in a written agreement with the Participant in effect as of the Date of Grant, all unvested Units shall be immediately forfeited upon termination of the Participant’s Service for any reason prior to the end of the Performance Period applicable to such Units. Any units that do not vest as a result of the Company’s failure to achieve the Performance Goal for a Performance Period shall be immediately forfeited.

### SECTION 3. SETTLEMENT OF RESTRICTED STOCK UNITS

- (a) **Time of Settlement.** Subject to the terms of the Plan and this Agreement, each Unit shall be settled within thirty (30) days following vesting (each a “Settlement Date”). On the Settlement Date, the applicable Units shall be converted into an equivalent number of shares of Common Stock that will be immediately distributed to the Participant (or the Participant’s legal representative). With regard to shares of Common Stock delivered on the Settlement Date, the Company may at its election either (i)

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issue a certificate representing the shares, or (ii) not issue any certificate representing the shares and instead document the Participant’s interest by registering the shares with the Company’s transfer agent (or another custodian selected by the Company) in book-entry form.

- (b) **Delay of Settlement.** Notwithstanding Section 3(a), the Settlement Date may be delayed where the Company reasonably anticipates that the settlement of the Units will violate Federal securities laws or other applicable law; provided that the Units shall be settled at the earliest date at which the Company reasonably anticipates that the settlement will not cause such violation. For purposes of this Section 3(b), the making of a payment that would cause inclusion in gross income or the application of any penalty provision of the Code shall not be treated as a violation of applicable law.
- (c) **Withholding Requirements.** As of the date any withholding tax is paid by the Company on behalf of the Participant with regard to the Units (a “Taxable Date”), the Company shall accelerate settlement and withhold shares of Common Stock with a Fair Market Value on the Taxable Date equal to the minimum amount of the applicable tax withholding, plus any minimum tax withholding liability incurred as a result of such acceleration; provided that, in connection with taxes owed on the Settlement Date, the Participant may elect at any time no later than five (5) business days prior to the Settlement Date to satisfy any withholding requirement by remitting to the Company an amount in cash equal to the minimum applicable tax withholding in connection with the settlement of the Units.

### SECTION 4. MISCELLANEOUS PROVISIONS.

- (a) **Securities Laws.** Subject to Section 3(b), no shares of Common Stock will be issued or transferred pursuant to this Agreement unless and until all then applicable requirements imposed by Federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares of Common Stock pursuant to this Agreement, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable pursuant to this Agreement as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Committee may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares.
- (b) **Participant Undertaking.** The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect the obligations or restrictions imposed on either the Participant or upon the shares of Common Stock issued pursuant to this Agreement.
- (c) **No Right to Continued Service.** Nothing in this Agreement or the Plan shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without Cause.
- (d) **Notification.** Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.
- (e) **Entire Agreement.** This Agreement, the Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements,

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representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

- (f) **Waiver.** No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.
- (g) **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant’s assigns and the legal representatives, heirs and legatees of the Participant’s estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.
- (h) **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- (i) **Amendment.** This Agreement shall not be amended unless such amendment is agreed to in writing by both the Participant and the Company.

- (j) **Governing Law.** This Agreement and all rights hereunder shall be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and to applicable Federal securities laws.
- (k) **Section 409A Compliance.** To the extent applicable, it is intended that the Units comply with the requirements of Section 409A of the Code and the Treasury Regulations and other guidance, compliance programs and other interpretive authority thereunder (“**Section 409A**”), and that this Agreement shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A. In the event that (i) any provision of this Agreement, (ii) the Units or any payment or transaction in respect of the Units or (iii) other action or arrangement contemplated by the provisions of this Agreement is determined by the Committee to not comply with the applicable requirements of Section 409A, the Committee shall have the authority to take such actions and to make such changes to this Agreement as the Committee deems necessary to comply with such requirements. No payment that constitutes deferred compensation under Section 409A that would otherwise be made under this Agreement upon a termination of Service will be made or provided unless and until such termination is also a “separation from service,” as determined in accordance with Section 409A. Notwithstanding the foregoing or anything elsewhere in this Agreement to the contrary, if the Participant is a “specified employee” as defined in Section 409A at the time of termination of Service with respect to the Units, then solely to the extent necessary to avoid the imposition of any additional tax under Section 409A, the commencement of any payments or benefits under the Units shall be deferred until the date that is six months following the Participant’s termination of Service (or, if earlier, the date of death of the Participant). Notwithstanding anything to the contrary in this Agreement, dividend equivalents shall be paid no later than the March 15 following the calendar year during which the Participant first acquires a vested, legally binding right to receive the dividend equivalent. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A or any damages for failing to comply with Section 409A.

