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

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**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2016

OR

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

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

Commission file number 001-33892

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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)

Registrant's telephone number, including area code: **(913) 213-2000**

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(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 Exchange Act). Yes  No

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

<u>Title of each class of common stock</u>	<u>Number of shares outstanding as of April 15, 2016</u>
Class A common stock	21,613,532
Class B common stock	75,826,927



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## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements. (Unaudited)

AMC ENTERTAINMENT HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended	
	March 31, 2016	March 31, 2015
	(unaudited)	
Revenues		
Admissions	\$ 482,574	\$ 418,694
Food and beverage	244,152	200,524
Other theatre	39,291	33,906
Total revenues	<u>766,017</u>	<u>653,124</u>
Operating costs and expenses		
Film exhibition costs	262,354	223,088
Food and beverage costs	33,965	28,508
Operating expense	202,313	187,258
Rent	124,584	117,921
General and administrative:		
Merger, acquisition and transaction costs	4,604	1,578
Other	18,516	4,941
Depreciation and amortization	60,430	57,777
Operating costs and expenses	<u>706,766</u>	<u>621,071</u>
Operating income	59,251	32,053
Other expense (income):		
Other expense	26	—
Interest expense:		
Corporate borrowings	24,867	26,079
Capital and financing lease obligations	2,195	2,373
Equity in earnings of non-consolidated entities	(4,264)	(1,324)
Investment income	(9,954)	(5,143)
Total other expense	<u>12,870</u>	<u>21,985</u>
Earnings before income taxes	46,381	10,068
Income tax provision	18,090	3,930
Net earnings	<u>\$ 28,291</u>	<u>\$ 6,138</u>
Earnings per share:		
Basic	<u>\$ 0.29</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.29</u>	<u>\$ 0.06</u>
Average shares outstanding:		
Basic	98,200	97,919
Diluted	98,207	97,919
Dividends declared per basic and diluted common share	<u>\$ 0.20</u>	<u>\$ 0.20</u>

See Notes to Consolidated Financial Statements.



## AMC ENTERTAINMENT HOLDINGS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Three Months Ended	
	March 31, 2016	March 31, 2015
	(unaudited)	
Net earnings	\$ 28,291	\$ 6,138
Unrealized foreign currency translation adjustment, net of tax	(71)	976
Pension and other benefit adjustments:		
Net loss arising during the period, net of tax	—	(45)
Prior service credit arising during the period, net of tax	—	746
Amortization of net (gain) loss reclassified into general and administrative: other, net of tax	4	(1,699)
Amortization of prior service credit reclassified into general and administrative: other, net of tax	—	(1,762)
Curtailment gain reclassified into general and administrative: other, net of tax	—	(7,239)
Settlement gain reclassified into general and administrative: other, net of tax	—	(175)
Marketable securities:		
Unrealized net holding gain arising during the period, net of tax	339	825
Realized net gain reclassified into investment income, net of tax	(1,783)	(4)
Equity method investees' cash flow hedge:		
Unrealized net holding loss arising during the period, net of tax	(468)	(361)
Realized net loss reclassified into equity in earnings of non-consolidated entities, net of tax	97	122
Other comprehensive loss	(1,882)	(8,616)
Total comprehensive income (loss)	\$ 26,409	\$ (2,478)

See Notes to Consolidated Financial Statements.

**AMC ENTERTAINMENT HOLDINGS, INC.**

**CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 107,927	\$ 211,250
Receivables, net	85,048	105,509
Other current assets	93,698	97,608
Total current assets	<u>286,673</u>	<u>414,367</u>
Property, net	1,409,634	1,401,928
Intangible assets, net	235,508	237,376
Goodwill	2,410,580	2,406,691
Deferred tax asset	105,609	126,198
Other long-term assets	483,067	501,757
Total assets	<u>\$ 4,931,071</u>	<u>\$ 5,088,317</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 240,807	\$ 313,025
Accrued expenses and other liabilities	141,037	158,664
Deferred revenues and income	183,072	221,679
Current maturities of corporate borrowings and capital and financing lease obligations	18,991	18,786
Total current liabilities	<u>583,907</u>	<u>712,154</u>
Corporate borrowings	1,851,160	1,902,598
Capital and financing lease obligations	90,992	93,273
Exhibitor services agreement	373,010	377,599
Other long-term liabilities	484,668	462,626
Total liabilities	<u>3,383,737</u>	<u>3,548,250</u>
Commitments and contingencies		
Class A common stock (temporary equity) (\$.01 par value, 140,014 shares issued and 103,245 shares outstanding as of March 31, 2016; 167,211 shares issued and 130,442 shares outstanding as of December 31, 2015)	<u>1,080</u>	<u>1,364</u>
Stockholders' equity:		
Class A common stock (\$.01 par value, 524,173,073 shares authorized; 21,510,287 shares issued and outstanding as of March 31, 2016; 21,445,090 shares issued and outstanding as of December 31, 2015)	215	214
Class B common stock (\$.01 par value, 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of March 31, 2016 and December 31, 2015)	758	758
Additional paid-in capital	1,184,121	1,183,218
Treasury stock (36,769 shares as of March 31, 2016 and December 31, 2015, at cost)	(680)	(680)
Accumulated other comprehensive income	922	2,804
Accumulated earnings	360,918	352,389
Total stockholders' equity	<u>1,546,254</u>	<u>1,538,703</u>
Total liabilities and stockholders' equity	<u>\$ 4,931,071</u>	<u>\$ 5,088,317</u>

See Notes to Consolidated Financial Statements.

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

(in thousands)

	Three Months Ended	
	March 31, 2016	March 31, 2015
	(unaudited)	
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 28,291	\$ 6,138
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	60,430	57,777
Amortization of discount (premium) on corporate borrowings	59	(1,566)
Deferred income taxes	16,235	3,525
Theatre and other closure expense	1,508	1,127
Gain on dispositions	(3,008)	—
Stock-based compensation	1,087	5,739
Equity in earnings and losses from non-consolidated entities, net of distributions	6,199	7,810
Landlord contributions	20,309	10,991
Deferred rent	(7,087)	(5,519)
Net periodic benefit cost (credit)	199	(17,917)
Change in assets and liabilities, excluding acquisitions:		
Receivables	43,987	52,943
Other assets	(1,690)	(2,277)
Accounts payable	(81,480)	(58,998)
Accrued expenses and other liabilities	(63,227)	(34,492)
Other, net	1,059	(3,718)
Net cash provided by operating activities	<u>22,871</u>	<u>21,563</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(57,657)	(69,590)
Acquisition of Starplex Cinemas, net of cash acquired	400	—
Investments in non-consolidated entities, net	(9)	(152)
Proceeds from disposition of long-term assets	5,390	—
Other, net	251	(1,636)
Net cash used in investing activities	<u>(51,625)</u>	<u>(71,378)</u>
<b>Cash flows from financing activities:</b>		
Cash used to pay dividends	(19,803)	(19,821)
Deferred financing costs	(501)	—
Payments under revolving credit facility	(50,000)	—
Principal payments under capital and financing lease obligations	(2,076)	(1,886)
Principal payments under Term Loan	(2,202)	(1,938)
Net cash used in financing activities	<u>(74,582)</u>	<u>(23,645)</u>
Effect of exchange rate changes on cash and equivalents	13	58
Net decrease in cash and equivalents	<u>(103,323)</u>	<u>(73,402)</u>
Cash and equivalents at beginning of period	211,250	218,206
Cash and equivalents at end of period	<u>\$ 107,927</u>	<u>\$ 144,804</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<b>Cash paid during the period for:</b>		
Interest (net of amounts capitalized of \$46 and \$37)	\$ 22,526	\$ 20,289
Income taxes, net	806	505
<b>Schedule of non-cash operating and investing activities:</b>		
Investment in NCM (See Note 3—Investments)	\$ —	\$ 6,812
Receivable from sale of RealD Inc. shares (See Note 3—Investments)	13,451	—

See Notes to Consolidated Financial Statements.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(Unaudited)

**NOTE 1—BASIS OF PRESENTATION**

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

On March 31, 2016, AMC Entertainment Inc. ("AMCE") merged with and into Holdings, its direct parent company. In connection with the merger, Holdings assumed all of the obligations of AMCE pursuant to the indentures to the 5.875% Senior Subordinated Notes due 2022, the 5.75% Senior Subordinated Notes due 2025 and the Credit Agreement, dated as of April 30, 2013 (as subsequently amended).

As of March 31, 2016, Wanda owned approximately 77.82% of Holdings' outstanding common stock and 91.32% 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.

**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 exchange ticket income. Actual results could differ from those estimates.

**Principles of Consolidation:** The accompanying unaudited consolidated financial statements include the accounts of Holdings and all subsidiaries, as discussed above, and should be read in conjunction with the Company's Annual Report on Form 10-K for the twelve months ended December 31, 2015. The accompanying consolidated balance sheet as of December 31, 2015, which was derived from audited financial statements, and the unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by the accounting principles generally accepted in the United States of America for complete consolidated financial statements. In the opinion of management, these interim financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the Company's financial position and results of operations. All significant intercompany balances and transactions have been eliminated in consolidation. There are no noncontrolling (minority) interests in the Company's consolidated subsidiaries; consequently, all of its stockholders' equity, net earnings and total comprehensive income for the periods presented are attributable to controlling interests. Due to the seasonal nature of the Company's business, results for the three months ended March 31, 2016 are not necessarily indicative

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

**NOTE 1—BASIS OF PRESENTATION (Continued)**

of the results to be expected for the twelve months ending December 31, 2016. The Company manages its business under one reportable segment called Theatrical Exhibition.

**Change in Accounting Principle:** The Company adopted the provisions of Accounting Standards Update ("ASU") No. 2015-03 and 2015-15, Interest-Imputation of Interest (Subtopic 835-30) as of the beginning of 2016 on a retrospective basis. As a result of the adoption of ASU No. 2015-03 and ASU No. 2015-15, the Company reclassified \$21,768,000 of debt issuance costs for its term loan and senior subordinated notes from other long-term assets to corporate borrowings in the Consolidated Balance Sheet as of December 31, 2015. The Company continues to defer and present its debt issuance costs related to its line-of-credit arrangement as an asset regardless of whether there are any outstanding borrowings on the line-of-credit arrangement as provided in ASU No. 2015-15.

**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 \$172,243,000, net of cash acquired, and was 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

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

## NOTE 2—ACQUISITION (Continued)

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	\$ 2,519
Receivables	1,829
Other current assets	4,629
Property(1)	52,357
Intangible assets(2)	21,480
Goodwill(3)	120,780
Other long-term assets	290
Accounts payable	(4,211)
Accrued expenses and other liabilities	(5,052)
Deferred revenues and income	(2,467)
Deferred tax liability	(16,172)
Other long-term liabilities(4)	(1,220)
Total estimated purchase price	<u>\$ 174,762</u>

- (1) Amounts recorded for property include 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.

During the three months ended March 31, 2016, the Company incurred integration and acquisition-related costs for Starplex Cinemas of approximately \$1,218,000, 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 three months ended March 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 as of December 31, 2015, that were divested in January 2016 as required by the Antitrust Division of the United States Department of Justice. Assets

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

## NOTE 2—ACQUISITION (Continued)

held for sale of approximately \$5,390,000 were classified as other current assets in the Company's Consolidated Balance Sheets at December 31, 2015.

As of March 31, 2016, the Company recorded amounts due from Starplex of \$211,000 that relate to preliminary working capital adjustments and reduced the total estimated purchase price.

Activity of goodwill is presented below:

<u>(In thousands)</u>	<u>Total</u>
Balance as of December 31, 2015	\$ 2,406,691
Adjustments to acquisition of Starplex Cinemas	3,889
Balance as of March 31, 2016	<u>\$ 2,410,580</u>

## NOTE 3—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 March 31, 2016, include a 17.40% interest in National CineMedia, LLC ("NCM" or "NCM LLC"), a 29% interest in Digital Cinema Implementation Partners, LLC ("DCIP"), a 15.45% interest in Digital Cinema Distribution Coalition, LLC ("DCDC"), a 50% interest in Open Road Releasing, LLC, operator of Open Road Films, LLC ("Open Road Films"), a 32% interest in AC JV, LLC ("AC JV"), owner of Fathom Events, and a 50% interest in two U.S. motion picture theatres and one IMAX screen. Indebtedness held by equity method investees is non-recourse to the Company.

**RealD Inc. Common Stock.** The Company sold all of its 1,222,780 shares in RealD Inc. during the three months ended March 31, 2016 and recognized a gain on sale of \$3,008,000. The Company has recorded a \$13,451,000 receivable included in receivables, net related to the sale of its RealD Inc. shares as of March 31, 2016 and received the proceeds from the sale on April 9, 2016.

## Equity in Earnings (Losses) of Non-Consolidated Entities

Aggregated condensed financial information of the Company's significant non-consolidated equity method investments for the three months ended March 31, 2016 and the three months ended March 31, 2015 is shown below:

<u>(In thousands)</u>	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
Revenues	\$ 116,844	\$ 117,641
Operating costs and expenses	105,842	138,897
Net earnings (loss)	<u>\$ 11,002</u>	<u>\$ (21,256)</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 3—INVESTMENTS (Continued)

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

<u>(In thousands)</u>	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
National CineMedia, LLC	\$ (2,117)	\$ (6,639)
Digital Cinema Implementation Partners, LLC	5,764	5,429
Open Road Releasing, LLC	—	1,286
AC JV, LLC	259	1,038
Other	358	210
The Company's recorded equity in earnings	<u>\$ 4,264</u>	<u>\$ 1,324</u>

**NCM Transactions.** As of March 31, 2016, the Company owns 23,862,988 common membership units, or a 17.40% interest, in NCM and 200,000 common shares of NCM, Inc. The estimated fair market value of the common units in NCM and the common stock investment in NCM, Inc. was approximately \$365,998,000, based on the publically quoted price per share of NCM, Inc. on March 31, 2016 of \$15.21 per share.

The Company recorded the following transactions with NCM:

<u>(In thousands)</u>	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Due from NCM for on-screen advertising revenue	\$ 2,299	\$ 2,406
Due to NCM for Exhibitor Services Agreement	791	1,226
Promissory note payable to NCM	5,555	5,555

<u>(In thousands)</u>	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
<i>Other theatre revenues:</i>		
Net NCM screen advertising revenues	\$ 10,539	\$ 8,648
<i>Operating expense:</i>		
NCM beverage advertising expense	1,509	2,514



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 3—INVESTMENTS (Continued)

The Company recorded the following changes in the carrying amount of its investment in NCM and equity in losses of NCM during the three months ended March 31, 2016:

(In thousands)	Investment in NCM(1)	Exhibitor Services Agreement(2)	Other Comprehensive (Income)	Cash Received	Equity in Losses	Advertising (Revenue)
Ending balance December 31, 2015	\$ 327,471	\$ (377,599)	\$ (4,014)			
Receipt of excess cash distributions	(10,170)	—	—	\$ 10,170	\$ —	\$ —
Reclassify book value of NCM, Inc. shares	408	—	—	—	—	—
Amortization of deferred revenue	—	4,589	—	—	—	(4,589)
Equity in losses and loss from amortization of basis difference(3)(4)	(2,117)	—	—	—	2,117	—
For the period ended or balance as of March 31, 2016	<u>\$ 315,592</u>	<u>\$ (373,010)</u>	<u>\$ (4,014)</u>	<u>\$ 10,170</u>	<u>\$ 2,117</u>	<u>\$ (4,589)</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:

	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 exchange for NCM, Inc. shares in December 2015	—	(200,000)
Ending balance at March 31, 2016	<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 Exhibitor Services Agreement ("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*).

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 3—INVESTMENTS (Continued)

- (3) Represents percentage ownership of NCM's losses on both Tranche 1 and Tranche 2 Investments.
- (4) 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 over the respective lives of the assets and liabilities.

During the three months ended March 31, 2016 and March 31, 2015, the Company received payments of \$7,218,000 and \$5,352,000, respectively, related to the NCM tax receivable agreement. The receipts are recorded in investment income, net of related amortization for the NCM tax receivable agreement intangible asset.

**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 \$39,000 for new build locations as of March 31, 2016). 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 transactions with DCIP:

<u>(In thousands)</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Due from DCIP for equipment and warranty purchases	\$ 1,654	\$ 1,460
Deferred rent liability for digital projectors	8,648	8,725

<u>(In thousands)</u>	<u>Three Months Ended</u>	
	<u>March 31, 2016</u>	<u>March 31, 2015</u>
<i>Operating expense:</i>		
Digital equipment rental expense	\$ 1,241	\$ 1,294
Warranty reimbursements from DCIP	(2,013)	(1,925)

**Open Road Films Transactions.** During the three months ended March 31, 2016, the Company continued to suspend equity method accounting for its investment in Open Road Films as the negative investment in Open Road Films had reached the Company's capital commitment of \$10,000,000. On April 1, 2016, the Company funded \$3,000,000 of the capital commitment. The Company's share of cumulative losses from Open Road Films in excess of the Company's capital commitment was \$27,560,000 as of March 31, 2016 and \$14,422,000 as of December 31, 2015.

The Company recorded the following transactions with Open Road Films:

<u>(In thousands)</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Due from Open Road Films	\$ 2,895	\$ 2,472
Film rent payable to Open Road Films	641	1,061

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 3—INVESTMENTS (Continued)

<u>(In thousands)</u>	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
<i>Film exhibition costs:</i>		
Gross film exhibition cost on Open Road Films	\$ 3,580	\$ 1,400

*AC JV Transactions.* The Company recorded the following transactions with AC JV:

<u>(In thousands)</u>	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
	Due to AC JV for Fathom Events programming	\$ 384

<u>(In thousands)</u>	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
<i>Film exhibition costs:</i>		
Gross exhibition cost on Fathom Events programming	\$ 1,979	\$ 2,586

NOTE 4—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 paid to stockholders during the three months ended March 31, 2016:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Date Paid</u>	<u>Amount per</u> <u>Share of</u> <u>Common Stock</u>
February 25, 2016	March 7, 2016	March 21, 2016	\$ 0.20

On February 25, 2016, the Company's Board of Directors declared a cash dividend of approximately \$19,762,000. During the three months ended March 31, 2016, the Company paid

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

**NOTE 4—STOCKHOLDERS' EQUITY (Continued)**

dividends and dividend equivalents of \$19,803,000, increased additional paid-in capital for recognition of deferred tax assets of \$123,000 related to the dividends equivalents paid, decreased additional paid-in capital for reversal of deferred tax assets for the settlement of stock awards by \$119,000, decreased additional paid-in capital for 20,805 shares surrendered to pay payroll and income taxes by \$472,000, and accrued \$124,000 for the remaining unpaid dividends at March 31, 2016. The aggregate dividends paid for Class A common stock, Class B common stock, and dividend equivalents were approximately \$4,323,000, \$15,165,000, and \$315,000, respectively, during the three months ended March 31, 2016.

**Related Party Transaction**

As of March 31, 2016, the Company recorded a receivable due from Wanda of \$214,000 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 (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 three months ended March 31, 2016, a former employee who held 27,197 shares, relinquished his put right, therefore the related share amount of \$284,000 was reclassified to additional paid-in capital, a component of stockholders' equity.

**Stock-Based Compensation**

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

The Company recognized stock-based compensation expense of \$1,087,000 and \$5,739,000 within general and administrative: other during the three months ended March 31, 2016 and March 31, 2015, respectively. The Company's financial statements reflect an increase to additional paid-in capital related to stock-based compensation of \$1,087,000 during the three months ended March 31, 2016. As of March 31, 2016, there was approximately \$14,791,000 of total estimated unrecognized compensation cost, assuming attainment of the performance targets at 100%, related to stock-based compensation arrangements expected to be recognized during the remainder of calendar 2016 and in calendar 2017 and 2018. The Company expects to recognize compensation cost of \$5,179,000 during the remainder of calendar 2016 and \$4,806,000 in calendar 2017 and 2018.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 4—STOCKHOLDERS' EQUITY (Continued)

*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 March 31, 2016, the aggregate number of shares of Holdings' common stock remaining available for grant was 7,677,942 shares.

*Awards Granted in 2016*

During the three months ended March 31, 2016, 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. The fair value of the stock at the grant dates of January 4, 2016, February 24, 2016 and March 1, 2016 was \$23.17, \$22.55 and \$24.88 per share, respectively, and was based on the closing price of Holdings' stock.

The award agreements generally had the following features:

- *Stock Award:* On January 4, 2016, 4 members of Holdings' Board of Directors were granted an award of 4,260 fully vested shares of Class A common stock each, and on February 24, 2016, 1 member of Holdings' Board of Directors was granted an award of 4,302 fully vested shares of Class A common stock, for a total award of 21,342 shares. The Company recognized approximately \$492,000 of expense in general and administrative: other expense during the three months ended March 31, 2016, in connection with these share grants.
- *Restricted Stock Unit Awards:* On March 1, 2016, RSU awards of 145,739 units were granted to certain members of management. Each RSU represents the right to receive one share of Class A common stock at a future date. The RSUs vest over 3 years with  $\frac{1}{3}$  vesting on each of January 2, 2017, 2018 and 2019. The RSUs will be settled within 30 days of vesting. 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 grant date fair value was \$3,626,000 based on a stock price of \$24.88 on March 1, 2016. The Company recognized approximately \$121,000 of expense in general and administrative: other expense during the three months ended March 31, 2016, in connection with these awards.