AMC ENTERTAINMENT HOLDINGS, INC.

2013 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Notice

- 1. Participant: [\*]
- 2. Type of Award: Restricted Stock Units
- 3. Number of Units: [\*]  
Subject to reduction to satisfy tax withholding obligations as and when due pursuant to Section 3(c) of the Restricted Stock Unit Award Agreement
- 4. Date of Grant: [\*]
- 5. Vesting: The Restricted Stock Units are eligible to vest [\*] as set forth Section 2 of the Restricted Stock Unit Award Agreement.
- 6. Settlement: Each Restricted Stock Unit shall be convertible into one share of Common Stock within 30 days of vesting subject to Section 3 of the Restricted Stock Unit Award Agreement.
- 7. Dividend Equivalents: The Restricted Stock Units shall be entitled to dividend equivalents as set forth in Section 1 of the Restricted Stock Unit Award Agreement.

By executing this Restricted Stock Unit Award Notice, the Participant agrees and acknowledges that the Restricted Stock Units described herein are granted under and governed by the terms and conditions of the Restricted Stock Unit Award Agreement attached hereto and the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan, both of which are hereby incorporated by reference and together with this Restricted Stock Unit Award Notice constitute one document. This Restricted Stock Unit Award Notice may be signed in counterparts, each of which shall be an original with the same effect as if signatures thereto and hereto were upon the same instrument.

PARTICIPANT

AMC ENTERTAINMENT HOLDINGS, INC.

By: \_\_\_\_\_  
[\*]

By: \_\_\_\_\_  
Name: [\*]  
Title: [\*]

AMC ENTERTAINMENT HOLDINGS, INC.

2013 EQUITY INCENTIVE PLAN

Restricted Stock Unit Award Agreement

[\*]

SECTION 1. GRANT OF RESTRICTED STOCK UNIT AWARD.

- (a) **Restricted Stock Unit Award.** AMC Entertainment Holdings, Inc. (the "Company") hereby grants to the Participant whose name is set forth on the applicable Restricted Stock Unit Award Notice (the "Notice") on the date set forth on such Notice (such date, the "Date of Grant"), Restricted Stock Units (the "Units") in an amount set forth in the Notice, pursuant to the terms and conditions set forth in the Notice, this agreement (the "Agreement") and the AMC Entertainment Holdings, Inc. 2013 Equity Incentive Plan (the "Plan").
- (b) **No Purchase Price.** In lieu of a purchase price, this Award is made in consideration of Service previously rendered and, to be rendered, by the Participant to the Company.
- (c) **Equity Incentive Plan and Defined Terms.** Capitalized terms not defined herein shall have the same meaning as in the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
- (d) **Dividend Equivalents.** Each Unit held as of the record date for dividends or other distributions paid in respect of shares of Common Stock shall be entitled to a dividend equivalent equal to the amount paid in respect of one share of Common Stock. Prior to vesting, such dividend equivalents shall accumulate and be paid within thirty (30) days following the date and to the extent the Units vest. All rights to dividend equivalents shall be forfeited along with and to the extent the Units are forfeited.

SECTION 2. VESTING AND FORFEITURE

- (a) **Vesting.** [\*]
- (b) **Forfeiture.** Unless otherwise provided in a written agreement with the Participant in effect as of the Date of Grant, all unvested Units shall be immediately forfeited upon termination of the Participant's Service for any reason prior to vesting.

SECTION 3. SETTLEMENT OF RESTRICTED STOCK UNITS

- (a) **Time of Settlement.** Subject to the terms of the Plan and this Agreement, each Unit shall be settled within thirty (30) days following vesting (each a “Settlement Date”). On the Settlement Date, the applicable Units shall be converted into an equivalent number of shares of Common Stock that will be immediately distributed to the Participant (or the Participant’s legal representative). With regard to shares of Common Stock delivered on the Settlement Date, the Company may at its election either (i) issue a certificate representing the shares, or (ii) not issue any certificate representing the shares and instead document the Participant’s interest by registering the shares with the Company’s transfer agent (or another custodian selected by the Company) in book-entry form.
- (b) **Delay of Settlement.** Notwithstanding Section 3(a), the Settlement Date may be delayed where the Company reasonably anticipates that the settlement of the Units will violate Federal securities laws or other applicable law; provided that the Units shall be settled at the earliest date at which the Company reasonably anticipates that the settlement will not cause such violation. For purposes of this Section 3(b), the making of a payment that would cause inclusion in gross income or the application of any penalty provision of the Code shall not be treated as a violation of applicable law.
- (c) **Withholding Requirements.** As of the date any withholding tax is paid by the Company on behalf of the Participant with regard to the Units (a “Taxable Date”), the Company shall accelerate settlement and withhold shares of Common Stock with a Fair Market Value on the Taxable Date equal to the minimum amount of the applicable tax withholding, plus any minimum tax withholding liability incurred as a