On March 1, 2016, RSU awards of 135,981 units were granted to certain executive officers covered by Section 162(m) of the Internal Revenue Code. The RSUs will be forfeited if Holdings does not achieve a specified cash flow from operating activities target for each of the twelve months ending December 31, 2016, 2017 and 2018. The RSUs vest over 3 years with  $\frac{1}{3}$  vesting in each of 2017, 2018 and 2019 if cash flow from operating activities target is met. The vested RSUs will be settled within 30 days of vesting. 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

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 4—STOCKHOLDERS' EQUITY (Continued)

the holder upon vesting of the RSUs. The grant date fair value was \$3,383,000 based on the probable outcome of the performance targets and a stock price of \$24.88 on March 1, 2016. The Company recognized expense for these awards of \$112,000 in general and administrative: other expense, during the three months ended March 31, 2016, based on current estimates that the performance condition for all years is expected to be achieved.

- *Performance Stock Unit Award:* On March 1, 2016, PSU awards were granted to certain members of management and executive officers, with both a three year cumulative free cash flow and net income performance target condition and a service condition, covering a performance period beginning January 1, 2016 and ending on December 31, 2018. The PSUs will vest ratably based on a scale ranging from 80% to 120% of the performance target with the vested amount ranging from 30% to 150%. If the performance target is met at 100%, the PSU awards granted on March 1, 2016 will be 281,720 units. No PSUs will vest if Holdings does not achieve the three year cumulative free cash flow and net income minimum performance target or the participant's service does not continue through the last day of the performance period. The vested PSUs will be settled within 30 days of vesting. 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. Assuming attainment of the performance target at 100%, the Company recognized expense for these awards of approximately \$206,000 during the three months ended March 31, 2016 and will recognize \$2,060,000 in general and administrative: other expense during the twelve months ending December 31, 2016. The grant date fair value was \$7,009,000 based on the probable outcome of the performance conditions and a stock price of \$24.88 on March 1, 2016.
- *Performance Stock Unit Transition Award:* In recognition of the shift from one year to three year performance periods for annual equity awards on March 1, 2016, PSU transition awards were granted to certain members of management and executive officers, with both a 2016 free cash flow and net income performance target condition and a service condition, covering a performance period beginning January 1, 2016 and ending on December 31, 2016. The PSUs will vest ratably based on a scale ranging from 80% to 120% of the performance target with the vested amount ranging from 30% to 150%. If the performance target is met at 100%, the transition PSU awards granted on March 1, 2016 will be 54,652 units. No PSUs will vest if Holdings does not achieve the free cash flow or net income minimum performance target or the participant's service does not continue through the last day of the performance period. The vested PSUs will be settled within 30 days of vesting. 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. Assuming attainment of the performance target at 100%, the Company recognized \$136,000 during the three months ended March 31, 2016 and will recognize expense for these awards of approximately \$1,360,000 in general and administrative: other expense during the twelve months ending December 31, 2016. The grant date fair value was

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

## NOTE 4—STOCKHOLDERS' EQUITY (Continued)

\$1,360,000 based on the probable outcome of the performance condition and a stock price of \$24.88 on March 1, 2016.

The following table represents the nonvested RSU and PSU activity for the three months ended March 31, 2016:

	Shares of RSU and PSU	Weighted Average Grant Date Fair Value
Beginning balance at January 1, 2016	19,226	\$ 29.59
Granted(1)	618,092	24.88
Vested	(19,226)	29.59
Nonvested at March 31, 2016	<u>618,092</u>	<u>\$ 24.88</u>

- (1) The number of shares granted under the PSU award, assumes Holdings will attain a performance target at 100%. The PSUs will vest ratably based on a scale ranging from 80% to 120% of the performance target with the vested amount ranging from 30% to 150%.

## NOTE 5—INCOME TAXES

The Company's effective income tax rate is based on expected income, statutory rates and tax planning opportunities available in the various jurisdictions in which it operates. For interim financial reporting, the Company estimates the annual income tax rate based on projected taxable income for the full year and records a quarterly income tax provision or benefit in accordance with the anticipated annual rate, adjusted for discrete items, if any. The Company refines the estimates of the year's taxable income as new information becomes available, including actual year-to-date financial results. This continual estimation process often results in a change to the expected effective income tax rate for the year. When this occurs, the Company adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected income tax rate. Significant judgment is required in determining the effective tax rate and in evaluating tax positions. The Company recognizes income tax-related interest expense and penalties as income tax expense and general and administrative expense, respectively.

The effective tax rate based on the projected annual taxable income for the year ending December 31, 2016 is 39.0%. The effective tax rate for the three months ended March 31, 2016 and March 31, 2015 was 39.0%. The Company's tax rate for the three months ended March 31, 2016 and March 31, 2015 differs from the statutory tax rate primarily due to state income taxes.

## NOTE 6—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.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 6—FAIR VALUE MEASUREMENTS (Continued)

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 as of March 31, 2016:

(In thousands)	Total Carrying Value at March 31, 2016(1)	Fair Value Measurements at March 31, 2016 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	\$ 755	\$ 755	\$ —	\$ —
Equity securities, available-for-sale:				
Mutual fund large U.S. equity	1,856	1,856	—	—
Mutual fund small/mid U.S. equity	2,235	2,235	—	—
Mutual fund international	612	612	—	—
Mutual fund balanced	474	474	—	—
Mutual fund fixed income	1,014	1,014	—	—
<b>Total assets at fair value</b>	<b>\$ 6,946</b>	<b>\$ 6,946</b>	<b>\$ —</b>	<b>\$ —</b>

- (1) 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 8—Accumulated Other Comprehensive Income (Loss) for the unrealized gain on the equity securities recorded in accumulated other comprehensive income.



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 6—FAIR VALUE MEASUREMENTS (Continued)

**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 March 31, 2016	Fair Value Measurements at March 31, 2016 Using		
		Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current maturities of corporate borrowings	\$ 10,195	\$ —	\$ 9,071	\$ 1,389
Corporate borrowings	1,851,160	—	1,913,867	4,166

**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 7—THEATRE AND OTHER CLOSURE AND DISPOSITION OF ASSETS

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

(In thousands)	Three Months Ended	
	March 31, 2016	March 31, 2015
Beginning balance	\$ 42,973	\$ 52,835
Theatre and other closure expense	1,508	1,127
Transfer of assets and liabilities	—	59
Foreign currency translation adjustment	255	(1,613)
Cash payments	(3,303)	(2,909)
Ending balance	\$ 41,433	\$ 49,499

In the accompanying Consolidated Balance Sheets, as of March 31, 2016, the current portion of the ending balance totaling \$7,849,000 is included with accrued expenses and other liabilities and the long-term portion of the ending balance totaling \$33,584,000 is included with other long-term liabilities. 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.

During the three months ended March 31, 2016 and the three months ended March 31, 2015, the Company recognized theatre and other closure expense of \$1,508,000 and \$1,127,000, respectively. Theatre and other closure expense included the accretion on previously closed properties with remaining lease obligations.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 8—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</u>	<u>Unrealized Net Gain on Marketable Securities</u>	<u>Unrealized Net Gain from Equity Method Investees' Cash Flow Hedge</u>	<u>Total</u>
Balance, December 31, 2015	\$ 2,101	\$ (3,289)	\$ 1,465	\$ 2,527	\$ 2,804
Other comprehensive income (loss) before reclassifications	(71)	4	339	(468)	(196)
Amounts reclassified from accumulated other comprehensive income	—	—	(1,783)	97	(1,686)
Other comprehensive income (loss)	(71)	4	(1,444)	(371)	(1,882)
Balance, March 31, 2016	<u>\$ 2,030</u>	<u>\$ (3,285)</u>	<u>\$ 21</u>	<u>\$ 2,156</u>	<u>\$ 922</u>

<u>(In thousands)</u>	<u>Foreign Currency</u>	<u>Pension and Other Benefits(1)</u>	<u>Unrealized Net Gain on 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	976	701	825	(361)	2,141
Amounts reclassified from accumulated other comprehensive income	—	(10,875)	(4)	122	(10,757)
Other comprehensive income (loss)	976	(10,174)	821	(239)	(8,616)
Balance, March 31, 2015	<u>\$ 1,705</u>	<u>\$ (3,499)</u>	<u>\$ 3,498</u>	<u>\$ 2,524</u>	<u>\$ 4,228</u>

(1) See Note 9—Employee Benefit Plans for further information regarding amounts reclassified from accumulated other comprehensive income.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 8—ACCUMULATED OTHER COMPREHENSIVE INCOME (Continued)

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

(In thousands)	Three Months Ended					
	March 31, 2016			March 31, 2015		
	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	\$ (117)	\$ 46	\$ (71)	\$ 1,600	\$ (624)	\$ 976
Pension and other benefit adjustments:						
Net loss arising during the period	—	—	—	(73)	28	(45)
Prior service credit arising during the period	—	—	—	1,223	(477)	746
Amortization of net (gain) loss reclassified into general and administrative: other	7	(3)	4	(2,786)	1,087	(1,699)
Amortization of prior service credit reclassified into general and administrative: other	—	—	—	(2,888)	1,126	(1,762)
Curtailment gain reclassified into general and administrative: other	—	—	—	(11,867)	4,628	(7,239)
Settlement gain reclassified into general and administrative: other	—	—	—	(288)	113	(175)
Marketable securities:						
Unrealized net holding gain arising during the period	555	(216)	339	1,352	(527)	825
Realized net gain reclassified into investment expense (income)	(2,923)	1,140	(1,783)	(6)	2	(4)
Equity method investees' cash flow hedge:						
Unrealized net holding loss arising during the period	(768)	300	(468)	(592)	231	(361)
Realized net loss reclassified into equity in earnings of non-consolidated entities	160	(63)	97	200	(78)	122
Other comprehensive income (loss)	<u>\$ (3,086)</u>	<u>\$ 1,204</u>	<u>\$ (1,882)</u>	<u>\$ (14,125)</u>	<u>\$ 5,509</u>	<u>\$ (8,616)</u>

NOTE 9—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.

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 9—EMPLOYEE BENEFIT PLANS (Continued)

On January 12, 2015, the Compensation Committee and all of the Board of Directors of AMC Entertainment Holdings, Inc. 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 would terminate after March 31, 2015. Payments to eligible associates were approximately \$4,300,000 during the three months ended March 31, 2015. The Company recorded net periodic benefit credits 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 three months ended March 31, 2015.

Net periodic benefit cost (credit) recognized for the plans during the three months ended March 31, 2016 and the three months ended March 31, 2015 consists of the following:

(In thousands)	Pension Benefits		Other Benefits	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Components of net periodic benefit cost:				
Service cost	\$ —	\$ —	\$ —	\$ 2
Interest cost	1,081	1,069	—	7
Expected return on plan assets	(889)	(1,166)	—	—
Amortization of net (gain) loss	7	11	—	(2,797)
Amortization of prior service credit	—	—	—	(2,888)
Curtailment gain	—	—	—	(11,867)
Settlement (gain) loss	—	287	—	(575)
Net periodic benefit cost (credit)	\$ 199	\$ 201	\$ —	\$ (18,118)

NOTE 10—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 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

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

**NOTE 10—COMMITMENTS AND CONTINGENCIES (Continued)**

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 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.

On March 3, 2016, the Company and Carmike Cinemas, Inc. ("Carmike") 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 \$325,000,000 and a senior subordinated bridge loan in an aggregate amount of up to \$300,000,000 to fund the acquisition. 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.

**NOTE 11—NEW ACCOUNTING PRONOUNCEMENTS**

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, Improvements to Employer Share-Based Payment Accounting which is intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. This standard requires entities to record all of the tax effects related to share-based payments at settlement or expiration through the income statement, removes the requirement to delay recognition of a windfall tax benefit until it reduces current taxes payable, requires all tax-related cash flows resulting from share-based payments to be reported as operating activities on the statement of cash flows, permits entities to withhold an amount up to the employee's maximum individual tax rate in the relevant jurisdiction without resulting in liability classification of the award and permits entities to make an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards. This standard will be effective for fiscal years beginning after December 15, 2016, and interim periods within that reporting period. Early adoption will be permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact the adoption of ASU 2016-09 will have on its consolidated financial position, results of operations or cash flows.

In February 2016, the FASB issued 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 its consolidated financial position, results of operations or cash flows.

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

## NOTE 11—NEW ACCOUNTING PRONOUNCEMENTS (Continued)

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.

## NOTE 12—EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings by the weighted-average number of common shares outstanding. Diluted earnings per share includes the effects of unvested RSU's with a service condition only and unvested contingently issuable RSUs and PSUs that have service and performance conditions, if dilutive.

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

(In thousands)	Three Months Ended	
	March 31, 2016	March 31, 2015
<b>Numerator:</b>		
Net earnings	\$ 28,291	\$ 6,138
<b>Denominator</b> (shares in thousands):		
Weighted average shares for basic earnings per common share	98,200	97,919
Common equivalent shares for RSUs and PSUs	7	—
Shares for diluted earnings per common share	98,207	97,919
Basic earnings per common share	\$ 0.29	\$ 0.06
Diluted earnings per common share	\$ 0.29	\$ 0.06

Vested RSUs and PSU's have dividend rights identical to the Company's Class A and Class B common stock and are treated as outstanding shares for purposes of computing basic and diluted earnings per share. Certain 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 ("Plan") if the end of the reporting period were the end of the contingency period. During the three months ended March 31, 2016, unvested RSUs of 135,981 and unvested PSUs of 100,912 at the minimum performance target, were not included in the computation of diluted earnings

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

**NOTE 12—EARNINGS PER SHARE (Continued)**

per share since the shares would not be issuable under the terms of the Plan, if the end of the reporting period were the end of the contingency period.

**NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION**

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, *Financial statements of guarantors and issuers of guaranteed securities registered or being registered*. Each of the subsidiary guarantors are 100% owned by AMCEH. The subsidiary guarantees of the Company's Notes due 2022 and the Notes due 2025 are full and unconditional and joint and several and subject to customary release provisions. The Company and its subsidiary guarantors' investments in its consolidated subsidiaries are presented under the equity method of accounting.

## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

## NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

Three months ended March 31, 2016:

(In thousands)	AMCEH	Subsidiary Guarantors	Subsidiary Non- Guarantors	Consolidating Adjustments	Consolidated AMC Entertainment Holdings, Inc.
<b>Revenues</b>					
Admissions	\$ —	\$ 481,459	\$ 1,115	\$ —	\$ 482,574
Food and beverage	—	243,664	488	—	244,152
Other theatre	—	39,107	184	—	39,291
Total revenues	<u>—</u>	<u>764,230</u>	<u>1,787</u>	<u>—</u>	<u>766,017</u>
<b>Operating costs and expenses</b>					
Film exhibition costs	—	261,814	540	—	262,354
Food and beverage costs	—	33,871	94	—	33,965
Operating expense	—	201,452	861	—	202,313
Rent	—	124,093	491	—	124,584
<b>General and administrative:</b>					
Merger, acquisition and transaction costs	—	4,604	—	—	4,604
Other	—	18,516	—	—	18,516
Depreciation and amortization	—	60,416	14	—	60,430
Operating costs and expenses	<u>—</u>	<u>704,766</u>	<u>2,000</u>	<u>—</u>	<u>706,766</u>
Operating income (loss)	—	59,464	(213)	—	59,251
<b>Other expense (income)</b>					
Equity in net (earnings) loss of subsidiaries	(26,184)	185	—	25,999	—
Other expense	—	26	—	—	26
<b>Interest expense:</b>					
Corporate borrowings	24,840	31,999	—	(31,972)	24,867
Capital and financing lease obligations	—	2,195	—	—	2,195
Equity in earnings of non-consolidated entities	—	(4,264)	—	—	(4,264)
Investment income	(26,947)	(14,951)	(28)	31,972	(9,954)
Total other expense (income)	<u>(28,291)</u>	<u>15,190</u>	<u>(28)</u>	<u>25,999</u>	<u>12,870</u>
Earnings (loss) before income taxes	28,291	44,274	(185)	(25,999)	46,381
Income tax provision	—	18,090	—	—	18,090
Net earnings (loss)	<u>\$ 28,291</u>	<u>\$ 26,184</u>	<u>\$ (185)</u>	<u>\$ (25,999)</u>	<u>\$ 28,291</u>



AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

Three months ended March 31, 2015:

(In thousands)	AMCEH	Subsidiary Guarantors	Subsidiary Non- Guarantors	Consolidating Adjustments	Consolidated AMC Entertainment Holdings, Inc.
<b>Revenues</b>					
Admissions	\$ —	\$ 417,689	\$ 1,005	\$ —	\$ 418,694
Food and beverage	—	200,108	416	—	200,524
Other theatre	—	33,779	127	—	33,906
Total revenues	—	651,576	1,548	—	653,124
<b>Operating costs and expenses</b>					
Film exhibition costs	—	222,628	460	—	223,088
Food and beverage costs	—	28,424	84	—	28,508
Operating expense	68	186,352	838	—	187,258
Rent	—	117,484	437	—	117,921
<b>General and administrative:</b>					
Merger, acquisition and transaction costs	—	1,578	—	—	1,578
Other	—	4,940	1	—	4,941
Depreciation and amortization	—	57,754	23	—	57,777
Operating costs and expenses	68	619,160	1,843	—	621,071
Operating income (loss)	(68)	32,416	(295)	—	32,053
<b>Other expense (income)</b>					
Equity in net (earnings) loss of subsidiaries	(3,186)	295	—	2,891	—
<b>Interest expense:</b>					
Corporate borrowings	26,017	34,899	—	(34,837)	26,079
Capital and financing lease obligations	—	2,373	—	—	2,373
Equity in earnings of non-consolidated entities	—	(1,324)	—	—	(1,324)
Investment income	(29,037)	(10,943)	—	34,837	(5,143)
Total other expense (income)	(6,206)	25,300	—	2,891	21,985
Earnings (loss) before income taxes	6,138	7,116	(295)	(2,891)	10,068
Income tax provision	—	3,930	—	—	3,930
Net earnings (loss)	\$ 6,138	\$ 3,186	\$ (295)	\$ (2,891)	\$ 6,138

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

Three months ended March 31, 2016:

<u>(In thousands)</u>	<u>AMCEH</u>	<u>Subsidiary Guarantors</u>	<u>Subsidiary Non-Guarantors</u>	<u>Consolidating Adjustments</u>	<u>Consolidated AMC Entertainment Holdings, Inc.</u>
Net earnings (loss)	\$ 28,291	\$ 26,184	\$ (185)	\$ (25,999)	\$ 28,291
Equity in other comprehensive income (loss) of subsidiaries	(1,882)	226	—	1,656	—
Foreign currency translation adjustment, net of tax	—	(297)	226	—	(71)
Pension and other benefit adjustments:					
Amortization of net loss reclassified into general and administrative: others, net of tax	—	4	—	—	4
Marketable securities:					
Unrealized holding gain arising during the period, net of tax	—	339	—	—	339
Realized net gain reclassified to net investment income, net of tax	—	(1,783)	—	—	(1,783)
Equity method investees' cash flow hedge:					
Unrealized net holding loss arising during the period, net of tax	—	(468)	—	—	(468)
Realized net holding loss reclassified to equity in earnings of non-consolidated entities, net of tax	—	97	—	—	97
Other comprehensive income (loss)	<u>(1,882)</u>	<u>(1,882)</u>	<u>226</u>	<u>1,656</u>	<u>(1,882)</u>
Total comprehensive income	<u>\$ 26,409</u>	<u>\$ 24,302</u>	<u>\$ 41</u>	<u>\$ (24,343)</u>	<u>\$ 26,409</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

Three months ended March 31, 2015:

(In thousands)	AMCEH	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated AMC Entertainment Holdings, Inc.
Net earnings (loss)	\$ 6,138	\$ 3,186	\$ (295)	\$ (2,891)	\$ 6,138
Equity in other comprehensive income (loss) of subsidiaries	(8,616)	536	—	8,080	—
Foreign currency translation adjustment, net of tax	—	440	536	—	976
Pension and other benefit adjustments:					
Net loss arising during the period, net of tax	—	(45)	—	—	(45)
Prior service credit arising during the period, net of tax	—	746	—	—	746
Amortization of net gain reclassified into general and administrative: other, net of tax	—	(1,699)	—	—	(1,699)
Amortization of prior service credit reclassified into general and administrative: other, net of tax	—	(1,762)	—	—	(1,762)
Curtailed gain reclassified into general and administrative: other, net of tax	—	(7,239)	—	—	(7,239)
Settlement gain reclassified into general and administrative: other, net of tax	—	(175)	—	—	(175)
Marketable securities:					
Unrealized holding gain arising during the period, net of tax	—	825	—	—	825
Realized net holding gain reclassified to net investment income, net of tax	—	(4)	—	—	(4)
Equity method investees' cash flow hedge:					
Unrealized holding loss arising during the period, net of tax	—	(361)	—	—	(361)
Realized net loss reclassified to equity in earnings of non-consolidated entities, net of tax	—	122	—	—	122
Other comprehensive income (loss)	(8,616)	(8,616)	536	8,080	(8,616)
Total comprehensive income (loss)	<u>\$ (2,478)</u>	<u>\$ (5,430)</u>	<u>\$ 241</u>	<u>\$ 5,189</u>	<u>\$ (2,478)</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

As of March 31, 2016:

(In thousands)	AMCEH	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated AMC Entertainment Holdings, Inc.
<b>Assets</b>					
Current assets:					
Cash and equivalents	\$ 1,944	\$ 63,510	\$ 42,473	\$ —	\$ 107,927
Receivables, net	—	84,813	235	—	85,048
Other current assets	—	92,396	1,302	—	93,698
Total current assets	1,944	240,719	44,010	—	286,673
Investment in equity of subsidiaries	1,646,593	33,857	—	(1,680,450)	—
Property, net	—	1,409,404	230	—	1,409,634
Intangible assets, net	—	235,508	—	—	235,508
Intercompany advances	1,757,647	(1,764,109)	6,462	—	—
Goodwill	(2,143)	2,412,723	—	—	2,410,580
Deferred tax asset	299	105,310	—	—	105,609
Other long-term assets	9,202	473,852	13	—	483,067
Total assets	<u>\$ 3,413,542</u>	<u>\$ 3,147,264</u>	<u>\$ 50,715</u>	<u>\$ (1,680,450)</u>	<u>\$ 4,931,071</u>
<b>Liabilities and Stockholders' Equity</b>					
Current liabilities:					
Accounts payable	\$ —	\$ 240,420	\$ 387	\$ —	\$ 240,807
Accrued expenses and other liabilities	10,408	130,481	148	—	141,037
Deferred revenues and income	—	183,072	—	—	183,072
Current maturities of corporate borrowings and capital and financing lease obligations	8,806	10,185	—	—	18,991
Total current liabilities	19,214	564,158	535	—	583,907
Corporate borrowings	1,846,994	4,166	—	—	1,851,160
Capital and financing lease obligations	—	90,992	—	—	90,992
Exhibitor services agreement	—	373,010	—	—	373,010
Other long-term liabilities	—	468,345	16,323	—	484,668
Total liabilities	1,866,208	1,500,671	16,858	—	3,383,737
Temporary equity	1,080	—	—	—	1,080
Stockholders' equity	1,546,254	1,646,593	33,857	(1,680,450)	1,546,254
Total liabilities and stockholders' equity	<u>\$ 3,413,542</u>	<u>\$ 3,147,264</u>	<u>\$ 50,715</u>	<u>\$ (1,680,450)</u>	<u>\$ 4,931,071</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

As of December 31, 2015:

(In thousands)	AMCEH	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated AMC Entertainment Holdings, Inc.
<b>Assets</b>					
Current assets:					
Cash and equivalents	\$ 1,944	\$ 167,023	\$ 42,283	\$ —	\$ 211,250
Receivables, net	(21)	105,477	53	—	105,509
Other current assets	—	96,302	1,306	—	97,608
Total current assets	1,923	368,802	43,642	—	414,367
Investment in equity of subsidiaries	1,638,903	31,609	—	(1,670,512)	—
Property, net	—	1,401,686	242	—	1,401,928
Intangible assets, net	—	237,376	—	—	237,376
Intercompany advances	1,805,829	(1,811,112)	5,283	—	—
Goodwill	(2,143)	2,408,834	—	—	2,406,691
Deferred income tax asset	295	125,903	—	—	126,198
Other long-term assets	9,686	492,057	14	—	501,757
Total assets	<u>\$ 3,454,493</u>	<u>\$ 3,255,155</u>	<u>\$ 49,181</u>	<u>\$ (1,670,512)</u>	<u>\$ 5,088,317</u>
<b>Liabilities and Stockholders' Equity</b>					
Current liabilities:					
Accounts payable	\$ —	\$ 312,591	\$ 434	\$ —	\$ 313,025
Accrued expenses and other liabilities	7,188	151,619	(143)	—	158,664
Deferred revenues and income	—	221,679	—	—	221,679
Current maturities of corporate borrowings and capital and financing lease obligations	8,806	9,980	—	—	18,786
Total current liabilities	15,994	695,869	291	—	712,154
Corporate borrowings	1,898,432	4,166	—	—	1,902,598
Capital and financing lease obligations	—	93,273	—	—	93,273
Exhibitor services agreement	—	377,599	—	—	377,599
Other long-term liabilities	—	445,345	17,281	—	462,626
Total liabilities	1,914,426	1,616,252	17,572	—	3,548,250
Temporary equity	1,364	—	—	—	1,364
Stockholders' equity	1,538,703	1,638,903	31,609	(1,670,512)	1,538,703
Total liabilities and stockholders' equity	<u>\$ 3,454,493</u>	<u>\$ 3,255,155</u>	<u>\$ 49,181</u>	<u>\$ (1,670,512)</u>	<u>\$ 5,088,317</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

Three months ended March 31, 2016:

(In thousands)	AMCEH	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated AMC Entertainment Holdings, Inc.
Cash flows from operating activities:					
Net cash provided by operating activities	\$ 7,092	\$ 15,164	\$ 615	\$ —	\$ 22,871
Cash flows from investing activities:					
Capital expenditures	—	(57,650)	(7)	—	(57,657)
Acquisition of Starplex, net of cash acquired	—	400	—	—	400
Investments in non-consolidated entities, net	—	(9)	—	—	(9)
Proceeds from disposition of long-term assets	—	5,390	—	—	5,390
Other, net	—	251	—	—	251
Net cash used in investing activities	—	(51,618)	(7)	—	(51,625)
Cash flows from financing activities:					
Cash used to pay dividends	(19,803)	—	—	—	(19,803)
Deferred financing fees	(501)	—	—	—	(501)
Payments under revolving credit facility	(50,000)	—	—	—	(50,000)
Principal payments under capital and financing lease obligations	—	(2,076)	—	—	(2,076)
Principle payments under Term Loan	(2,202)	—	—	—	(2,202)
Change in intercompany advances	65,414	(64,235)	(1,179)	—	—
Net cash used in financing activities	(7,092)	(66,311)	(1,179)	—	(74,582)
Effect of exchange rate changes on cash and equivalents	—	(748)	761	—	13
Net decrease in cash and equivalents	—	(103,513)	190	—	(103,323)
Cash and equivalents at beginning of period	1,944	167,023	42,283	—	211,250
Cash and equivalents at end of period	<u>\$ 1,944</u>	<u>\$ 63,510</u>	<u>\$ 42,473</u>	<u>\$ —</u>	<u>\$ 107,927</u>

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

March 31, 2016

(Unaudited)

NOTE 13—CONDENSED CONSOLIDATING FINANCIAL INFORMATION (Continued)

Three months ended March 31, 2015:

(In thousands)	AMCEH	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated AMC Entertainment Holdings, Inc.
Cash flows from operating activities:					
Net cash provided by operating activities	\$ 11,443	\$ 7,991	\$ 2,129	\$ —	\$ 21,563
Cash flows from investing activities:					
Capital expenditures	—	(69,582)	(8)	—	(69,590)
Investments in non-consolidated entities, net	—	(152)	—	—	(152)
Other, net	—	(1,636)	—	—	(1,636)
Net cash used in investing activities	—	(71,370)	(8)	—	(71,378)
Cash flows from financing activities:					
Cash used to pay dividends	(19,821)	—	—	—	(19,821)
Principal payments under capital and financing lease obligations	—	(1,886)	—	—	(1,886)
Principal payments under Term Loan	(1,938)	—	—	—	(1,938)
Change in intercompany advances	10,247	(7,889)	(2,358)	—	—
Net cash used in financing activities	(11,512)	(9,775)	(2,358)	—	(23,645)
Effect of exchange rate changes on cash and equivalents	—	67	(9)	—	58
Net decrease in cash and equivalents	(69)	(73,087)	(246)	—	(73,402)
Cash and equivalents at beginning of period	2,454	174,117	41,635	—	218,206
Cash and equivalents at end of period	\$ 2,385	\$ 101,030	\$ 41,389	\$ —	\$ 144,804

NOTE 14—SUBSEQUENT EVENT

On April 27, 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 June 20, 2016 to stockholders of record on June 6, 2016.

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

### Forward Looking Statements

In addition to historical information, this Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "may," "will," "forecast," "estimate," "project," "intend," "plan," "expect," "should," "believe" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. 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 and Class B 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.

Readers are urged to consider these factors carefully in evaluating the forward-looking statements. For further information about these and other risks and uncertainties as well as strategic initiatives, see Item 1A. "Risk Factors" and Item 1. "Business" in our Annual Report on Form 10-K for the year ended December 31, 2015 and our other public filings.

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

## **Overview**

AMC is the guest experience leader in the movie exhibition industry. We operate productive theatres in the country's top markets, including No. 1 market share in the top three markets, New York, Los Angeles and Chicago.

Our theatrical exhibition revenues are generated primarily from box office admissions and theatre food and beverage sales. The balance of our revenues are generated from ancillary sources, including on-screen advertising, fees earned from our AMC Stubs™ customer frequency membership program, rental of theatre auditoriums, income from gift card and exchange ticket sales, on-line ticketing fees

and arcade games located in theatre lobbies. As of March 31, 2016, we owned, operated or had interests in 385 theatres and 5,380 screens.

We are committed to maintaining a leadership position in the industry by focusing on innovations for the benefit of our guests. To ensure AMC is an imaginative and bold innovator today and in the years ahead, we have established these priorities:

- We believe our guest-focused strategy and our commitment to strong fiscal stewardship will drive shareholder value and will be supported by our size and scale;
- Through world-class marketing programs we plan to strengthen the bonds with our current guests and create new connections with potential guests, to drive more attendance and increase market share. Our focus is to grab guests' attention before they even leave their homes—by paying close attention to our brands and to our loyalty program, and to communicate with movie-goers digitally via the internet, our web site, our apps and through social media. Given the high degree of acceptance by consumers in interacting with companies through their website and apps, AMC is developing an all-new website and mobile application. AMC will commence launching these enhancements in phases starting in the fall of 2016. We expect to continuously improve efforts to sell movie tickets in a world where more and more consumer buying takes place online and on mobile devices;
- AMC has a keen focus on the quality of on-screen presentation and programming content. We plan to continue investing in technical innovation that will allow us to enhance the consumer experience through premium formats such as IMAX, Dolby Cinema, 3D and other premium format offerings. We believe the investment in premium formats increases the value of the movie going experience for our guests and leads to additional ticket revenue. Additionally, in recognizing guests' varied tastes we will continue to explore offerings of alternative content such as live concerts, sporting events, Broadway shows, opera and other non-traditional programming to provide incremental revenue;
- We expect to quicken the pace of deploying our proven theatre innovations while simultaneously developing new concepts and initiatives that will elevate the movie-going experience at AMC;
- We plan for our growth to be driven through our guest-focused strategy and profitable acquisitions. We believe the introduction of our proven guest focused strategies via acquisitions to new movie-goers will generate meaningful benefits to guests, associates, studio partners and our shareholders;
- We will continue to motivate our associates by generating pride in their employment at AMC. Because so much of our guest satisfaction is determined by the service delivery of our theatre teams, taking good care of our associates should translate in turn to their taking good care of our guests;
- Studios, film makers and other institutions of the movie industry, whether in Hollywood or abroad, are valued partners with whom we must have cooperative and productive relationships; and
- AMC is committed to deploying new technologies that will allow us to prosper and thrive even as consumers look to other ways to watch movies. Our recent foray into food and beverage mobile ordering and the partnership we announced with Atom Tickets in April of 2016 are good examples of how we intend to leverage new technologies in our efforts to elevate the movie-going experience.

**Film Content**

Box office admissions are our largest source of revenue. We predominantly license "first-run" films from distributors owned by major film production companies and from independent distributors on a film-by-film and theatre-by-theatre basis. Film exhibition costs are accrued based on the applicable admissions revenues and estimates of the final settlement pursuant to our film licenses. Licenses that we enter into typically state that rental fees are based on aggregate terms established prior to the opening of the picture. In certain circumstances and less frequently, our rental fees are based on a mutually agreed settlement upon the conclusion of the picture. 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.

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.

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.

**AMC Movie Screens**

During the three months ended March 31, 2016, we opened 12 new screens, permanently closed 38 screens, temporarily closed 79 screens and reopened 59 screens to implement our strategy and install consumer experience upgrades.

As of March 31, 2016, we had 2,609 3D enabled screens, including 152 IMAX, 17 Dolby Cinema at AMC and 11 Premium Large Format ("PLF"); approximately 48% of our screens were 3D enabled screens, including IMAX 3D enabled screens, and approximately 3% of our screens were IMAX 3D enabled screens.

<u>Format</u>	<u>Number of Screens As of March 31, 2016</u>	<u>Number of Screens As of December 31, 2015</u>
Digital	5,380	5,426
3D enabled	2,609	2,643
IMAX (3D enabled)	152	152
Dolby Cinema at AMC	17	12
Other PLF (3D enabled)	11	13
Dine-in theatres	312	312
Premium seating	1,208	1,119

**IMAX®.** IMAX is one of the world's leading entertainment technology companies, specializing in motion picture technologies and presentations. IMAX offers a unique end-to-end cinematic solution combining proprietary software, theater architecture and equipment to create the highest-quality, most immersive motion picture experience for which the IMAX® brand has become known globally. Top filmmakers and studios utilize IMAX theaters to connect with audiences in innovative ways, and as such, IMAX's theater network is among the most important and successful theatrical distribution platforms for major event films around the world.

As of March 31, 2016, AMC is the largest IMAX exhibitor in the U.S. with a 44% market share, and each of our IMAX local installations is protected by geographic exclusivity. As of March 31, 2016, our IMAX screen count is 70% greater than our closest competitor. AMC believes that we have had considerable success with our IMAX partnership, and is exploring with IMAX a significant increase to the number of our IMAX locations.

**Dolby Cinema™ at AMC.** On April 9, 2015, we, along with Dolby Laboratories, Inc., announced Dolby Cinema at AMC, a premium cinema offering for moviegoers that combines state-of-the-art image and sound technologies with inspired theatre design and comfort. Dolby Cinema at AMC includes Dolby Vision™ laser projection and object oriented Dolby Atmos® audio technology, as well as AMC's plush power reclining seats with seat transducers that vibrate with the action on screen.

As of March 31, 2016, we have 17 fully operational Dolby Cinema at AMC screens and we expect to open substantially more Dolby screens by the end of 2016.

**Other PLF.** AMC believes there is considerable opportunity to add a private label PLF format in many of our locations, with superior sight and sound technology and enhanced seating as contrasted with our traditional auditoriums. This PLF format will give AMC the capability to add a screen in theatres already outfitted with IMAX and/or Dolby Cinema at AMC. Also, this PLF should offer an enhanced theatrical experience for movie goers beyond AMC's current core theatres, but may not carry the same price premium as IMAX or Dolby Cinema at AMC. Therefore, it may be especially relevant in smaller or more price sensitive markets.

#### **Guest Amenities**

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.

**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 a 60% 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 resealed 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 resealed 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 over perform 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 certainty offered by reserved seating distinguish us from our competitors.

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

### **AMC Stubs**

*AMC Stubs* is 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.

Upon redemption, deferred rewards are recognized as revenues along with associated cost of goods. 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 March 31, 2016, we had 2,606,000 AMC Stubs members. Our AMC Stubs members represented approximately 20% of our attendance during 2016 with an average ticket price 3% lower than our non-members and food and beverage expenditures per patron 3% higher than non-members.

In April of 2016, AMC launched a test of a revised AMC Stubs program featuring both a traditional paid membership program, called AMC Stubs Premiere, and a new non-paid tier called AMC Stubs Insider. Both programs reward loyal guests for their patronage of AMC Theatres, but the Premiere program provides greater rewards for dollars spent than the free program, and offers other guest amenities. AMC anticipates launching nationally this revised AMC Stubs program in the summer of 2016.

The following table reflects AMC Stubs activity during the three month period ended March 31, 2016:

(In thousands)	Deferred Membership Fees	Deferred Rewards	AMC Stubs Revenue for Three Months Ended March 31, 2016		
			Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, December 31, 2015	\$ 12,142	\$ 17,013			
Membership fees received	5,182	—	\$ —	\$ —	\$ —
Rewards accumulated, net of expirations:					
Admissions	—	3,848	—	(3,848)	—
Food and beverage	—	5,373	—	—	(5,373)
Rewards redeemed:					
Admissions	—	(4,468)	—	4,468	—
Food and beverage	—	(6,239)	—	—	6,239
Amortization of deferred revenue	(6,137)	—	6,137	—	—
For the period ended or balance as of March 31, 2016	<u>\$ 11,187</u>	<u>\$ 15,527</u>	<u>\$ 6,137</u>	<u>\$ 620</u>	<u>\$ 866</u>

The following table reflects AMC Stubs activity during the three month period ended March 31, 2015:

(In thousands)	Deferred Membership Fees	Deferred Rewards	AMC Stubs Revenue for Three Months Ended March 31, 2015		
			Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, December 31, 2014	\$ 11,408	\$ 16,129			
Membership fees received	5,942	—	\$ —	\$ —	\$ —
Rewards accumulated, net of expirations:					
Admissions	—	4,240	—	(4,240)	—
Food and beverage	—	5,844	—	—	(5,844)
Rewards redeemed:					
Admissions	—	(4,448)	—	4,448	—
Food and beverage	—	(6,057)	—	—	6,057
Amortization of deferred revenue	(6,111)	—	6,111	—	—
For the period ended or balance as of March 31, 2015	<u>\$ 11,239</u>	<u>\$ 15,708</u>	<u>\$ 6,111</u>	<u>\$ 208</u>	<u>\$ 213</u>

## Significant and Subsequent Events

**RealD Inc.** We sold all of our 1,222,780 shares of common stock in RealD Inc. during the three months ended March 31, 2016 and recognized a gain on sale of \$3,008,000. We have recorded a \$13,451,000 receivable included in receivables, net related to the sale of our RealD Inc. shares as of March 31, 2016 and received the proceeds from the sale on April 9, 2016.

**Carmike Cinemas.** On March 3, 2016, we, and Carmike Cinemas, Inc. ("Carmike"), entered 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 \$757,000,000. 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 \$325,000,000 and a senior subordinated bridge loan in an aggregate amount of up to \$300,000,000 to fund the acquisition. 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 \$172,243,000, 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. For additional information about the Starplex Cinemas acquisition, see Note 2—Acquisition to our Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q.

**Corporate Borrowings.** 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. At March 31, 2016, the aggregate principal balance of the Term Loan due 2022 was \$878,423,000 and borrowings under the Revolving Credit Facility were \$25,000,000. As of March 31, 2016, AMCE had approximately \$112,384,000 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 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.

On March 31, 2016, AMCE merged with and into Holdings, its direct parent company. In connection with the merger, Holdings assumed all of the obligations of AMCE pursuant to the indentures to the 5.875% Senior Subordinated Notes due 2022, the 5.75% Senior Subordinated Notes due 2025 and the Credit Agreement, dated as of April 30, 2013 (as subsequently amended).

**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 three months ended March 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 25, 2016	March 7, 2016	March 21, 2016	\$ 0.20	\$ 19,762
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 three months ended March 31, 2016 and the three months ended March 31, 2015, we paid dividends and dividend equivalents of \$19,803,000 and \$19,821,000, respectively. At March 31, 2016 and March 31, 2015, we accrued \$124,000 and \$41,000, respectively, for the remaining unpaid dividends.

On April 27, 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 June 20, 2016 to stockholders of record on June 6, 2016.

**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 and President of the Company, and Mr. Aron became a member of the Board of Directors, effective as of January 4, 2016. Mr. Ramsey will continue to serve as the Company's Executive Vice President and Chief Financial Officer.

**Operating Results**

The following table sets forth our revenues, operating costs and expenses attributable to our theatrical exhibition operations.

(In thousands)	Three Months Ended		% Change
	March 31, 2016	March 31, 2015	
<b>Revenues</b>			
Theatrical exhibition			
Admissions	\$ 482,574	\$ 418,694	15.3%
Food and beverage	244,152	200,524	21.8%
Other theatre	39,291	33,906	15.9%
Total revenues	<u>\$ 766,017</u>	<u>\$ 653,124</u>	<u>17.3%</u>
<b>Operating Costs and Expenses</b>			
Theatrical exhibition			
Film exhibition costs	\$ 262,354	\$ 223,088	17.6%
Food and beverage costs	33,965	28,508	19.1%
Operating expense	202,313	187,258	8.0%
Rent	124,584	117,921	5.7%
General and administrative expense:			
Merger, acquisition and transaction costs	4,604	1,578	*%
Other	18,516	4,941	*%
Depreciation and amortization	60,430	57,777	4.6%
Operating costs and expenses	<u>706,766</u>	<u>621,071</u>	<u>13.8%</u>
Operating income	59,251	32,053	84.9%
Other expense (income):			
Other expense	26	—	*%
Interest expense:			
Corporate borrowings	24,867	26,079	-4.6%
Capital and financing lease obligations	2,195	2,373	-7.5%
Equity in (earnings) losses of non-consolidated entities	(4,264)	(1,324)	*%
Investment income	(9,954)	(5,143)	93.5%
Total other expense	<u>12,870</u>	<u>21,985</u>	<u>-41.5%</u>
Earnings before income taxes	46,381	10,068	*%
Income tax provision	18,090	3,930	*%
Net earnings	<u>\$ 28,291</u>	<u>\$ 6,138</u>	<u>*%</u>

\* Percentage change in excess of 100%

	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
<b>Operating Data:</b>		
Screen additions	12	—
Screen acquisitions	—	8
Screen dispositions	38	—
Construction openings (closures), net	(20)	4
Average screens(1)	5,313	4,884
Number of screens operated	5,380	4,959
Number of theatres operated	385	345
Screens per theatre	14.0	14.4
Attendance (in thousands)(1)	51,245	44,758

(1) Includes consolidated theatres only and excludes screens offline due to construction.