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result of such acceleration; provided that, in connection with taxes owed on the Settlement Date, the Participant may elect at any time no later than five (5) business days prior to the Settlement Date to satisfy any withholding requirement by remitting to the Company an amount in cash equal to the minimum applicable tax withholding in connection with the settlement of the Units.

#### SECTION 4. MISCELLANEOUS PROVISIONS.

- (a) **Securities Laws.** Subject to Section 3(b), no shares of Common Stock will be issued or transferred pursuant to this Agreement unless and until all then applicable requirements imposed by Federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares of Common Stock pursuant to this Agreement, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable pursuant to this Agreement as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Committee may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares.
- (b) **Participant Undertaking.** The Participant agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable to carry out or effect the obligations or restrictions imposed on either the Participant or upon the shares of Common Stock issued pursuant to this Agreement.
- (c) **No Right to Continued Service.** Nothing in this Agreement or the Plan shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without Cause.
- (d) **Notification.** Any notification required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or within three (3) days of deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. A notice shall be addressed to the Company at its principal executive office and to the Participant at the address that he or she most recently provided to the Company.
- (e) **Entire Agreement.** This Agreement, the Notice and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.
- (f) **Waiver.** No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.
- (g) **Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant’s assigns and the legal representatives, heirs and legatees of the Participant’s estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.
- (h) **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

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- (i) **Amendment.** This Agreement shall not be amended unless such amendment is agreed to in writing by both the Participant and the Company.
  - (j) **Governing Law.** This Agreement and all rights hereunder shall be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and to applicable Federal securities laws.
  - (k) **Section 409A Compliance.** To the extent applicable, it is intended that the Units comply with the requirements of Section 409A of the Code and the Treasury Regulations and other guidance, compliance programs and other interpretive authority thereunder (“Section 409A”), and that this Agreement shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A. In the event that (i) any provision of this Agreement, (ii) the Units or any payment or transaction in respect of the Units or (iii) other action or arrangement contemplated by the provisions of this Agreement is determined by the Committee to not comply with the applicable requirements of Section 409A, the Committee shall have the authority to take such actions and to make such changes to this Agreement as the Committee deems necessary to comply with such requirements. No payment that constitutes deferred compensation under Section 409A that would otherwise be made under this Agreement upon a termination of Service will be made or provided unless and until such termination is also a “separation from service,” as determined in accordance with Section 409A. Notwithstanding the foregoing or anything elsewhere in this Agreement to the contrary, if the Participant is a “specified employee” as defined in Section 409A at the time of termination of Service with respect to the Units, then solely to the extent necessary to avoid the imposition of any additional tax under Section 409A, the commencement of any payments or benefits under the Units shall be deferred until the date that is six months following the Participant’s termination of Service (or, if earlier, the date of death of the Participant). Notwithstanding anything to the contrary in this Agreement, dividend equivalents shall be paid no later than the March 15 following the calendar year during which the Participant first acquires a vested, legally binding right to

receive the dividend equivalent. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A or any damages for failing to comply with Section 409A.



**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES (AND JURISDICTION OF ORGANIZATION)**

AMC Entertainment Holdings, Inc. (Delaware)  
AMC Entertainment Inc. (Delaware)  
American Multi-Cinema, Inc. (Missouri)  
AMC Card Processing Services, Inc. (Arizona)  
AMC License Services, Inc. (Kansas)  
AMC ITD, Inc. (Kansas)  
Loews Kaplan Cinema Associates Partnership (50%)  
AMC Theatres of Canada, Inc. (New Brunswick)  
AMC Theatres of U.K. Limited (United Kingdom)  
Centertainment Development, Inc. (Delaware)  
Club Cinema of Mazza, Inc. (District of Columbia)  
AMC Starplex, LLC (Delaware) (99% AMC 1% LCTC)  
Loews Citywalk Theatre Corporation (California)  
Citywalk Big Screen Theatres (California) (50%)  
Midlands Water Association (Illinois)  
Showplex Cinemas, Inc. (Texas)  
AC JV, LLC (Delaware) (32%)  
AMC Concessionaire Services of Florida, LLC (Florida)  
AMC Interchange Ventures ULC (British Columbia)  
AMC of Maryland, LLC (Maryland)  
Digital Cinema Distribution Coalition, LLC (Delaware) (15.45%)  
Digital Cinema Implementation Partners, LLC (Delaware) (33.3%)  
Interstate Theatres, LLC (Texas)  
Interstate Theatres II, LLC (Texas)  
Starplex Operating LLC (Texas)  
National CineMedia, LLC (Delaware) (17.66%)  
Open Road Releasing, LLC (Delaware) (50%)  
Universal Cineplex Odeon Joint Venture (Florida) (50%)