We present Adjusted EBITDA as a supplemental measure of our performance that is commonly used in our industry. We define Adjusted EBITDA as net earnings 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>	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2016</u>	<u>March 31,</u> <u>2015</u>
Net earnings	\$ 28,291	\$ 6,138
Plus:		
Income tax provision	18,090	3,930
Interest expense	27,062	28,452
Depreciation and amortization	60,430	57,777
Certain operating expenses(1)	3,402	4,064
Equity in earnings of non-consolidated entities	(4,264)	(1,324)
Cash distributions from non-consolidated entities	17,681	14,486
Investment income	(9,954)	(5,143)
Other expense	26	—
General and administrative expense—unallocated:		
Merger, acquisition and transaction costs	4,604	1,578
Stock-based compensation expense(2)	1,087	5,739
Adjusted EBITDA	<u>\$ 146,455</u>	<u>\$ 115,697</u>

(1) 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.

(2) 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 U.S. GAAP). Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We have included Adjusted EBITDA because we believe it provides management and investors with additional information to measure our performance and 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 U.S. GAAP. For example, Adjusted EBITDA:

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

#### **Results of Operations—For the Three Months Ended March 31, 2016 and March 31, 2015**

**Revenues.** Total revenues increased 17.3%, or \$112,893,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015. Admissions revenues increased 15.3%, or \$63,880,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily due to a 14.5% increase in attendance and a 0.7% increase in average ticket price. The increase in attendance was primarily due to the popularity of film product during the current period, the acquisition of Starplex Cinemas in December of 2015 and our comfort and convenience theatre renovation initiatives. Total admissions revenues were increased by rewards redeemed, net of deferrals, of \$620,000 and \$208,000 related to rewards accumulated under AMC Stubs during the three months ended March 31, 2016 and the three months ended March 31, 2015, 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 tickets purchased for 3D and IMAX premium format film product, partially offset by lower average ticket prices at Starplex Cinemas.

Food and beverage revenues increased 21.8%, or \$43,628,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily due to the increase in attendance and an increase in food and beverage revenues per patron of 6.2%. The increase in food and beverage revenues per patron reflects increased prices effective at the start of the fourth quarter of calendar 2015 and the contribution of our food and beverage strategic initiatives. Total food and beverage revenues were increased by rewards redeemed, net of deferrals, of \$866,000 and \$213,000 related to rewards accumulated under AMC Stubs during the three months ended March 31, 2016 and the three months ended March 31, 2015, respectively.

Total other theatre revenues increased 15.9%, or \$5,385,000 during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily due to increases in income from internet ticket fees related to our comfort and convenience initiatives and higher attendance levels, gift card sales, and advertising revenues.

**Operating costs and expenses.** Operating costs and expenses increased 13.8%, or \$85,695,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015. Film exhibition costs increased 17.6%, or \$39,266,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, 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 54.4% for the three months ended March 31, 2016 and 53.3% for the three months ended March 31, 2015 due to a change in mix to higher grossing film product carrying higher percentage film rent.

Food and beverage costs increased 19.1%, or \$5,457,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015. As a percentage of food and beverage revenues, food and beverage costs were 13.9% for the three months ended March 31, 2016 and 14.2% for the three months ended March 31, 2015 due to increases in retail selling prices in excess of cost increases at the start of the fourth quarter of 2015 for our food and beverage products. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues. Food and beverage gross profit per patron increased 6.8%, and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 26.4% for the three months ended March 31, 2016 as compared to 28.7% for the three months ended March 31, 2015, primarily due to the increase in revenues, partially offset by increases in salaries, 3D and IMAX format and licensing fees and credit card expense. Rent expense increased 5.7%, or \$6,663,000 during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily from the increase in the number of theatres operated including the acquisition of Starplex Cinemas, partially offset by declines in common area maintenance expense.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$4,604,000 during the three months ended March 31, 2016 compared to \$1,578,000 during the three months ended March 31, 2015, primarily due to an increase in professional and consulting costs and increased merger and acquisition activity associated with our proposed Carmike merger.

**Other.** Other general and administrative expense increased \$13,575,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, due primarily to the net periodic benefit credit of \$18,118,000 related to the termination and settlement of the AMC Postretirement Medical Plan recorded in the prior year and an increase in legal expenses of \$1,674,000 partially offset by declines in stock-based compensation expense of \$4,652,000 due to an increase in vesting periods compared to the prior year. See Note 9—Employee Benefit Plans of the Notes to Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q 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 during the three months ended March 31, 2015.

**Depreciation and amortization.** Depreciation and amortization increased 4.6%, or \$2,653,000, during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily due to the increase in depreciable assets resulting from capital expenditures of \$57,657,000 and \$333,423,000 during the three months ended March 31, 2016 and the twelve months ended December 31, 2015, respectively and the acquisition of Starplex Cinemas, partially offset by declines in depreciation expense for assets that have become fully depreciated.

**Other Expense (Income):**

**Other expense.** Other expense during the three months ended March 31, 2016 was due to legal costs related to the cash tender offer and redemption of the Notes due 2020 of \$26,000.

**Interest expense.** Interest expense decreased 4.9%, or \$1,390,000, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily due to the decrease in interest rates for corporate borrowings partially offset by an increase in aggregate average principal amounts outstanding during the three months ended March 31, 2016. In June 2015, we completed an offering of \$600,000,000 principal amount of our 5.75% Senior Subordinated Notes due 2025 and extinguished \$581,324,000 principal amount of our 9.75% Senior Subordinated Notes due 2020. In December 2015, we extinguished the remaining \$18,676,000 principal amount of our 9.75% Senior Subordinated Notes due 2020, issued additional term loans due 2022 of \$125,000,000 under our Senior Secured Credit Agreement and borrowed \$75,000,000 on our Revolving Credit Facility. During the three months ended March 31, 2016 we repaid \$50,000,000 of amounts borrowed on our Revolving Credit Facility.

**Equity in earnings of non-consolidated entities.** Equity in earnings of non-consolidated entities were \$4,264,000 for the three months ended March 31, 2016 compared to \$1,324,000 for the three months ended March 31, 2015. The increase in equity in earnings of non-consolidated entities of \$2,904,000 was primarily due to decreases in losses from NCM of \$4,522,000, partially offset by decreases in equity in earnings from Open Road Films of \$1,286,000. During the three months ended March 30, 2016, we continued to suspend equity method accounting for our investment in Open Road Films as the negative investment in Open Road Films had reached our commitment of \$10,000,000. The cash distributions from non-consolidated entities were \$17,681,000 during the three months ended March 31, 2016, and \$14,486,000 during the three months ended March 31, 2015, which includes payments related to the NCM tax receivable agreement recorded in investment income. See Note 3—Investments of the Notes to Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Investment income.** Investment income was \$9,954,000 for the three months ended March 31, 2016 compared to investment income of \$5,143,000 for the three months ended March 31, 2015. Investment income for the three months ended March 31, 2016 includes payments received of \$7,218,000 related to the NCM tax receivable agreement compared to payments received of \$5,352,000 during the three months ended March 31, 2015. Investment income for the three months ended March 31, 2016 also includes a \$3,008,000 gain on sale of all of our 1,222,780 common shares held in RealD Inc.

**Income tax provision.** The income tax provision from continuing operations was \$18,090,000 for the three months ended March 31, 2016 and \$3,930,000 for the three months ended March 31, 2015. See Note 5—Income Taxes of the Notes to Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

**Net earnings.** Net earnings were \$28,291,000 and \$6,138,000 during the three months ended March 31, 2016 and March 31, 2015, respectively. Net earnings during the three months ended March 31, 2016 compared to the three months ended March 31, 2015 were positively impacted by the increase in attendance, food and beverage revenue per patron and average ticket price, the increase in investment income, the decrease in interest expense, and the increase in equity in earnings of non-consolidated entities. Net earnings were negatively impacted by the increase in general and administrative: other and merger acquisition and transaction costs, income tax provision, rent and the increase in depreciation expense.

## 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 deficit as of March 31, 2016 and December 31, 2015 of \$297,234,000 and \$297,787,000, respectively. Working capital included \$183,072,000 and \$221,679,000 of deferred revenues and income as of March 31, 2016 and December 31, 2015, respectively. We have the ability to borrow under our Senior Secured Credit Facility to meet obligations as they come due (subject to limitations on the incurrence of indebtedness in our various debt instruments). As of March 31, 2016, we had \$112,384,000 available for borrowing, net of letters of credit, under our revolving Senior Secured Credit Facility.

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, the Notes due 2022, and the Notes due 2025.

As of March 31, 2016, we were in compliance with all financial covenants relating to the Senior Secured Credit Facility, the Notes due 2022, and the Notes due 2025.

### Cash Flows from Operating Activities

Cash flows provided by operating activities, as reflected in the Consolidated Statements of Cash Flows, were \$22,871,000 and \$21,563,000 during the three months ended March 31, 2016 and March 31, 2015, respectively. The increase in cash flows provided by operating activities was primarily due to increases in net earnings and contributions from landlords partially offset by increases in payments for working capital items.

### Cash Flows from Investing Activities

Cash flows used in investing activities, as reflected in the Consolidated Statements of Cash Flows, were \$51,625,000 and \$71,378,000, during the three months ended March 31, 2016 and March 31, 2015, respectively. Cash outflows from investing activities include capital expenditures of \$57,657,000 and \$69,590,000 during the three months ended March 31, 2016 and March 31, 2015, respectively. Our capital expenditures primarily consisted of strategic growth initiatives and remodels, capital improvements to existing locations in our theatre circuit, and technology upgrades. We expect that our gross cash outflows for capital expenditures will be approximately \$400,000,000 to \$420,000,000 for 2016, before giving effect to expected landlord contributions of approximately \$120,000,000 to \$130,000,000, resulting in a net cash outlay of approximately \$280,000,000 to \$290,000,000.

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 used in financing activities, as reflected in the Consolidated Statements of Cash Flows, were \$74,582,000 and \$23,645,000 during the three months ended March 31, 2016 and March 31, 2015, respectively. Financing activities for the current period consisted of dividend payments and repayments of \$50,000,000 related to our revolving Senior Secured Credit Facility and capital and financing lease obligations. On February 25, 2016, our 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. We paid dividends and dividend equivalents of \$19,803,000 during the three months ended March 31, 2016 and \$19,821,000 during the three months ended March 31, 2015.

### **Investment in NCM LLC**

We hold an investment of 17.40% in NCM LLC and 200,000 shares of NCM, Inc. accounted for under the equity method as of March 31, 2016. The estimated fair market value of our investment in NCM and NCM, Inc. was approximately \$365,998,000, based upon the publically quoted price per share of NCM, Inc. on March 31, 2016 of \$15.21 per share. We have little tax basis in these units, therefore the sale of all these units at March 31, 2016 would require us to report taxable income of approximately \$453,800,000, including distributions received from NCM LLC that were previously deferred. Our investment in NCM LLC is a source of liquidity for us and we expect that any sales we may make of NCM LLC units 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.

### **Commitments and Contingencies**

The Company has commitments and contingencies for capital and financing leases, corporate borrowings, operating leases, capital related betterments and pension funding that were summarized in a table in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. Since December 31, 2015, there have been no material changes to the commitments and contingencies of the Company outside the ordinary course of business.

### **New Accounting Pronouncements**

See Note 11—New Accounting Pronouncements of the Notes to the Company's Consolidated Financial Statements in Item 1 of Part I for further information regarding recently issued accounting standards.

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

We are exposed to various market risks.

**Market risk on variable-rate financial instruments.** At March 31, 2016, we 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 March 31, 2016 for the outstanding Senior Secured Term Loan due 2022 was a LIBOR-based rate of 4.00% per annum. 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 March 31, 2016, we had \$25,000,000 variable-rate borrowings under our revolving credit facility and had an aggregate principal balance of \$878,423,000 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 \$2,294,000 during the three months ended March 31, 2016.

**Market risk on fixed-rate financial instruments.** Included in long-term corporate borrowings at March 31, 2016 were principal amounts of \$600,000,000 of our Notes due 2025 and \$375,000,000 of our 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 4. Controls and Procedures.**

(a) Evaluation of disclosure controls and procedures.

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

(b) Changes in internal controls.

There has been no change in our internal control over financial reporting during our most recent calendar quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings**

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

**Item 1A. Risk Factors**

Reference is made to Part I Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes in our risk factors from those previously discussed in our Annual Report on Form 10-K for the year ended December 31, 2015.

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

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits.****EXHIBIT INDEX**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
2.1	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).
4.1	Second Supplemental Indenture, dated as of March 31, 2016, with respect to \$600 million aggregate principal amount of 5.75% Senior Subordinated Notes due 2025, by and between AMC Entertainment Holdings, Inc., AMC Entertainment Inc., the guarantors party thereto and U.S. Bank National Association, as trustee. (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 1-333892) filed on March 31, 2016).
4.2	Second Supplemental Indenture, dated as of March 31, 2016, with respect to \$375 million aggregate principal amount of 5.875% Senior Subordinated Notes due 2022, by and between AMC Entertainment Holdings, Inc., AMC Entertainment Inc., the guarantors party thereto and U.S. Bank National Association, as trustee. (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 1-333892) filed on March 31, 2016).
10.1	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).
*10.2	Amended Debt Commitment Letter, dated March 3, 2016, by and among AMC Entertainment Inc. and Citigroup Capital Markets, Inc.
*10.3***	Non-Employee Director Compensation Program
*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
**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
<hr/>	
*	Filed herewith
**	Submitted electronically with this Report.
***	Management contract, compensatory plan or arrangement.

**SIGNATURES**

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

**AMC ENTERTAINMENT HOLDINGS, INC.**

Date: May 6, 2016

/s/ ADAM M. ARON

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

Date: May 6, 2016

/s/ CRAIG R. RAMSEY

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Craig R. Ramsey  
*Executive Vice President and Chief Financial Officer*



**CITIGROUP GLOBAL MARKETS INC.**  
390 Greenwich Street  
New York, New York 10013

**BANK OF AMERICA, N.A.**  
**MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED**  
One Bryant Park  
New York, New York 10036

**BARCLAYS**  
745 Seventh Avenue  
New York, New York 10019

**CREDIT SUISSE AG**  
**CREDIT SUISSE**  
**SECURITIES (USA) LLC**  
Eleven Madison Avenue  
New York, New York 10010

**HSBC BANK USA, N.A.**  
**HSBC SECURITIES (USA)**  
**INC.**  
452 Fifth Avenue  
New York, New York 10018

March 15, 2016

AMC Entertainment Inc.  
One AMC Way  
11500 Ash Street  
Leawood, Kansas 66211  
Attention: Craig Ramsey, Chief Financial Officer

Project Carl  
Amended and Restated Commitment Letter

Ladies and Gentlemen:

AMC Entertainment Inc. (the “Borrower” or “you”) has advised Citi (as defined below, “Citi”), Bank of America, N.A. (“Bank of America”), Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPFS”), Barclays Bank PLC (“Barclays”), Credit Suisse AG (acting through such of its affiliates or branches as it deems appropriate, “CS”), Credit Suisse Securities (USA) LLC (“CS Securities” and, together with CS and their respective affiliates, “Credit Suisse”), HSBC Bank USA, N.A. (“HSBC Bank”) and HSBC Securities (USA) Inc. (“HSBC Securities” and, together with Citi, Bank of America, MLPFS, Barclays, Credit Suisse and HSBC Bank, collectively the “Commitment Parties”, the “Agents”, “we” or “us”) that it intends to consummate the Transactions (such term and each other capitalized term used but not defined herein having the meaning assigned to such term in the Transaction Description attached hereto as Exhibit A (the “Transaction Description”), in the Summary of Principal Terms and Conditions attached hereto as Exhibit B (the “Incremental Term Loan B Term Sheet”) or in the Summary of Principal Terms and Conditions attached hereto as Exhibit C (the “Senior Subordinated Bridge Facility Term Sheet”) and, together with the Incremental Term Loan B Term Sheet and the Summary of Conditions Precedent attached as Exhibit D hereto, the “Term Sheets”; and together with this commitment letter, collectively, this “Commitment Letter”).

For purposes of this Commitment Letter, “Citi” shall mean Citigroup Global Markets Inc., Citibank, N.A., Citicorp USA, Inc., Citicorp North America, Inc. and/or any of their affiliates as Citi shall determine to be appropriate to provide the services contemplated herein.

This Commitment Letter amends and restates in its entirety the commitment letter dated March 3, 2016 (the “Original Commitment Letter”), between Citi and you. The Original Commitment Letter is automatically superseded as of the date hereof without the need for any further notice (it being understood and agreed that the indemnification provisions contained in Section 7 of the Original Commitment Letter will remain in full force and effect for the benefit of Citi for all matters covered by such indemnification provisions).

1. Commitments.

In connection with the foregoing, each of Citi, Bank of America, Barclays, CS and HSBC Bank (together, the “Initial Lenders”) is pleased to advise you of its commitment (on a several and not joint basis) to provide the relevant percentage as set forth in the table below of (a) the Incremental Term Loan B Facility (as defined in the Transaction Description) in an aggregate principal amount of up to \$560.0 million, upon the terms set forth herein and subject only to the conditions set forth or referred to in Exhibit D, and (b) the Senior Subordinated Bridge Facility (as defined in the Transaction Description) in an aggregate principal amount of up to \$300 million, upon the terms set forth herein and subject only to the conditions set forth or referred to in Exhibit D (excluding, solely with respect to the Senior Subordinated Bridge Facility, any conditions expressly relating to collateral or security interests in respect of the Incremental Term Loan B Facility).

<u>Initial Lender</u>	<u>Incremental Term Loan B Facility Percentage</u>	<u>Senior Subordinated Bridge Facility Percentage</u>
Citi	44%	44%
Bank of America	35%	35%
Barclays	7%	7%
CS	7%	7%
HSBC Bank	7%	7%

2. Titles and Roles.

You hereby appoint (i) each of Citi, MLPFS, Barclays, CS Securities and HSBC Securities to act, and each such person hereby agrees to act, as a lead bookrunner and a lead arranger for the Incremental Term Loan B Facility, (ii) each of Citi, MLPFS, Barclays, CS Securities and HSBC Securities to act, and each such person hereby agrees to act, as a lead bookrunner and a lead arranger for the Senior Subordinated Bridge Facility (in each of clauses (i)

and (ii), in such capacities, the “Lead Arrangers”) in connection with the proposed arrangement and subsequent syndication of the Facilities and (iii) Citi to act, and Citi hereby agrees to act, as sole administrative agent for the Senior Subordinated Bridge Facility, in each case upon the terms and subject to the conditions set forth or referred to in this Commitment Letter. It is agreed that (i) Citi shall have “left” placement in any and all marketing materials or other documentation used in connection with the Facilities and shall hold the leading role and responsibility conventionally associated with such “left” placement and Citi will perform the duties and exercise the authority customarily performed and exercised by it in the foregoing roles, (ii) MLPFS will appear immediately to the “right” of Citi with respect to any and all marketing materials or other documentation used in connection with the Facilities and to the “left” of all other financial institutions (other than Citi), and (iii) Barclays, CS Securities and HSBC Securities will appear, in alphabetical order, immediately to the “right” of MLPFS with respect to any and all marketing materials or other documentation used in connection with the Facilities. You further agree that no other titles will be awarded and no compensation (other than that expressly contemplated by this Commitment Letter and the Fee Letter referred to below) will be paid in order to obtain commitments to participate in the Facilities unless you and the Commitment Parties shall so agree.

### 3. Syndication

We reserve the right, prior to and/or after the execution of the applicable definitive documentation for the respective Facilities (the “Credit Documentation”), to syndicate all or a portion of our commitments with respect to the Facilities to a group of banks, financial institutions and other lenders identified by us in consultation with you and subject to your consent (such consent not to be unreasonably withheld, delayed or conditioned) (together with the Initial Lenders, the “Lenders”) pursuant to a syndication to be managed exclusively by the Lead Arrangers; provided that we will not syndicate the Facilities to (i) those persons identified by you in writing to us prior to the date of the Original Commitment Letter, (ii) any person identified by name by you in writing to us from time to time that is or becomes a competitor of the Borrower, the Target or any of their respective subsidiaries (each such person, a “Competitor”), (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 Lead Arrangers shall have no obligation to carry out due diligence in order to identify such affiliates) and (iv) any other affiliate (other than any Debt Fund Affiliate) of any person described in clause (i) or (ii) above that is identified by name by you in writing to us from time to time (such persons, collectively, the “Disqualified Institutions”). Subject to the foregoing rights, the Lead Arrangers will manage all aspects of the syndication of the Facilities in consultation with you, including, without limitation, timing, potential syndicate members to be approached, titles and allocations and division of fees. 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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We intend to commence our syndication efforts with respect to the Facilities promptly upon your execution and delivery to us of this Commitment Letter, and, until the earlier to occur of (i) a Successful Syndication (as defined in the Fee Letter) and (ii) 60 days after the Closing Date (such period, the “Syndication Period”), you agree actively to assist us in completing a syndication that is reasonably satisfactory to us. Such assistance shall include (i) your using commercially reasonable efforts to ensure that any syndication and marketing efforts benefit from your (and, to the extent practical and appropriate, the Target’s) existing lending and investment banking relationships, (ii) direct contact between appropriate members of senior management, certain representatives and certain non-legal advisors of you (and your using commercially reasonable efforts to cause direct contact between appropriate members of senior management, certain representatives and certain non-legal advisors of the Target), on the one hand, and the proposed Lenders and rating agencies identified by the Lead Arrangers, on the other hand, at times and places mutually agreed, (iii) assistance by you (and your using commercially reasonable efforts to cause the assistance by the Target) in the prompt preparation of a customary Confidential Information Memorandum for each of the Facilities and other customary marketing materials and information reasonably deemed necessary by the Lead Arrangers to complete a successful syndication (collectively, the “Information Materials”) for delivery to potential syndicate members and participants, including, without limitation, estimates, forecasts, projections and other forward-looking financial information regarding the future performance of the Borrower, the Target and their respective subsidiaries subject to limitations on your rights to request information concerning the Target and its subsidiaries set forth in the Acquisition Agreement (such estimates, forecasts, projections and other forward-looking information, collectively, the “Projections”), (iv) the hosting, with the Lead Arrangers, of one or more meetings with prospective Lenders at reasonable times and locations to be mutually agreed, and (v) your using commercially reasonable efforts to obtain (or maintain, to the extent already in effect as of the date hereof), prior to the launch of the syndication of the Facilities and the marketing of the Senior Subordinated Notes (as defined below), public ratings (but no specific ratings) for the Incremental Term Loan B Facility and the Senior Subordinated Notes from each of Standard & Poor’s Ratings Services (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”) and a public corporate credit rating (but no specific rating) of the Borrower from S&P and a public corporate family rating (but no specific rating) of the Borrower from Moody’s.

You hereby acknowledge that (i) the Lead Arrangers and the Agents will make available Information (as defined below) and Projections, and the documentation relating to the Facilities referred to in the paragraph below, to the proposed syndicate of Lenders by transmitting such Information, Projections and documentation through Intralinks, SyndTrak Online, the internet, email or similar electronic transmission systems and (ii) certain of the Lenders may be “public side” Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower, the Target and their respective subsidiaries or securities) (“Public Lenders”). You agree, at the request of the Lead Arrangers, to assist in the prompt preparation of a version of the Confidential Information Memorandum and other marketing materials and presentations to be used in connection with the syndication of the Facilities, consisting exclusively of information and documentation that is either (a) publicly available or (b) not material with respect to the Borrower, the Target or their respective subsidiaries or any of their respective securities for purposes of United States Federal securities laws (all such information and documentation being “Public Lender Information” and with any

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information and documentation that is not Public Lender Information being referred to herein as “Private Lender Information”).

It is understood that in connection with your assistance described above, customary authorization letters will be included in any such Confidential Information Memorandum that authorize the distribution thereof to prospective Lenders, represent that the additional version of the Confidential Information Memorandum does not include any Private Lender Information and exculpate us with respect to any liability related to the use of the contents of such Confidential Information Memorandum or any related offering and marketing materials by the recipients thereof and exculpate you and the Acquired Business with respect to any liability related to the misuse of the contents of such Confidential Information Memorandum or any related offering and marketing materials by the recipients thereof. You agree that such Confidential Information Memorandum or related offering and marketing materials to be disseminated by the Lead Arrangers to any prospective Lender in connection with the Facilities will be identified by you as either (A) containing Private Lender Information or (B) containing solely Public Lender Information.

You acknowledge that the following documents may be distributed to Public Lenders, unless you notify the Lead Arrangers in writing (including by email) within a reasonable period of time prior to the intended distribution that any such document contains Private Lender Information (provided that such materials have been provided to you for review a reasonable period of time prior thereto): (x) drafts and final versions of the Credit Documentation; (y) administrative materials prepared by the Lead Arrangers for prospective Lenders (such as a lender meeting invitation, allocation, if any, customary marketing term sheets and funding and closing memoranda); and (z) notification of changes in the terms and conditions of the Facilities.

You hereby agree that, prior to the later of (x) the Closing Date and (y) the completion of the Syndication Period, there shall be no competing issues, offerings or placements of debt securities or commercial bank or other credit facilities by or on behalf of the Borrower or its subsidiaries (and you will use commercially reasonable efforts to ensure that there are no competing issues, offerings or placements of debt securities or commercial bank or other credit facilities by or on behalf of the Target or its subsidiaries) being offered, placed or arranged (other than the Facilities, the Senior Subordinated Notes, the Solicitation, ordinary course working capital facilities, ordinary course capital leases, purchase money indebtedness and equipment financings or any indebtedness of the Target and its subsidiaries permitted to be incurred or outstanding pursuant to the Acquisition Agreement), without the consent of the Lead Arrangers, if such issuance, offering, placement or arrangement would reasonably be expected to materially impair the primary syndication of the Facilities, the offering of the Senior Subordinated Notes or the Solicitation.

Notwithstanding anything to the contrary in this Commitment Letter or the Fee Letter or the Credit Documentation or any agreement or undertaking concerning the financing of the Acquisition to the contrary, it is understood and agreed that (i) neither the obtaining of the ratings referenced above nor the compliance with any of the foregoing provisions set forth in this Section 3 shall constitute a condition to the Initial Lenders' commitments hereunder or the funding of the Facilities on the Closing Date; (ii) none of the commencement nor the completion

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of the syndication of the Facilities shall constitute a condition to the commitments hereunder or the funding of the Facilities on the Closing Date, nor syndication of, or receipt of commitments or participations in respect of, all or any portion of an Initial Lender's commitments hereunder prior to the Closing Date shall be a condition to such Initial Lender's commitments; (iii) no Initial Lender shall be relieved, released or novated from its obligations hereunder (including its obligation to fund the Facilities on the Closing Date) in connection with any syndication, assignment or participation of the Facilities, including its commitments in respect thereof, until after the initial funding of the Facilities has occurred; (iv) no assignment or novation shall become effective with respect to all or any portion of any Initial Lender's commitments in respect of any Facility until after the initial funding of the Facilities; and (v) unless you otherwise agree in writing, each Initial Lender shall retain exclusive control over all rights and obligations with respect to its commitments in respect of the Facilities, including all rights with respect to consents, modifications, supplements, waivers and amendments, until the Closing Date has occurred.

#### 4. Information.

You represent (with respect to Information and Projections and any forward-looking information relating to the Acquired Business, to your knowledge) that (a) all written information that has been or is hereafter furnished by you or on your behalf in connection with the transactions contemplated hereby (other than the Projections, other forward-looking information and information of a general economic or industry specific nature) (such information being referred to herein collectively as the "Information"), when taken as a whole, as of the time it was (or, in the case of Information furnished after the date hereof, hereafter is) furnished, does not (or will not) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein taken as a whole not materially misleading, in light of the circumstances under which they were (or hereafter are) made, and (b) the Projections and other forward-looking information that have been or will be made available to the Lead Arrangers and the Agents by you or any of your representatives have been or will be prepared in good faith based upon assumptions that you believe to be reasonable at the time made and at the time such Projections or other forward-looking information are made available to the Lead Arrangers and the Agents, it being recognized by the Lead Arrangers and the Agents that such Projections and other forward-looking information are as to future events and are not to be viewed as facts, such Projections and other forward-looking information are subject to significant uncertainties and contingencies and that actual results during the period or periods covered by any such Projections or other forward-looking information may differ significantly from the projected results, and that no assurance can be given that the projected results will be realized. You agree that if at any time prior to the later of (x) the Closing Date and (y) the completion of the Syndication Period, you become aware that any of the representations in the preceding sentence would be incorrect in any material respect if the Information and Projections were being furnished, and such representations were being made, at such time, then you will promptly advise the Lead Arrangers and the Agents and supplement (or, prior to the Acquisition, use commercially reasonable efforts to supplement, in the case of Information and Projections and any forward-looking information relating to the Acquired Business) the Information and the Projections so that such representations will be (prior to the Acquisition, to your knowledge as to Information and Projections and any forward-looking information relating to the Acquired Business) correct in all material respects under those circumstances. You understand that, in

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arranging and syndicating the Facilities, we will be entitled to use and rely on the Information and the Projections without responsibility for independent verification thereof and do not assume responsibility for the accuracy or completeness of the Information or the Projections. Notwithstanding anything to the contrary, the only financial statements that shall be required to be provided to us in connection with the syndication of the Facilities will be those required to be delivered pursuant to paragraph 4 and paragraph 5 of Exhibit D.

#### 5. Conditions Precedent.

Notwithstanding anything set forth in this Commitment Letter, the Term Sheets, the Fee Letter or the Credit Documentation, or any other agreement or other undertaking concerning the financing of the Acquisition to the contrary (other than the Funding Conditions (as defined below)), each Initial Lender's commitment hereunder to fund the Facilities on the Closing Date, and the agreement of each Agent to perform the services described herein, are subject solely to the satisfaction or waiver by each of the Initial Lenders of the applicable conditions expressly set forth in Exhibit D attached hereto (excluding, solely with respect to the Senior Subordinated Bridge Facility, any conditions expressly relating to collateral or security interests in respect of the Incremental Term Loan B Facility) (the "Funding Conditions"); it being understood and agreed that there are no conditions (implied or otherwise) to the commitments hereunder including compliance with the terms of this Commitment Letter, the Fee Letter, the Credit Documentation, the Existing Credit Agreement, the Target Indenture or any other agreement or undertaking concerning the financing of the Acquisition, other than the Funding Conditions (and upon satisfaction or waiver of the Funding Conditions, the initial funding under the Facilities shall occur).

Notwithstanding anything set forth in this Commitment Letter, the Term Sheets, the Fee Letter or the Credit Documentation, or any other agreement or other undertaking concerning the financing of the Acquisition to the contrary, (i) the only representations and warranties the accuracy of which shall be a condition to availability of the Facilities on the Closing Date shall be (x) such of the representations made by or on behalf of the Acquired Business in the Acquisition Agreement as are material to the interests of the Lenders (in their capacities as such), but only to the extent that the Borrower (or an affiliate thereof) has the right to terminate its obligations (or to refuse to consummate the Acquisition) under the Acquisition Agreement as a result of a breach of such representations (the "Acquisition Agreement Target Representations") and (y) the Specified Representations (as defined below) made by the Borrower in the Credit Documentation and (ii) the terms of the Credit Documentation shall be in a form such that they do not impair the availability of the Facilities on the Closing Date if the conditions set forth in Exhibit D attached hereto are satisfied or waived (it being understood and agreed that, to the extent any Collateral (as defined in and referred to in the Incremental Term Loan B Facility Term Sheet) (other than Collateral that may be perfected by (A) the filing of a UCC financing statement or (B) taking delivery and possession of stock certificates (other than with respect to any immaterial subsidiary or any subsidiary not organized or incorporated in the United States or any state thereof) is not or cannot be delivered or a security interest therein is not or cannot be provided or perfected on the Closing Date after your use of commercially reasonable efforts to do so and without undue burden and expense, then the provision and/or perfection of the security interest in such Collateral shall not constitute a condition precedent to the availability of the Incremental Term Loan B Facility on the Closing Date but, instead, may be



accomplished within 90 days after the Closing Date (subject to extensions to be agreed upon by the Administrative Agent in its sole discretion)). For purposes hereof, “Specified Representations” means the representations and warranties of the Borrower with respect to itself set forth (or referred to) in the Term Sheets relating to its legal existence; corporate power and authority relating to the entering into and performance of the Credit Documentation by the Borrower; the due authorization, execution, delivery and validity of the Credit Documentation by the Borrower, in each case related to (x) the borrowing under and the performance of the obligations under the Credit Documentation and (y) the granting and perfection of the Administrative Agent’s security interests in the Collateral (subject to the parenthetical beginning “it being understood and agreed” appearing in the preceding sentence) pursuant to, the Credit Documentation against the Borrower; the enforceability of the Credit Documentation against the Borrower; the incurrence of the loans to be made under the Facilities and the provision of the Guarantees (as defined in Term Sheets), in each case under the Facilities, the granting of the security interests in the Collateral to secure the Incremental Term Loan B Facility, the issuance of the Senior Subordinated Notes, the consummation of the Solicitation and the payment of consideration in respect of the Merger and the Acquisition not conflicting with or violating (i) the Borrower’s organizational documents, (ii) Sections 2.19, 8.1(i), 8.1(s), 8.2(p) and/or 8.3(i), as applicable, of the Existing Credit Agreement (without giving effect to any Default condition contained in any such section) or (iii) Sections 4.05, 4.07 or 4.10 of either of (x) the Indenture between the Borrower and U.S. Bank National Association, as Trustee, dated as of February 7, 2014, as supplemented from time to time and (y) the Indenture between the Borrower and U.S. Bank National Association, as Trustee, dated as of June 5, 2015, as supplemented from time to time; Federal Reserve margin regulations; the Investment Company Act of 1940, as amended; solvency of the Borrower and its Subsidiaries (as defined in the Existing Credit Agreement) on a consolidated basis as of the Closing Date (after giving effect to the Transactions) (solvency to be determined in a manner consistent with the manner in which solvency is determined in the solvency certificate to be delivered pursuant to paragraph 1 of Exhibit D); the USA PATRIOT Act, the use of proceeds on the Closing Date not violating OFAC or FCPA; subject to the parenthetical beginning “it being understood and agreed” appearing in the preceding sentence and subject to permitted liens, the creation, validity and perfection of the security interests, if any, granted in the proposed Collateral of the Acquired Business. The provisions of this Section 5 are referred to as the “Funds Certain Provisions”.

#### 6. Fees.

As consideration for each Initial Lender’s commitment hereunder, and the agreement of each Agent to perform the services described herein, you agree to pay (or cause to be paid) to each Agent the fees to which such Agent is entitled, as set forth in this Commitment Letter and in the amended and restated fee letter dated the date hereof and delivered herewith with respect to the Facilities or any agency fee letters related to the Facilities (collectively, the “Fee Letter”).

#### 7. Expenses; Indemnification.

To induce the Lead Arrangers and the Agents to issue this Commitment Letter and to proceed with the Credit Documentation, you hereby agree that all reasonable and documented out-of-pocket fees and expenses (but limited, in the case of legal fees and expenses to the

reasonable fees and expenses of (x) Latham & Watkins LLP as primary counsel for all Lead Arrangers and Agents, taken as a whole in an aggregate amount not to exceed the amount set forth in the proviso below and (y) one local counsel for each relevant jurisdiction as may be reasonably necessary or advisable in the reasonable judgment of the Lead Arrangers for all Lead Arrangers and Agents, taken as a whole) of the Agents and their affiliates arising in connection with the Facilities and the preparation, negotiation, execution, delivery and enforcement of this Commitment Letter, the Fee Letter and the Credit Documentation (including in connection with our due diligence and syndication efforts) shall be for your account and that, if the Closing Date occurs, you shall from time to time from and after the Closing Date upon request from such Agent, reimburse it and its affiliates for all such reasonable and documented out-of-pocket fees and expenses paid or incurred by them; provided that, whether or not the Transactions are consummated or the Facilities are made available or the Credit Documentation is executed you agree to reimburse the reasonable fees and expenses of Latham & Watkins LLP paid or incurred by the Lead Arrangers and Agents in an aggregate amount not to exceed \$175,000. It is understood and agreed by the parties hereto that the foregoing limitation applies only to fees and expenses incurred in connection with this Commitment Letter in the event that the Closing Date does not occur (and the provisions of Section 11.3 of the Existing Credit Agreement shall continue to apply, without limitation, to any other fees and expenses, including fees and expenses incurred in connection with the amendment to the Existing Credit Agreement to implement the Incremental Term Loan B Facility).

You further agree to indemnify and hold harmless each Lead Arranger, each Agent and each other agent or co-agent (if any) designated by the Lead Arrangers in consultation with you with respect to the Facilities (each, a “Co-Agent”) and the Initial Lenders and all of their respective affiliates and each director, officer, employee, advisor, representative and agent thereof (each, an “Indemnified Person”) from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever that may be incurred by or asserted against or involve any Lead Arranger, any Agent, any Co-Agent, any Initial Lender, or any other such Indemnified Person as a result of or arising out of or in any way related to or resulting from the Transactions, this Commitment Letter or the Fee Letter and, upon demand, to pay and reimburse each Lead Arranger, each Agent, each Co-Agent, the Initial Lenders, and each other Indemnified Person for any reasonable legal expenses of one firm of counsel for all such Indemnified Persons, taken as a whole (and, in the case of an actual or perceived conflict of interest, where the Indemnified Person affected by such conflict informs you of such conflict and thereafter retains its own counsel, of another firm of counsel for such affected Indemnified Person), and, if necessary, of a single local counsel in each appropriate jurisdiction (which may include a single special counsel acting in multiple jurisdictions) for all such Indemnified Persons, taken as a whole, or other reasonable and documented out-of-pocket expenses paid or incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including any inquiry or investigation) or claim (whether or not any Lead Arranger, any Agent, any Co-Agent, the Initial Lenders, or any other such Indemnified Person is a party to any action or proceeding out of which any such expenses arise or such matter is initiated by a third party or by you or any of your affiliates); provided, however, that you shall not have to indemnify any Indemnified Person against any loss, claim, damage, expense or liability to the extent same resulted from (x) the gross negligence or willful misconduct of such Indemnified Person (as determined by a court of competent jurisdiction in a final and non-appealable judgment), (y) a material breach by the

relevant Indemnified Person (as determined by a court of competent jurisdiction in a final and non-appealable judgment) of the express contractual obligations of such Indemnified Person under this Commitment Letter or (z) any disputes among the Indemnified Parties (other than disputes involving claims against any Lead Arranger, Agent or other agent in their capacities as such) and not arising from any act or omission by the Borrower or any of its affiliates.

No Lead Arranger, Agent or any other Indemnified Person shall be responsible or liable to you or any other person or entity for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems (including IntraLinks, Syndtrak Online or email) other than as a result of such person’s gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable decision. No party hereto shall be responsible or liable for any indirect, special, exemplary, incidental, punitive or consequential damages (including, without limitation, any loss of profits, business or anticipated savings) that may be alleged as a result of this Commitment Letter, the Fee Letter or the Transactions even if advised of the possibility

thereof (except in respect of any such damages incurred or paid by an Indemnified Party to a third party), other than as a result of such party's gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and non-appealable decision; provided that the foregoing shall not in any way limit your indemnification obligations hereunder.

You agree that, without each Lead Arranger's and each Agent's prior written consent (such consent not to be unreasonably withheld or delayed), neither you nor any of your subsidiaries will settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provision of this Commitment Letter (whether or not any Agent or any other Indemnified Person is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of each Indemnified Person from all liability arising out of such claim, action or proceeding and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any Indemnified Person.

#### 8. Sharing Information; Absence of Fiduciary Relationship; Affiliate Activities.

Each Commitment Party reserves the right to employ the services of its affiliates and branches in providing services contemplated by this Commitment Letter and to allocate, in whole or in part, to its affiliates certain fees payable to such Commitment Party in such manner as such Commitment Party and its affiliates may agree in their sole discretion. You acknowledge that (i) each Commitment Party may share with any of its affiliates and its and their respective directors, officers, employees, representatives, agents and advisors that are providing services contemplated by this Commitment Letter (including, without limitation, attorneys, accountants, consultants, bankers and financial advisors) (collectively, "Related Persons"), any information related to the Transactions, the Borrower, and the Target (and its and their respective subsidiaries and affiliates) or any of the matters contemplated hereby subject to the confidentiality provisions hereof and (ii) each Commitment Party and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you, the Target or your or its affiliates may have conflicting interests regarding the

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transactions described herein or otherwise. We will not, however, furnish confidential information obtained from you by virtue of the transactions contemplated by this Commitment Letter or our other relationships with you to other persons (other than your affiliates). You also acknowledge that each Commitment Party has no obligation to use in connection with the Transactions, this Commitment Letter, the Fee Letter or to furnish to you, confidential information obtained by us from other companies.

You further acknowledge and agree that (i) no fiduciary, advisory or agency relationship between you and us is intended to be or has been created in respect of the Transactions, this Commitment Letter or the Fee Letter, irrespective of whether we or our affiliates have advised or are advising you on other matters, (ii) we, on the one hand, and you, on the other hand, have an arms-length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty on our part in respect of the transactions contemplated by this Commitment Letter, (iii) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter and the Fee Letter, (iv) you have been advised that we and our affiliates are engaged in a broad range of transactions that may involve interests that differ from your interests and that we and our affiliates have no obligation to disclose such interests and transactions to you by virtue of any fiduciary, advisory or agency relationship, and (v) you waive, to the fullest extent permitted by law, any claims you may have against us or our affiliates for breach of fiduciary duty or alleged breach of fiduciary duty in respect of the financing transactions contemplated by this Commitment Letter and agree that we and our affiliates shall have no liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting such a fiduciary duty claim on behalf of or in right of you, including your stockholders, employees or creditors. Additionally, you acknowledge and agree that neither we nor any of our affiliates has, except as expressly contemplated in the preceding paragraph, advised or is advising you as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction in connection with the Transactions, this Commitment Letter and the Fee Letter. You shall consult with your own advisors concerning such matters and shall be responsible for making your own independent investigation and appraisal of the transactions contemplated by this Commitment Letter, and neither we nor any of our affiliates shall have any responsibility or liability to you with respect thereto. Accordingly, it is specifically understood that you will base your decisions regarding whether and how to pursue the Transactions or any portion thereof based on the advice of your legal, tax and other business advisors and such other factors that you consider appropriate. We are serving as an independent contractor hereunder, and in connection with the Transactions, in respect of its services hereunder and in such connection and not as a fiduciary or trustee of any party. The Borrower further acknowledges and agrees that any review by the Lead Arrangers of it, the Acquired Business, the Facilities, any offering of Securities (as defined in the Fee Letter), the terms of any Securities and other matters relating thereto in connection with the financing transactions contemplated by this Commitment Letter will be performed solely for the benefit of the Lead Arrangers and shall not be on behalf of the Borrower or any other person.