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QuickLinks

[Exhibit 21](#)

[AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES \(AND JURISDICTION OF ORGANIZATION\)](#)

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders  
AMC Entertainment Holdings, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-192912) on Form S-8 of AMC Entertainment Holdings, Inc. of our report dated March 8, 2016, with respect to the consolidated balance sheets of AMC Entertainment Holdings, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the December 31, 2015 annual report on Form 10-K of AMC Entertainment Holdings, Inc.

Our report dated March 8, 2016, on the effectiveness of internal control over financial reporting as of December 31, 2015, contains an explanatory paragraph that states AMC Entertainment Holdings, Inc. acquired SMH Theatres, Inc. during 2015, and management excluded SMH Theatres, Inc. from its assessment of the effectiveness of the internal control over financial reporting as of December 31, 2015. SMH Theatres, Inc.'s internal control over financial reporting is associated with total assets of \$194.4 million and total revenues of \$7.9 million included in the consolidated financial statements of AMC Entertainment Holdings, Inc. as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting also excluded an evaluation of the internal control over financial reporting of SMH Theatres, Inc.

As discussed in Note 1 to the consolidated financial statements, the Company has retrospectively changed the classification of deferred income taxes in the consolidated balance sheets to reflect the adoption of the Financial Accounting Standards Board's Accounting Standards Update No. 2015-17, *Balance Sheet Classification of Deferred Taxes*.

/s/ KPMG LLP

Kansas City, Missouri  
March 8, 2016

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QuickLinks

[Exhibit 23.1](#)

[Consent of Independent Registered Public Accounting Firm](#)

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**Exhibit 23.2**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-192912 on Form S-8 of AMC Entertainment Holdings, Inc. of our report dated March 1, 2016, relating to the financial statements of National CineMedia, LLC, appearing in this Annual Report on Form 10-K of AMC Entertainment Holdings, Inc. for the year ended December 31, 2015.

/s/ Deloitte & Touche LLP

Denver, Colorado  
March 8, 2016

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[Exhibit 23.2](#)

[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

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**Exhibit 23.3**

**Consent of Independent Auditor**

We consent to the incorporation by reference in the registration statement on Form S-8 (File No. 333-192912) of AMC Entertainment Holdings, Inc. of our report dated February 19, 2016, on our audits of the consolidated financial statements of Digital Cinema Implementation Partners, LLC and Subsidiaries as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, which report is included in the Form 10-K of AMC Entertainment Holdings, Inc. for the year ended December 31, 2015.

/s/ CohnReznick LLP  
March 7, 2016  
Roseland, New Jersey

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[Exhibit 23.3](#)

[Consent of Independent Auditor](#)



**CERTIFICATIONS**

I, Adam M. Aron, certify that:

1. I have reviewed this annual report on Form 10-K 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 reasonable 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: March 8, 2016

/s/ ADAM M. ARON

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

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[EXHIBIT 31.1](#)

[CERTIFICATIONS](#)

**CERTIFICATIONS**

I, Craig R. Ramsey, certify that:

1. I have reviewed this annual report on Form 10-K 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 reasonable 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: March 8, 2016

/s/ CRAIG R. RAMSEY

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Craig R. Ramsey  
*Executive Vice President and Chief Financial Officer*

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[EXHIBIT 31.2](#)

[CERTIFICATIONS](#)

**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 Annual Report on Form 10-K of the Company for the year ended December 31, 2015 (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 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 March 8, 2016

/s/ ADAM M. ARON

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

/s/ CRAIG R. RAMSEY

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Craig R. Ramsey  
*Executive Vice President and Chief Financial Officer*

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[EXHIBIT 32.1](#)

[CERTIFICATION OF PERIODIC REPORT](#)