You further acknowledge that each Commitment Party is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Commitment Party or its affiliates may provide investment banking and other financial services to, and/or acquire,

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hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, you, the Acquired Business and your and their respective subsidiaries and other companies with which you, the Target or your or its subsidiaries may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Commitment Party or any of its affiliates or any of their respective customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

Each Agent or its affiliates may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of you, the Acquired Business or other companies that may be the subject of the arrangements contemplated by this Commitment Letter or engage in commodities trading with any thereof.

#### 9. Confidentiality.

This Commitment Letter is delivered to you on the understanding that none of this Commitment Letter, the Original Commitment Letter, the Fee Letter or the fee letter dated March 3, 2016 (the "Original Fee Letter"), between Citi and you, nor any of their terms or substance shall be disclosed, directly or indirectly, by you to any other person or entity except (a) to your subsidiaries and your and their officers, directors, affiliates, employees, equityholders, attorneys, accountants, agents and advisors who are directly involved in the consideration of this matter and on a confidential basis, (b) in connection with any pending legal or administrative proceeding or otherwise as required by applicable law or compulsory legal process (in which case you agree, to the extent permitted by applicable law, to inform us promptly thereof) or regulatory review or (c) if the Agents consent in writing to such proposed disclosure (such consent not to be unreasonably withheld); provided that (i) you may disclose this Commitment Letter, the Original Commitment Letter, the Fee Letter and the Original Fee Letter and in each case the contents thereof (subject to usual and customary redactions reasonably satisfactory to the Agents) to the Acquired Business and the officers, directors, employees, equityholders, attorneys, accountants and advisors, controlling persons and equity holders thereof, in each case who are directly involved in the consideration of this matter and on a confidential basis, (ii) you may disclose this Commitment Letter and the Original Commitment Letter and in each case the contents thereof (but you may not disclose the Fee Letter or the Original Fee Letter or in each case the contents thereof) in any prospectus or other offering memorandum relating to the Senior Subordinated Notes or in any filing with the SEC in connection with the Transactions, (iii) you may

disclose the Term Sheets and the other exhibits and annexes to this Commitment Letter and the Original Commitment Letter, and in each case the contents thereof, to any rating agencies in connection with obtaining ratings for the Borrower and the Facilities, (iv) you may disclose the aggregate fee amounts contained in the Fee Letter and the Original Fee Letter as part of a generic disclosure of aggregate sources and uses related to fee amounts applicable to the Transactions to the extent customary or required in offering and marketing materials for the Facilities and/or the Senior Subordinated Notes or in any public release or filing relating to the Transactions and (v) in connection with the enforcement of your rights hereunder. Your obligations under this

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paragraph (other than in respect of the Fee Letter and the Original Fee Letter) shall expire on the date occurring 12 months after the date of the Original Commitment Letter.

The Agents and their respective affiliates will use all confidential information provided to them or such affiliates by or on behalf of you hereunder solely for the purpose of providing the services that are the subject of this Commitment Letter and shall treat confidentially all such information; provided that nothing herein shall prevent the Agents from disclosing any such information (a) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding, or otherwise as required by applicable law or compulsory legal process (in which case the Agents, to the extent permitted by law, agree to inform you promptly thereof), (b) upon the request or demand of any regulatory authority or self-regulatory body having jurisdiction or oversight over the Agents or any of their respective affiliates, their business or operations, (c) to the extent that such information becomes publicly available other than by reason of improper disclosure by the Agents or any of their affiliates, (d) to the extent that such information is received by the Agents from a third party that is not to their knowledge subject to confidentiality obligations to you or the Acquired Business, (e) to the extent that such information is independently developed by the Agents, (f) to the Agents' respective affiliates and their and their affiliates' respective officers, directors, employees, legal counsel, independent auditors and other experts or agents who need to know such information in connection with the Transactions and are informed of the confidential nature of such information and are directed to maintain the confidentiality of same as provided herein, (g) to potential Lenders, participants or assignees (other than Disqualified Institutions) or any potential counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower, the Acquired Business or any of their respective affiliates or any of their respective obligations, in each case who agree that they shall be bound by the terms of this paragraph (or language substantially similar to this paragraph), including in any confidential information memorandum or other marketing materials, in accordance with our standard syndication processes or customary market standards for dissemination of such type of information, (h) for purposes of establishing a "due diligence" defense, (i) to enforce their respective rights under this Commitment Letter, the Original Commitment Letter, the Fee Letter or the Original Fee Letter or (j) to rating agencies on a confidential basis in connection with their evaluation of any debt securities issued or sold in connection with the Transactions or in any offering documentation to prospective investors of such securities. The Agents' obligations under this paragraph shall automatically terminate and be superseded by the confidentiality provisions in the Credit Documentation upon the execution and delivery of the Credit Documentation and initial funding thereunder or shall expire on the date occurring 12 months after the date of the Original Commitment Letter, whichever occurs earlier.

#### 10. Assignments; Etc.

This Commitment Letter and the Fee Letter (and your rights and obligations hereunder and thereunder) shall not be assignable by you without the prior written consent of each Lead Arranger and each Agent (and any attempted assignment without such consent shall

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be null and void), are intended to be solely for the benefit of the parties hereto and thereto (and Indemnified Persons), are not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and thereto (and Indemnified Persons) and may not be relied upon by any person or entity other than you; provided that after the consummation of the AMC Merger (as defined in the Existing Credit Agreement), each reference to the "Borrower" or "you" in this Commitment Letter or the Original Fee Letter shall be deemed to reference AMC Entertainment Holdings, Inc. ("Holdings") and Holdings may rely on the commitments and other agreements provided for herein; provided further that, if requested by the Lead Arrangers, Holdings shall expressly assume the obligations of the Borrower in this Commitment Letter and the Fee Letter in a manner reasonably acceptable to the Lead Arrangers. Each Initial Lender may assign its commitment hereunder to one or more prospective Lenders (other than to a Disqualified Institution); provided that (a) no Initial Lender shall be relieved or novated from its obligations hereunder (including its obligation to fund the Facilities on the Closing Date) in connection with any syndication, assignment or participation of the Facilities (including its commitments in respect thereof) until after the initial funding of the Facilities on the Closing Date, (b) no assignment or novation shall become effective with respect to all or any portion of any Initial Lender's commitment in respect of the Facilities until the initial funding of the Facilities on the Closing Date, and (c) unless you agree in writing, the Initial Lenders shall retain exclusive control over all rights and obligations with respect to their respective commitments in respect of the applicable Facilities, including all rights with respect to consents, modifications, supplements and amendments, until the initial funding of the Facilities on the Closing Date has occurred. Any and all obligations of, and services to be provided by an Agent hereunder (including, without limitation, the commitment of such Agent) may be performed and any and all rights of the Agents hereunder may be exercised by or through any of their respective affiliates or branches; provided that with respect to the commitments, any assignments thereof to an affiliate will not relieve the Agents from any of their obligations hereunder unless and until such affiliate shall have funded the portion of the commitment so assigned.

#### 11. Amendments; Governing Law; Etc.

This Commitment Letter and the Fee Letter may not be amended or modified, or any provision hereof or thereof waived, except by an instrument in writing signed by you and each Agent. Each of this Commitment Letter and the Fee Letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter or the Fee Letter by facsimile (or other electronic, i.e. a "pdf" or "tif") transmission shall be effective as delivery of a manually executed counterpart hereof or thereof, as the case may be. Section headings used herein and in the Fee Letter are for convenience of reference only, are not part of this Commitment Letter or the Fee Letter, as the case may be, and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter or the Fee Letter, as the case may be. Notwithstanding anything to the contrary set forth herein, each Agent may, in consultation with you, place customary advertisements in financial and other newspapers and periodicals or on a home page or similar place for dissemination of customary information on the Internet or worldwide web as it may choose, and circulate similar promotional materials, after the Closing Date in the form of a "tombstone" or otherwise describing the names of the Borrower, the Acquired Business and their respective affiliates (or any of them), and the amount, type and closing date of the transactions contemplated hereby, all

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at the expense of such Agent. This Commitment Letter and the Fee Letter set forth the entire agreement between the parties hereto as to the matters set forth herein and therein and supersede all prior understandings, whether written or oral, between us with respect to the matters herein and therein. Each of the parties hereto agrees that (i) this Commitment Letter is a binding and enforceable agreement with respect to the subject matter contained herein, including an agreement to negotiate in good faith the Credit Documentation by the parties hereto in a manner consistent with this Commitment Letter, it being acknowledged and agreed that the funding of the Incremental Term Loan B Facility is subject only to the Funding Conditions as provided herein and (ii) the Fee Letter is a binding and enforceable agreement with respect to the subject matter contained

therein. **THIS COMMITMENT LETTER AND THE FEE LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS THEREOF);** provided, however, that (a) the interpretation of the definition of Target Material Adverse Effect (as defined in Exhibit D) and whether there shall have occurred a Target Material Adverse Effect, (b) whether the Acquisition has been consummated as contemplated by the Acquisition Agreement, and (c) the determination of whether the representations made by the Acquired Business or any of its affiliates are accurate and whether as a result of any inaccuracy of any such representations the Borrower or any of its affiliates have the right to terminate its (or their) obligations, or has the right not to consummate the Acquisition, under the Acquisition Agreement, in each case, shall be governed by, and construed in accordance with, the domestic laws of the State of Delaware without regard to the principles of conflicts of law.

12. Jurisdiction.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in the County of New York, Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and agrees that all claims in respect of any such action or proceeding shall be heard and determined only in such courts located within New York County, (b) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Commitment Letter, the Fee Letter or the transactions contemplated hereby or thereby in any such New York State or Federal court, as the case may be, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court and (d) 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. Service of any process, summons, notice or document by registered mail or overnight courier addressed to you at the address above shall be effective service of process against you for any suit, action or proceeding brought in any such court. Nothing in this paragraph shall affect the right of any Commitment Party, any of its affiliates or any Indemnified Party to serve process in any manner permitted by law.

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13. Waiver of Jury Trial.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, SUIT, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER, THE FEE LETTER OR THE PERFORMANCE OF SERVICES HEREUNDER OR THEREUNDER.

14. Surviving Provisions.

The provisions of Sections 3, 6, 7, 8, 9, 11, 12, 13 and 14 of this Commitment Letter and the provisions of the Fee Letter shall remain in full force and effect regardless of whether definitive Credit Documentation shall be executed and delivered (other than those provisions relating to syndication which shall terminate upon the expiration or termination of this Commitment Letter if no definitive Credit Documentation shall have been executed and delivered) and notwithstanding the termination of this Commitment Letter or the commitments of the Agents hereunder and our agreements to perform the services described herein; provided that your obligations under this Commitment Letter and the Fee Letter (other than those provisions relating to confidentiality, the syndication of the Facilities and the payment of agency fees to any Agent) shall automatically terminate and be superseded by (to the extent covered by comparable provisions in) the definitive Credit Documentation relating to the Facilities upon the initial funding thereunder and the payment of all amounts owing at such time hereunder and under the Fee Letter. You may terminate the Initial Lenders' commitments with respect to the Facilities hereunder at any time in their entirety (but not in part), subject to the provisions of the preceding sentence, by written notice to the Initial Lenders.

15. PATRIOT Act Notification.

Each Agent hereby notifies you that each Agent and each Lender subject to the USA PATRIOT ACT (Title III of Pub. Law 107-56 (signed into law October 26, 2001)) (as amended from time to time, the "PATRIOT Act") is required to obtain, verify and record information that identifies the Borrower and any other obligor under the Facilities and any related Credit Documentation and other information that will allow such Lender to identify the Borrower and any other obligor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective as to each Agent and each Lender. You hereby acknowledge and agree that the Agents shall be permitted to share any or all such information with the Lenders.

16. Termination and Acceptance.

Each Initial Lender's commitments with respect to the Facilities as set forth above, and each Agent's agreements to perform the services described herein, will automatically terminate (without further action or notice and without further obligation to you) on the first to occur of (i) 5:00 p.m. New York City time on December 5<sup>th</sup>, 2016 (the "End Date"); provided, that if the "End Date" as defined and referenced to in the Acquisition Agreement as in effect on the date of the Original Commitment Letter is extended by additional ninety (90) days pursuant to Section 10.01 thereof, then the Borrower shall have the right to extend the End Date by an additional ninety (90) days by notifying us in writing of such election prior to the end of the End Date (prior to giving effect to any such extension), (ii) any time after the execution of the

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Acquisition Agreement and prior to the consummation of the Transactions, the date of the termination of the Acquisition Agreement in accordance with its terms (other than with respect to terms that survive such termination), (iii) with respect to any portion of the Incremental Term Loan B Facility, if and to the extent the consummation of the Acquisition occurs without the use of such portion of the Incremental Term Loan B Facility or (iv) the earliest date on which you release a written public statement of your intention not to consummate the Transactions. In addition, our commitment hereunder to provide and arrange the Senior Subordinated Bridge Facility will terminate upon, and to the extent of, the issuance of the Senior Subordinated Notes or the Securities (as defined in the Fee Letter) in lieu thereof.

If the foregoing correctly sets forth our agreement with you, please indicate your acceptance of the terms of this Commitment Letter and of the Fee Letter by returning to us executed counterparts hereof and of the Fee Letter not later than 11:59 p.m., New York City time, on March 15, 2016. The commitments of the Initial Lenders hereunder, and the Agents' agreements to perform the services described herein, will expire automatically (and without further action or notice and without further obligation to you) at such time in the event that we have not received such executed counterparts in accordance with the immediately preceding sentence.

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We are pleased to have been given the opportunity to assist you in connection with this important financing.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

/s/ Ross MacIntyre

Name: Ross MacIntyre  
Title: Managing Director

[Amended and Restated Commitment Letter]

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BANK OF AMERICA, N.A.

/s/ Matt Lynn

Name: Matt Lynn  
Title: MD

MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED

/s/ Matt Lynn

Name: Matt Lynn  
Title: MD

[Amended and Restated Commitment Letter]

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BARCLAYS BANK PLC

/s/ Timothy Broadbent

Name: Timothy Broadbent  
Title: Managing Director

[Amended and Restated Commitment Letter]

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CREDIT SUISSE AG, CAYMAN ISLANDS  
BRANCH

/s/ Bill O'Daly

Name: Bill O'Daly  
Title: Authorized Signatory

/s/ Max Wallins

Name: Max Wallins  
Title: Authorized Signatory

CREDIT SUISSE SECURITIES (USA) LLC

/s/ Jeb Slowik

Name: Jeb Slowik  
Title: Managing Director

[Amended and Restated Commitment Letter]

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HSBC BANK USA, N.A.

/s/ Jad Atallah

Name: Jad Atallah, 18719  
Title: Director

HSBC SECURITIES (USA) INC.

/s/ Jad Atallah

Name: Jad Atallah, 18719  
Title: Director

[Amended and Restated Commitment Letter]

Accepted and agreed to as of the date first above written:

AMC ENTERTAINMENT INC.

/s/ Terry Crawford

Name: Terry W. Crawford  
Title: Sr. Vice President and Treasurer

[Amended and Restated Commitment Letter]

EXHIBIT A

Project Carl  
Transaction Description

Capitalized terms used but not defined in this Exhibit A shall have the meanings set forth in the commitment letter to which this Exhibit A is attached (the "Commitment Letter") and in the other Exhibits to the Commitment Letter.

The Borrower intends to (i) acquire all of the outstanding equity of a company identified to us and code-named "Carl" ("Target") and, together with its subsidiaries (if any), the "Acquired Business") on the Closing Date (as defined below), by way of (a) a purchase transaction and merger of a newly-formed direct or indirect wholly-owned subsidiary (such subsidiary, "Merger Sub") of the Borrower with and into the Target (the "Merger") in accordance with the Acquisition Agreement, either as a forward or reverse merger with the Merger Sub or the Target as the surviving entity of the Merger (such entity, the "Surviving Company") (the "Acquisition"); and (ii) refinance in full all outstanding indebtedness (other than contingent obligations not then due and that by their terms expressly survive the termination of the foregoing) outstanding and terminate all commitments under that certain Credit Agreement dated as of June 17, 2015 by and among Target and the lenders and agents party thereto, as amended, of the Target (such refinancings, the "Refinancing").

You have further advised us that in connection with the Acquisition:

(A) on the date of the consummation of the Merger, the Borrower shall borrow incremental term loans (the "Incremental Term Loan B Facility") under the Borrower's existing credit agreement dated April 30, 2013 (as amended by that certain First Amendment to Credit Agreement dated December 11, 2015, the "Existing Credit Agreement") in an aggregate amount of up to \$560.0 million, which shall be decreased by \$235.0 million upon achievement of a Successful Solicitation (the date of the consummation of the Merger, the Acquisition and funding of the Incremental Term Loan B Facility and the Senior Subordinated Bridge Facility (if applicable), the "Closing Date") and may, at the Borrower's option, be decreased by the proceeds of Senior Subordinated Notes in accordance with clause (B) below;

(B) the Borrower will, at its option, either (i) issue in one or more Offerings (as defined below) an aggregate principal amount of its senior subordinated notes (the "Senior Subordinated Notes") that, taken together, generate gross proceeds on or prior to the Closing Date of not less than \$300.0 million with the proceeds deposited into an escrow account pending release on the Closing Date; or (ii) to the extent the Borrower receives gross proceeds from the Offerings on or prior to the Closing Date in an amount less than \$300.0 million, then the Borrower will borrow on the Closing Date senior subordinated bridge loans (the "Senior Subordinated Bridge Loans") under a senior subordinated increasing rate bridge facility (the "Senior Subordinated Bridge Facility") and, together with the Incremental Term Loan B Facility, the "Facilities") in an aggregate principal amount of up to \$300.0 million; provided, for the avoidance of doubt, that at the Borrower's option, a portion of the Incremental Term Loan B Facility may be allocated to the issuance of the Senior Subordinated Notes; and

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(C) (i) promptly following the date hereof, the Borrower will commence or continue, and use commercially reasonable efforts to consummate, a solicitation (the "Solicitation") of the requisite consents from the holders (the "Successful Solicitation") of the existing \$230.0 million 6.00% Senior Secured Notes due 2023 (the "Target Notes") issued under the indenture dated as of June 17, 2015 (the "Target Indenture") among the Target, the guarantors party thereto and Wells Fargo Bank, as trustee (the "Trustee") to amend (the "Amendment") the Target Indenture such that no aspects of the Transactions will constitute a Change of Control (as defined in the Target Indenture) by a supplemental indenture (which shall be in form and substance reasonably satisfactory to the Lead Arrangers) among the Trustee, the Target and the guarantors under the Target Indenture (such Solicitation may include amendments to additional provisions of the Target Indenture as determined by the Borrower);

(ii) if there is no Successful Solicitation, the Borrower intends to consummate either (a) a "Change of Control Offer" as defined in the Target Indenture pursuant to the terms of the Target Indenture, with the purchase of any tendered Target Notes in such Change of Control Offer conditioned upon the consummation of the Merger or (b) in addition to or in lieu of the foregoing, the Borrower shall cause Target to issue a notice of redemption for the Target Notes on the Closing Date.

"Offerings" means, collectively, any Rule 144A or other private placement of Senior Subordinated Notes and any offering or placement of Securities (as defined in the Fee Letter), in each case that is consummated after the date hereof and on or prior to the Closing Date.

Project Carl  
\$560.0 million Incremental Term Loan B Facility  
Summary of Principal Terms and Conditions(1)

<u>Borrower:</u>	AMC Entertainment Inc., a Delaware corporation or, if the AMC Merger has occurred, Holdings (the “ <u>Borrower</u> ”).
<u>Administrative Agent:</u>	Same as the Existing Credit Agreement.
<u>Joint Lead Arrangers and Joint Bookrunners:</u>	Each of Citi, MLPFS, Barclays, CS Securities and HSBC Securities will act as a lead arranger and a bookrunner for the Incremental Term Loan B Facility (as defined below), and will perform the duties customarily associated with such roles (in such capacities, the “ <u>Lead Arrangers</u> ”).
<u>Incremental Term Loan B Facility:</u>	<p>1. <u>Amount</u>: “B” incremental term loan facility in an aggregate principal amount of up to \$560.0 million, which amount shall be automatically reduced by \$235.0 million (the “<u>Successful Solicitation Commitment Reduction Amount</u>”) to \$325.0 million if a Successful Solicitation is consummated on or prior to the Closing Date and shall be further reduced, on a dollar-for-dollar basis, by the net cash proceeds of Senior Subordinated Notes in excess of \$300.0 million (the “<u>Incremental Term Loan B Facility</u>”).</p> <p>2. <u>Currency</u>: U.S. dollars.</p> <p>3. <u>Use of Proceeds</u>: The loans made pursuant to the Incremental Term Loan B Facility (the “<u>Incremental Term Loans</u>”) may only be incurred on the Closing Date and the proceeds thereof shall be utilized, together with the proceeds of the Senior Subordinated Notes, the Securities or the Senior Subordinated Bridge Facility, as applicable, solely (i) to finance, in part, the Acquisition and the Refinancing and to pay the fees, premiums, expenses and other transaction costs in connection with the Transactions, including OID and upfront fees and (ii) to the extent any portion of the Incremental Term Loan B Credit Facility remains available following application of proceeds pursuant to preceding clause (i), for general corporate purposes.</p> <p>4. <u>Maturity</u>: The final maturity date of the Incremental Term Loan B Facility shall be December 15, 2022 (the “<u>Incremental Term Loan Maturity Date</u>”).</p> <p>5. <u>Amortization</u>: (i) Annual amortization (payable in four equal</p>
<p>(1) All capitalized terms used but not defined herein have the meanings given to them in the Commitment Letter to which this term sheet is attached, including the other Exhibits thereto.</p>	
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	<p>quarterly installments) of the Incremental Term Loans shall be required in an amount equal to 1.00% of the initial aggregate principal amount of the Incremental Term Loans.</p> <p>(ii) The remaining aggregate principal amount of Incremental Term Loans originally incurred shall be due and payable in full on the Incremental Term Loan Maturity Date.</p> <p>6. <u>Availability</u>: Incremental Term Loans may only be incurred on the Closing Date. Once repaid, no amount of Incremental Term Loans may be reborrowed.</p>
<u>Guarantees and Security:</u>	Same as the Existing Credit Agreement subject in each case to the Funds Certain Provisions. “ <u>Guaranties</u> ”, “ <u>Guarantors</u> ” and “ <u>Collateral</u> ” shall be as defined in the Existing Credit Agreement; <u>provided</u> , that, so long as the Target Indenture remains outstanding, the Target and its subsidiaries, as applicable, shall not be required to become Guarantors or pledgors to the extent prohibited or restricted under the Target Indenture.
<u>Documentation:</u>	The definitive documentation governing the Incremental Term Loan B Credit Facility (the “ <u>Incremental Credit Documentation</u> ”) will be the Existing Credit Agreement as amended by the Incremental Amendment (as defined in the Existing Credit Agreement) (the “ <u>Documentation Principles</u> ”); and the funding under the Incremental Credit Documentation on the Closing Date will be subject only to the Funding Conditions. The Incremental Credit Documentation shall contain language to address the European Union bail-in rules (including in a representation and in “Defaulting Lenders” provisions) in a form reasonably satisfactory to the Borrower and the Administrative Agent.
<u>Voluntary Prepayments:</u>	101% soft call protection shall be applicable to the Incremental Term Loan B Facility from the Closing Date until the six-month anniversary thereof; <u>provided</u> that, in the event the Incremental Term Loan B Facility is, at the option of the Lead Arrangers, structured as a “tack on” to the existing Term Loans under and as defined in the Existing Credit Agreement, soft call protection shall be applicable to the Incremental Term Loan B Facility as set forth in the Existing Credit Agreement with respect to the existing Term Loans.
<u>Mandatory Repayments and Commitment Reductions:</u>	Same as the Existing Credit Agreement.
<u>Interest Rates:</u>	At the Borrower’s option, Incremental Term Loans may be maintained from time to time as (x) Base Rate Loans, which shall bear interest at the Base Rate (or, if greater at any time, the Base Rate Floor (as defined below)) in effect from time to time <u>plus</u> the

(adjusted for statutory reserve requirements) as determined by the Administrative Agent for the respective interest period (or, if greater at any time, the LIBOR Floor (as defined below)), plus the Applicable Margin.

“Applicable Margin” shall mean a percentage per annum equal to (i) in the case of (A) Base Rate Loans, 2.25%, and (B) LIBOR Loans, 3.25%.

“Base Rate Floor” shall mean 1.75% per annum.

“LIBOR Floor” shall mean 0.75% per annum.

“Base Rate” shall mean the highest of (x) the rate that the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time, (y) 1/2 of 1% in excess of the overnight federal funds rate, and (z) LIBOR for an interest period of one month plus 1.00%.

Interest periods of 1, 2, 3 and 6 months or, to the extent agreed to by all Lenders with commitments and/or Incremental Term Loans under a given tranche of the Incremental Term Loan B Facility, 12 months or periods shorter than 1 month shall be available in the case of LIBOR Loans.

Interest in respect of Base Rate Loans shall be payable quarterly in arrears on the last business day of each calendar quarter. Interest in respect of LIBOR Loans shall be payable in arrears at the end of the applicable interest period and every three months in the case of interest periods in excess of three months. Interest will also be payable at the time of repayment of any Loans and at maturity. All interest on Base Rate Loans, LIBOR Loans and commitment fees and any other fees shall be based on a 360-day year and actual days elapsed (or, in the case of Base Rate Loans determined by reference to the prime lending rate, a 365/366-day year and actual days elapsed).

<u>Default Interest:</u>	Same as the Existing Credit Agreement.
<u>Yield Protection:</u>	Same as the Existing Credit Agreement.
<u>Agent/Lender Fees:</u>	The Administrative Agent, the Lead Arrangers and the Lenders shall receive such fees as have been separately agreed upon.
<u>Conditions Precedent:</u>	Only those conditions precedent on <u>Exhibit D</u> to the Commitment Letter, subject in each case to the Funds Certain Provisions.
<u>Representations and Warranties:</u>	Same as the Existing Credit Agreement.
<u>Affirmative, Negative and Financial Covenants:</u>	Same as the Existing Credit Agreement.

<u>Unrestricted Subsidiaries:</u>	Same as the Existing Credit Agreement.
<u>Events of Default:</u>	Same as the Existing Credit Agreement.
<u>Assignments and Participations:</u>	Same as the Existing Credit Agreement (other than Disqualified Institutions).
<u>Waivers and Amendments:</u>	Same as the Existing Credit Agreement.
<u>Defaulting Lenders:</u>	Same as the Existing Credit Agreement.
<u>Indemnification; Expenses:</u>	Same as the Existing Credit Agreement.
<u>Governing Law and Forum; Submission to Exclusive Jurisdiction:</u>	Same as the Existing Credit Agreement (New York).
<u>Counsel to the Administrative Agent and the Lead Arrangers:</u>	Latham & Watkins LLP.



<u>Agent:</u>	Citi, acting through one or more of its branches or affiliates, will act as sole administrative agent (in such capacity, the “ <u>Bridge Facility Administrative Agent</u> ”) and Citi will act as syndication agent for a syndicate of banks, financial institutions and other lenders, excluding any Disqualified Institutions (the “ <u>Bridge Lenders</u> ”), and will perform the duties customarily associated with such roles.
<u>Joint Lead Arrangers and Joint Bookrunners:</u>	Each of Citi, MLPFS, Barclays, CS Securities and HSBC Securities will act as a lead arranger and a bookrunner for the Senior Subordinated Bridge Facility, and will perform the duties customarily associated with such roles (in such capacities, the “ <u>Lead Bridge Arrangers</u> ”).
<u>Senior Subordinated Bridge Facility:</u>	Senior subordinated unsecured bridge loans in an aggregate principal amount of up to \$300.0 million, <i>less</i> the aggregate gross cash proceeds from any Senior Subordinated Notes and Securities (as defined in the Fee Letter) issued (i) on the Closing Date or (ii) prior to the Closing Date, with the proceeds thereof deposited into an escrow account pending release on the Closing Date (the “ <u>Senior Subordinated Bridge Loans</u> ”) provided that the escrow agreement shall be in form and substance acceptable to the Borrower and the Lead Arrangers and the escrow arrangement and release condition of such proceeds from the escrow account shall be subject to the Funds Certain Provisions and not be more restrictive to the Borrower than the Funding Conditions.
<u>Purpose:</u>	The proceeds of the Senior Subordinated Bridge Loans will be used by the Borrower on the Closing Date, together with the proceeds from the Incremental Term Loan B Facility, and the issuance of Senior Subordinated Notes and/or Securities (if any), (a) to finance the Merger, (b) to pay related transaction costs and (c) unless there has been a Successful Solicitation, to finance the repurchase of the Target Notes pursuant to the Change of

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	Control Offer, if any.
<u>Availability:</u>	The Bridge Lenders will make the Senior Subordinated Bridge Loans on the Closing Date in a single drawing. Amounts borrowed under the Senior Subordinated Bridge Facility that are repaid or prepaid may not be reborrowed.
<u>Guarantees:</u>	Same as the Borrower’s existing 5.75% Senior Subordinated Notes due 2025 (the “ <u>Existing Subordinated Notes</u> ”); <u>provided</u> , that so long as the Target Indenture remains outstanding, the Target and its subsidiaries, as applicable, shall not be required to become guarantors to the extent prohibited or restricted under the Target Indenture.
<u>Security:</u>	None.
<u>Interest Rates:</u>	<p>The Senior Subordinated Bridge Loans shall bear interest, reset quarterly, at the rate of the Adjusted LIBOR plus 5.50% per annum (the “<u>Interest Rate</u>”) and such spread over Adjusted LIBOR shall automatically increase by 0.50% for each period of three months (or portion thereof) after the Closing Date that Senior Subordinated Bridge Loans are outstanding; <u>provided, however</u>, that the interest rate determined in accordance with the foregoing shall not exceed the Total Bridge Loan Cap (as defined in the Fee Letter) (excluding interest at the default rate as described below).</p> <p>“<u>Adjusted LIBOR</u>” on any date, means the greater of (i) 1.00% and (ii) the rate (adjusted for statutory reserve requirements for eurocurrency liabilities) for eurodollar deposits for a three-month period appearing on the LIBOR 01 page published by Reuters two business days prior to such date.</p> <p>Upon the occurrence of a Demand Failure Event (as defined in the Fee Letter), the outstanding Senior Subordinated Bridge Loans shall automatically begin to accrue interest at the Total Bridge Loan Cap.</p>
<u>Interest Payments:</u>	Interest on the Senior Subordinated Bridge Loans will be payable in cash, quarterly in arrears.
<u>Default Rate:</u>	Overdue principal, interest and other amounts shall bear interest, after as well as before judgment, at a rate per annum equal to 2.00% plus the Interest Rate.
<u>Conversion and Maturity:</u>	Any outstanding amount under the Senior Subordinated Bridge Loans will be required to be repaid on the earlier of (a) the closing date(s) of any permanent financing(s), but only to the

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	<p>extent of the net cash proceeds realized therefrom, and (b) the one-year anniversary of the initial funding date of the Senior Subordinated Bridge Loans (the “<u>Bridge Loan Maturity Date</u>”); <u>provided, however</u>, that if the Borrower has failed to raise permanent financing before the date set forth in clause (b) above, the Senior Subordinated Bridge Loans shall be converted, subject to the conditions outlined under “Conditions to Conversion” on <u>Annex C-I</u> hereto, to a senior subordinated unsecured term loan facility (the “<u>Senior Subordinated Extended Term Loans</u>”) with a maturity of seven years after the Conversion Date (as defined in <u>Annex C-I</u> hereto). At any time or from time to time on or after the Conversion Date, upon reasonable prior written notice from the Bridge Lenders and in a minimum principal amount of at least \$100.0 million (or such lesser principal amount as represents all outstanding Senior Subordinated Extended Term Loans), the Senior Subordinated Extended Term Loans may be exchanged in whole or in part for senior subordinated unsecured exchange notes (the “<u>Senior Subordinated Exchange Notes</u>”) having an equal principal amount and having the terms set forth in <u>Annex C-II</u> hereto.</p> <p>The Senior Subordinated Extended Term Loans will be governed by the provisions of the Senior Subordinated Bridge Documentation (as defined below) and will have the same terms as the Senior Subordinated Bridge Loans except as expressly set forth in <u>Annex C-I</u> hereto. The Senior Subordinated Exchange Notes will be issued pursuant to an indenture that will have the terms set forth on <u>Annex C-II</u> hereto.</p>
<u>Mandatory Prepayments:</u>	The Borrower will prepay the Senior Subordinated Bridge Loans at par, together with accrued interest to the prepayment date, with any of the following: (i) the net proceeds from the issuance of the Securities (as defined in the Fee Letter); <u>provided</u> that in the

event any Bridge Lender or affiliate of a Bridge Lender purchases debt securities from the Borrower pursuant to a “Securities Demand” under the Fee Letter at an issue price above the level at which such Bridge Lender or affiliate has reasonably determined such Securities can be resold by such Bridge Lender or affiliate to a bona fide third party at the time of such purchase (and notifies the Borrower thereof), the net proceeds received by the Borrower in respect of such Securities may, at the option of such Bridge Lender or affiliate, be applied first to repay the Senior Subordinated Bridge Loans held by such Bridge Lender or affiliate (provided that if there is more than one such Bridge Lender or affiliate then such net proceeds will be applied pro rata to repay the Senior Subordinated Bridge Loans of all such Bridge Lenders or affiliates in proportion to such Bridge

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Lenders’ or affiliates’ principal amount of Securities purchased from the Borrower) prior to being applied to prepay the Senior Subordinated Bridge Loans held by other Bridge Lenders; (ii) subject to prepayment requirements under the Existing Credit Agreement, the net proceeds from any other indebtedness (including subordinated indebtedness) for borrowed money incurred by the Borrower and its restricted subsidiaries (other than purchase money and other similar indebtedness permitted under the Existing Credit Agreement); (iii) the net cash proceeds from the issuance of equity interests by, or equity contributions to, Borrower (other than equity contributed pursuant to employee stock plans); and (iv) subject to certain customary and other exceptions, reinvestment rights to be agreed upon and prepayment requirements under the Existing Credit Agreement, the net proceeds from non-ordinary course asset sales by, and casualty events related to the property of, Borrower or any of its restricted subsidiaries (including sales of equity interests of any restricted subsidiary of the Borrower).

Voluntary Prepayments: The Senior Subordinated Bridge Loans may be prepaid at par prior to the Bridge Loan Maturity Date, in whole or in part, upon written notice, at the option of the Borrower, at any time, together with accrued interest to the prepayment date and break funding payments, if applicable.

Change of Control: In the event of a Change of Control (to be defined in a manner consistent with the Existing Subordinated Notes, each Bridge Lender will have the right to require the Borrower, and the Borrower must offer, to prepay at par the outstanding principal amount of the Senior Subordinated Bridge Loans plus accrued and unpaid interest thereon to the date of prepayment.

Assignments and Participations: The Bridge Lenders shall have the right to assign their interest in the Senior Subordinated Bridge Loans in whole or in part without the consent of the Borrower (other than to Disqualified Institutions); provided, however, that (i) prior to the date that is one year after the Closing Date and unless a Demand Failure Event in respect of the Senior Subordinated Bridge Loans has occurred or a payment or bankruptcy event of default shall have occurred and be continuing, the consent of the Borrower shall be required with respect to any assignment (such consent not to be unreasonably withheld, delayed or conditioned) if, subsequent thereto, the Commitment Parties (together with their respective affiliates) would hold, in the aggregate, less than 50.1% of the outstanding Senior Subordinated Bridge Loans and (ii) the Borrower shall be notified of such assignment. For any assignments for which the Borrower’s consent is required, such

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consent shall be deemed to have been given if the Borrower has not responded within five business days of a written request for such consent.

The Bridge Lenders shall have the right to participate their interest in the Senior Subordinated Bridge Loans without restriction, other than customary voting limitations and, to the extent the list of Disqualified Institutions is made available to all Bridge Lenders to Disqualified Institutions. Participants will have the same benefits as the selling Bridge Lenders would have (and will be limited to the amount of such benefits) with regard to cost and yield protection, subject to customary limitations and restrictions.

Documentation: The definitive credit documentation for the Senior Subordinated Bridge Facility (the “Senior Subordinated Bridge Documentation”) will be consistent with the indenture governing the Existing Subordinated Notes, as modified to (i) reflect the terms and conditions set forth herein and in the Commitment Letter, (ii) take account of differences related to the operational requirements of the Borrower, the Acquired Business and their respective subsidiaries in light of their size, industries, businesses, business practices (after giving effect to the Transactions); provided that “baskets” may be greater than those contained in the Existing Subordinated Notes after giving due consideration to the pro forma metrics of the Borrower and (iii) operational and administrative changes reasonably required by the Bridge Facility Administrative Agent, the definitive terms of which will be negotiated in good faith (the “Bridge Documentation Principles”); and the Senior Subordinated Bridge Documentation will be subject only to the Funding Conditions. Notwithstanding the foregoing and subject to the following sentence, the Senior Subordinated Bridge Documentation will contain only those mandatory repayments, representations, warranties, covenants and events of default expressly set forth (or referred to) in this Term Sheet, and only the conditions to borrowing set forth or referred to in Exhibit D to the Commitment Letter (subject to the Funds Certain Provisions). The Senior Subordinated Bridge Documentation shall contain language to address the European Union bail-in rules (including in a representation and in “Defaulting Lenders” provisions) in a form reasonably satisfactory to the Borrower and the Bridge Facility Administrative Agent.

Conditions Precedent to Borrowing: Only the conditions precedent on Exhibit D to the Commitment Letter, subject in each case to the Funds Certain Provisions.

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Representations and Warranties: The Senior Subordinated Bridge Documentation will contain representations and warranties relating to the Borrower and its subsidiaries substantially similar to those contained in the Existing Credit Agreement, with such changes as are appropriate to reflect the bridge loan nature of the Senior Subordinated Bridge Loans (and in any event such representations and warranties shall be no more restrictive to the Borrower and its subsidiaries than those set forth in the Existing Credit Agreement).

Covenants: The Senior Subordinated Bridge Documentation will contain affirmative and incurrence-based negative covenants relating to the Borrower and its restricted subsidiaries consistent, to the extent applicable, with the Bridge Documentation Principles. The negative covenants governing restricted payments, liens and limitations on indebtedness shall be no more restrictive than those set forth in

the Existing Credit Agreement prior to the Conversion Date. The Senior Subordinated Bridge Documentation shall not contain any financial maintenance covenants.

**Events of Default:** Customary for transactions of this type and consistent with the Bridge Documentation Principles, including, without limitation, payment defaults, covenant defaults, bankruptcy and insolvency, monetary judgments in an amount in excess of an amount to be agreed, cross acceleration of and failure to pay at final maturity other indebtedness aggregating an amount in excess of an amount to be agreed, subject to, in certain cases, customary thresholds and grace periods.

**Voting:** Amendments and waivers of the Senior Subordinated Bridge Documentation will require the approval of Bridge Lenders holding at least a majority of the outstanding Senior Subordinated Bridge Loans, except that the consent of each affected Bridge Lender will be required for, among other things, (i) reductions of principal, interest rates or fees, (ii) extensions of the Bridge Loan Maturity Date, (iii) additional restrictions on the right to exchange Senior Subordinated Extended Term Loans for Senior Subordinated Exchange Notes or any amendment of the rate of such exchange or (iv) any amendment to the Senior Subordinated Exchange Notes that requires (or would, if any Senior Subordinated Exchange Notes were outstanding, require) the approval of all holders of Senior Subordinated Exchange Notes.

**Cost and Yield Protection:** To conform to the Existing Credit Agreement.

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**Expenses and Indemnification:** To conform to the Existing Credit Agreement.

**Governing Law and Forum; Submission to Exclusive Jurisdiction:** All Senior Subordinated Bridge Documentation shall be governed by the internal laws of the State of New York. The Borrower and the Guarantors will submit to the exclusive jurisdiction and venue of any New York State court or Federal court sitting in the County of New York, Borough of Manhattan, and appellate courts thereof.

**Counsel to the Bridge Facility, Administrative Agent and the Lead Bridge Arrangers:** Latham & Watkins LLP.

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ANNEX C-I

Senior Subordinated Extended Term Loans

**Borrower:** Same as Senior Subordinated Bridge Loans.

**Guarantees:** Same as Senior Subordinated Bridge Loans.

**Security:** None.

**Facility:** Subject to “Conditions to Conversion” below, the Senior Subordinated Bridge Loans will convert into senior subordinated unsecured extended loans (the “Senior Subordinated Extended Term Loans”) in an initial principal amount equal to 100% of the outstanding principal amount of the Senior Subordinated Bridge Loans on the one-year anniversary of the Closing Date (the “Conversion Date”). Subject only to the conditions precedent set forth below, the Senior Subordinated Extended Term Loans will be available to the Borrower to refinance the Senior Subordinated Bridge Loans on the Conversion Date. The Senior Subordinated Extended Term Loans will be governed by the Senior Subordinated Bridge Documentation and, except as set forth below, shall have the same terms as the Senior Subordinated Bridge Loans.

**Maturity:** Seven years from the Conversion Date (the “Final Maturity Date”).

**Interest Rate:** The Senior Subordinated Extended Term Loans shall bear interest, payable in cash semi-annually, in arrears at a fixed rate per annum equal to the Total Bridge Loan Cap.

**Covenants, Events of Default and Prepayments:** From and after the Conversion Date, the covenants, events of default and mandatory prepayment provisions applicable to the Senior Subordinated Extended Term Loans will conform to those applicable to the Senior Subordinated Exchange Notes (described on Annex C-II), except with respect to the right to exchange Senior Subordinated Extended Term Loans for Senior Subordinated Exchange Notes; provided that the optional prepayment provisions applicable to the Senior Subordinated Bridge Loans shall remain applicable to the Senior Subordinated Extended Term Loans.

**Conditions to Conversion:** One year after the Closing Date, unless (A) the Borrower is subject to a bankruptcy or other insolvency proceeding or (B) there exists a payment default (whether or not matured) with respect to the Senior Subordinated Bridge Loans or any fees

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payable thereunder, the Senior Subordinated Bridge Loans shall convert into the Senior Subordinated Extended Term Loans; provided, however, that if an event described in clause (B) is continuing at the scheduled Conversion Date but the applicable grace period, if any, set forth in the events of default provision of the Senior Subordinated Bridge Documentation has not expired, the Conversion Date shall be deferred until the earlier to occur of (i) the cure of such event or (ii) the expiration of any applicable grace period.

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Senior Subordinated Exchange Notes

<u>Issuer:</u>	Same as Borrower under Senior Subordinated Extended Term Loans.
<u>Guarantees:</u>	Same as Senior Subordinated Extended Term Loans.
<u>Maturity:</u>	Seven years from the Conversion Date.
<u>Security:</u>	None.
<u>Interest Rate; Redemption:</u>	<p>Each Senior Subordinated Exchange Note will bear interest, payable in cash semi-annually in arrears, at a fixed rate per annum equal to the Total Bridge Loan Cap. Except as set forth below, the Senior Subordinated Exchange Notes will be non-callable until the third anniversary of the Closing Date and will be callable thereafter at par plus accrued interest plus a premium equal to three-fourths of the coupon of the Senior Subordinated Exchange Notes, declining ratably to par on the date that is two years prior to maturity of the Senior Subordinated Exchange Notes. The Senior Subordinated Exchange Notes will provide for mandatory repurchase offers consistent with the Existing Subordinated Notes.</p> <p>Prior to the third anniversary of the Closing Date, the Borrower may redeem up to 35% of such Senior Subordinated Exchange Notes with the proceeds from an equity offering at a redemption price equal to par plus accrued interest plus a premium equal to 100% of the coupon in effect on such Senior Subordinated Exchange Notes.</p> <p>Prior to the third anniversary of the Closing Date, the Borrower may redeem such Senior Subordinated Exchange Notes at a make-whole price based on U.S. Treasury notes with a maturity closest to the third anniversary of the Closing Date plus 50 basis points plus accrued interest.</p> <p>Prior to a Demand Failure Event, any Senior Subordinated Exchange Notes held by the Commitment Parties or their respective affiliates (other than (x) asset management affiliates purchasing Senior Subordinated Exchange Notes in the ordinary course of their business as part of a regular distribution of the Senior Subordinated Exchange Notes ("<u>Asset Management Affiliates</u>") and (y) Senior Subordinated Exchange Notes acquired pursuant to bona fide open market purchases from third</p>

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parties or market making activities), shall be prepayable and/or subject to redemption in whole or in part at par plus accrued interest on a non-ratable basis so long as such Senior Subordinated Exchange Notes are held by them.

<u>Offer to Repurchase Upon a Change of Control:</u>	The Issuer will be required to make an offer to repurchase the Senior Subordinated Exchange Notes following the occurrence of a "change of control" at a price in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest to the date of repurchase; <u>provided</u> that Senior Subordinated Exchange Notes held by the Commitment Parties or their respective affiliates (other than Asset Management Affiliates or Senior Subordinated Exchange Notes acquired pursuant to bona fide open market purchases from third parties or market making activities) shall be subject to prepayment at par, plus accrued and unpaid interest to the date of repurchase.
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<u>Defeasance and Discharge Provisions:</u>	Consistent with the Existing Subordinated Notes.
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<u>Modification:</u>	Consistent with the Existing Subordinated Notes.
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<u>Registration Rights:</u>	Within 270 days after the issue date of the Senior Subordinated Exchange Notes, the Borrower shall file a shelf registration statement with the Securities and Exchange Commission and/or effect an exchange offer whereby the Borrower has offered registered notes having terms identical to the Senior Subordinated Exchange Notes (" <u>Substitute Notes</u> ") in exchange for all outstanding Senior Subordinated Exchange Notes (it being understood that a shelf registration statement is required to be made available in respect of Senior Subordinated Exchange Notes the holders of which could not receive Substitute Notes through the exchange offer that, in the opinion of counsel, would be freely saleable by such holders without registration or requirement for delivery of a current prospectus under the Securities Act of 1933, as amended). If a shelf registration statement is filed or required to be filed, the Borrower shall use its reasonable best efforts to cause such shelf registration statement to be declared effective within 90 days of such filing and keep such shelf registration statement effective, with respect to resales of the Senior Subordinated Exchange Notes, until the earlier of the date all Senior Subordinated Exchange Notes registered thereby have been resold and the date that is two years from the Conversion Date. Upon failure to comply with the requirements of the registration rights agreement (a " <u>Registration Default</u> "), the Borrower shall pay liquidated damages to each holder of Senior Subordinated Exchange Notes with respect to
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the first 90-day period immediately following the occurrence of the first Registration Default in an amount equal to one-quarter of one percent (0.25%) per annum on the principal amount of Senior Subordinated Exchange Notes held by such holder. The amount of the liquidated damages will increase by an additional one-quarter of one percent (0.25%) per annum on the principal amount of Senior Subordinated Exchange Notes with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages for all Registration Defaults of 1.00% per annum.

<u>Right to Transfer Exchange Notes:</u>	The holders of the Senior Subordinated Exchange Notes shall have the absolute and unconditional right to transfer such Senior Subordinated Exchange Notes in compliance with applicable law to any third parties.
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Covenants: The indenture governing the Senior Subordinated Exchange Notes will include provisions consistent with the Existing Subordinated Notes giving effect to the Bridge Documentation Principles.

Events of Default: Consistent with the Existing Subordinated Notes.

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EXHIBIT D

Project Carl  
Summary of Conditions Precedent

Capitalized terms used in this Exhibit D but not defined herein shall have the meanings set forth in the Commitment Letter to which this Exhibit D is attached and in the other Exhibits to the Commitment Letter.

The borrowings under the Facilities shall be subject to the following conditions precedent:

1. As a condition to the closing of the Facilities, subject to the Funds Certain Provisions and the Documentation Principles set forth in the Commitment Letter, (x) the execution and delivery by the Borrower and the Guarantors (as such terms are defined in Exhibit B) of the Incremental Credit Documentation and the Senior Subordinated Bridge Documentation, which shall be in accordance with the terms of the Commitment Letter and Exhibit B (as modified to reflect any exercise of any “flex” provisions of the Fee Letter) and Exhibit C, as applicable, and (y) delivery to the Administrative Agent and the Bridge Administrative Agent, as applicable, of (i) a customary borrowing notice, customary legal opinions, customary officer’s closing certificates, organizational documents, customary evidence of authorization and good standing certificates in jurisdictions of formation/organization, in each case with respect to the Borrower and the Guarantors (as such terms are defined in Exhibit B), to the extent applicable, and (ii) a solvency certificate, dated as of the Closing Date and after giving effect to the Transactions, substantially in the form attached as Exhibit E, from a senior financial officer of the Borrower. In respect of the Incremental Term Loan B Facility, and subject to the Funds Certain Provisions, all documents and instruments required to create and perfect the Administrative Agent’s security interest in the Collateral shall have been executed and delivered by the Borrower and the Guarantors (as such terms are defined in Exhibit B) and, if applicable, be in proper form for filing.

2. Substantially concurrently with the initial funding under the Facilities, each of the Merger and the Acquisition shall be consummated in accordance with the terms and conditions of the Agreement and Plan of Merger among the Borrower, Merger Sub and the Target dated as of March 3, 2016 (together with all exhibits, annexes, schedules and other disclosure letters thereto and after giving effect to any alteration, amendment, modification, supplement or waiver, the “Acquisition Agreement”) without giving effect to any alteration, amendment, modification, supplement or express waiver or consent granted by the Borrower (or its affiliate, if applicable), if such alteration, amendment, modification, supplement or express waiver or consent granted by the Borrower (or its affiliate, if applicable) is adverse to the interests of the Lenders (in their capacities as such) in any material respect, without the prior written consent of the Lead Arrangers and the Agents (such consent not to be unreasonably withheld, delayed or conditioned) (it being understood and agreed that (a) any alteration, amendment, modification, supplement or express waiver or consent granted by the Borrower under the Acquisition Agreement that results in a reduction in the amount described in Section 2.02(a) of the Acquisition Agreement (the “Purchase Price”) shall not be deemed to be materially adverse to the interests of the Lenders; provided that any such reduction in the Purchase Price shall be

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applied to reduce the Incremental Term Loan B Facility and/or the Senior Subordinated Bridge Facility at the Borrower’s option, or (b) any alteration, amendment, modification, supplement or express waiver or consent granted by the Borrower (or its affiliate, if applicable) under the Acquisition Agreement that results in an increase in the Purchase Price shall be deemed not to be materially adverse to the interests of the Lenders as long as any such increase is funded solely by the issuance by the Borrower of common equity.

3. Substantially concurrently with the initial borrowing under the Facilities, the Refinancing shall have been consummated, and all commitments, security interests and guarantees in connection therewith shall have been terminated and released (or have been authorized to be released pursuant to customary payoff letters and other customary documentation).

4. The Lead Arrangers shall have received (a) audited consolidated balance sheets of each of the Borrower and its consolidated subsidiaries and of Target and its consolidated subsidiaries, in each case as at the end of, and related statements of income and cash flows of each of the Borrower and its consolidated subsidiaries and the Target and its consolidated subsidiaries, in each case for, the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013 and (b) unaudited consolidated balance sheets of each of the Borrower and its consolidated subsidiaries and of Target and its consolidated subsidiaries, in each case as at the end of, and related statements of income and cash flows of each of the Borrower and its consolidated subsidiaries and the Target and its consolidated subsidiaries, in each case for, for each fiscal quarter ended after December 31, 2015 and ended at least 45 days prior to the Closing Date (other than the fourth fiscal quarter of any fiscal year); provided that the filing of the required financial statements on form 10-K and form 10-Q by the Borrower and/or the Target shall be deemed to satisfy the foregoing requirements. The Lead Arrangers hereby acknowledge receipt of the audited financial statements for the fiscal years ended December 31, 2014 and December 31, 2013 referred to in clause (a) above for each of the Borrower and the Target.

5. The Lead Arrangers shall have received (a) a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Borrower as of, and for the twelve-month period ended on December 31, 2015 and (b) without duplication with the foregoing clause (a), a pro forma consolidated balance sheet and related pro forma consolidated statement of income of the Borrower as of, and for the twelve-month period ending on, the last day of the most recently completed four-fiscal quarter period for which financial statements required to be delivered pursuant to paragraph 4 above have been delivered, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such statement of income), which need not be prepared in compliance with Regulation S-X of the Securities Act of 1933, as amended, or include adjustments for purchase accounting (including adjustments of the type contemplated by Financial Accounting Standards Board Accounting Standards Codification 805, Business Combinations (formerly SFAS 141R)).

6. As a condition to the closing of the Senior Subordinated Bridge Facility only, (a) the Investment Bank (as defined in the Fee Letter) shall have received a draft preliminary offering memorandum or preliminary private placement memorandum (collectively, the “Offering Documents”) suitable for use in a customary “high-yield road show” relating to the

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Senior Subordinated Notes, in each case, which contains all financial statements and other data to be included therein (including all audited financial statements, all unaudited financial statements (which shall have been reviewed by the independent accountants as provided in Statement on Auditing Standards No. 100) and all appropriate pro forma financial statements prepared in accordance with generally accepted accounting principles in the United States and prepared in accordance with Regulation S-X under the Securities Act of 1933, as amended, unless otherwise agreed, and, except as otherwise agreed by the Investment Bank, all other data (including selected financial data) that is customarily included in preliminary offering memoranda for non-registered “high yield” debt offerings (it being understood that none of such information need include (1) any financial statements or information required by Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X, (2) Compensation Discussion and Analysis or other information required by Item 402 of Regulation S-K, (3) the executive compensation and related person disclosure rules related to SEC Release Nos. 33-8732A, 34-54302A and IC-27444A or (4) a business description (other than in summary form) or Management Discussion and Analysis of Financial Condition and Results of Operations relating to Target and its consolidated subsidiaries), or that would be necessary for the Investment Bank to receive customary (for high yield debt securities) “comfort” (including “negative assurance” comfort) from Borrower’s independent accountants and the independent accountants for the Target in connection with the offering of the Senior Subordinated Notes (and the Borrower shall have made commercially reasonable efforts to arrange for the delivery of such comfort or, if no Senior Subordinated Notes were issued, a draft thereof) (“Required Notes Information”)); provided that this condition shall be deemed satisfied if such Offering Documents exclude the “Description of Notes” and other sections that would customarily be provided by the Investment Banks or their counsel, but is otherwise complete, and (b) the Investment Bank shall have been afforded a period (the “Bond Marketing Period”) of (x) prior to the date of delivery of the Required Notes Information with respect to the fiscal quarter ending September 30, 2016, at least 15 consecutive business days prior to the Closing Date following receipt by the Lead Arrangers of the Required Notes Information or (y) on or after such date, at least 8 consecutive business days prior to the Closing Date following receipt by the Lead Arrangers of the Required Notes Information; it being understood and agreed that the provision of any information described in clause (b) of paragraph 4 and clause (b) of paragraph 5 above shall result in the “restart” of the Bond Marketing Period; provided that (i) for purposes of calculating the Bond Marketing Period, July 4, 2016, November 24, 2016 and November 25, 2016 shall be disregarded as business days, (ii) to the extent the Bond Marketing Period has not been completed on or prior to August 23, 2016, the Bond Marketing Period shall not be deemed to have commenced prior to September 5, 2016 and (iii) to the extent the Bond Marketing Period has not been completed on or prior to December 20, 2016, the Bond Marketing Period shall not be deemed to have commenced prior to January 2, 2017. If at any time the Borrower in good faith reasonably believes that it has delivered the Offering Documents, it may deliver to the Lead Arrangers written notice to that effect (stating when it believes it completed the applicable delivery), in which case the Offering Documents shall be deemed to have been delivered on the date the applicable notice is received by the Lead Arrangers, unless the Lead Arrangers in good faith reasonably believe that the Borrower has not completed delivery of the Offering Documents, and, within 2 business days after receipt of such notice from the Borrower, the Lead Arrangers deliver a written notice to the Borrower to that effect (stating with specificity the Offering Documents that have not been delivered).

7. As a condition to the closing of the Incremental Term Loan B Facility only, the

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Lead Arrangers shall have been afforded a period (the “Bank Marketing Period”) of (x) prior to the date of delivery of the information required pursuant to paragraph 4 and paragraph 5 above (the “Required Bank Information”) with respect to the fiscal quarter ending September 30, 2016, at least 15 consecutive business days prior to the Closing Date following receipt by the Lead Arrangers of the Required Bank Information or (y) on or after such date, at least 8 consecutive business days prior to the Closing Date following receipt by the Lead Arrangers of the Required Bank Information; it being understood and agreed that the provision of any information described in clause (b) of paragraph 4 and clause (b) of paragraph 5 above shall result in the “restart” of the Bank Marketing Period; provided that (i) for purposes of calculating the Bank Marketing Period, July 4, 2016, November 24, 2016, and November 25, 2016 shall be disregarded as business days, (ii) to the extent the Bank Marketing Period has not been completed on or prior to August 23, 2016, the Bank Marketing Period shall not be deemed to have commenced prior to September 5, 2016 and (iii) to the extent the Bank Marketing Period has not been completed on or prior to December 20, 2016, the Bank Marketing Period shall not be deemed to have commenced prior to January 2, 2017. If at any time the Borrower in good faith reasonably believes that it has delivered the Required Bank Information, it may deliver to the Lead Arrangers written notice to that effect (stating when it believes it completed the applicable delivery), in which case the Required Bank Information shall be deemed to have been delivered on the date the applicable notice is received by the Lead Arrangers, unless the Lead Arrangers in good faith reasonably believes that the Borrower has not completed delivery of the Required Bank Information, and, within 2 business days after receipt of such notice from the Borrower, the Lead Arrangers deliver a written notice to the Borrower to that effect (stating with specificity the Required Bank Information that has not been delivered).

7. To the extent invoiced (in the case of costs and expenses) at least two business days prior to the Closing Date, all costs, fees, expenses (including, without limitation, legal fees and expenses) and other compensation contemplated by the Commitment Letter and the Fee Letter, payable to each Agent (and counsel thereto) and the Lenders shall have been paid to the extent due.

8. The Agents shall have received, at least three business days prior to the Closing Date, all documentation and other information about the Borrower and the Guarantors that the Agents reasonably determine is required by United States regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act, to the extent requested in writing by an Agent at least ten business days prior to the Closing Date.

9. The Specified Representations shall be true and correct in all material respects (or, if qualified by materiality, in all respects) and the Acquisition Agreement Target Representations shall be true and correct in all respects to the extent required by the Funds Certain Provisions (except in the case of any such Acquisition Agreement Target Representation that expressly relates to a given date or period, such Acquisition Agreement Target Representation shall be true and correct in all respects as of such date or period, as the case may be).

10. Since the date of the Original Commitment Letter, there shall not have been any Circumstance (as defined in the Acquisition Agreement as in effect on the date of the Original

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Commitment Letter) that have had, or would reasonably be expected to have, individually or in the aggregate, a Target Material Adverse Effect and that are continuing. For purposes hereof, “Target Material Adverse Effect” means a material adverse effect on (i) the financial condition, business, assets, liabilities or results of operations of the Target and its Subsidiaries (as defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter), taken as a whole, or (ii) the ability of the Target and its Subsidiaries to consummate the transactions contemplated by the Acquisition Agreement, in each case, excluding any effect resulting from any Circumstance (as defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter) involving, resulting from, relating to or with respect to (A) changes in GAAP (as defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter) or any other accounting requirements applicable to the industry in which the Target or any of its Subsidiaries operates, (B) financial, securities, debt or financing markets or general economic or political conditions, (C) the industry in which the Target or any of its Subsidiaries operate, (D) changes in Applicable Law (as defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter) of general applicability to companies in the industry in which the Target or any of its Subsidiaries operate, or any official interpretation thereof by a Governmental Authority (as defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter), (E) acts or declarations of war or other armed hostilities, sabotage, terrorism (including cyber-terrorism or cyber-attacks) or natural disasters or weather-related events or conditions, (F) the execution and delivery of the Acquisition Agreement or the announcement or consummation of the transactions contemplated by the Acquisition Agreement or the identity of, or any facts or circumstances relating to, the Borrower, including the impact thereof on the relationships, contractual or otherwise, of the Target or any of its Subsidiaries with employees, customers, suppliers or other Third Parties (as defined in the



Acquisition Agreement as in effect on the date of the Original Commitment Letter) by the Acquisition Agreement, (G) any failure by the Target or any of its Subsidiaries to meet any internal or published estimates, budgets, projections, forecasts or predictions of financial performance for any period, including as a result of any failure of the Target or any of its Subsidiaries to realize the anticipated benefits of any business-related launch, initiative or roll-out (it being agreed that the underlying cause of any such failure described in this clause (G), unless expressly excluded by another clause of this definition, may be considered in determining whether or not a Target Material Adverse Effect has occurred), (H) any action taken (or omitted to be taken) at the written request, or with the written consent, of the Lead Arrangers and the Borrower or Merger Subsidiary, (I) the price and/or trading volume of the Target's stock on NASDAQ or any other market in which such securities are quoted for purchase and sale, (J) any action taken by the Borrower, the Target, any of their respective Subsidiaries or Affiliates (as defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter), or any Wanda Group Party (as defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter) that is required, contemplated or permitted pursuant to the Acquisition Agreement (including pursuant to Section 8.01 of the Acquisition Agreement), including any actions required under the Acquisition Agreement to obtain any approval or authorization under antitrust, competition, trade regulation, or other Applicable Laws for the consummation of the Merger, or (K) any litigation, action, suit, proceeding or investigation made or brought by any of the stockholders of the Target (on their own behalf or on behalf of the Target) that assert allegations of a breach of fiduciary duty relating to the Acquisition Agreement, violations of securities laws in connection with the Company Proxy Statement (as

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defined in the Acquisition Agreement as in effect on the date of the Original Commitment Letter) or otherwise arising out of any of the transactions contemplated by the Acquisition Agreement; *provided*, in the case of clauses (A), (B), (C), (D) and (E), such Circumstances may be taken into account in determining whether or not there has been a Target Material Adverse Effect to the extent such Circumstance has a materially disproportionate adverse effect on the Target and its Subsidiaries, taken as a whole, as compared to other participants in the industry in which the Target and its Subsidiaries operate.

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EXHIBIT E

**AMC ENTERTAINMENT INC.**

**SOLVENCY CERTIFICATE**

[DATE]

This Solvency Certificate (this "Certificate") is furnished to the Administrative Agent and the Lenders pursuant to Section [ ] of the Credit Agreement, dated as of [ ], among [ ] (the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

I, the [ ] of the Borrower (after giving effect to the Transactions), in that capacity only and not in my individual capacity (and without personal liability), DO HEREBY CERTIFY on behalf of the Borrower that, as of the date hereof, after giving effect to the consummation of the Transactions (including the execution and delivery of the Acquisition Agreement and the Credit Agreement, the making of the Loans and the use of proceeds of such Loans on the date hereof):

1. The fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis will exceed their consolidated debts and liabilities, contingent or otherwise.
2. The present fair saleable value of the property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability on their debts and other liabilities, contingent or otherwise, as such debts and other liabilities become absolute and matured.
3. The Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Closing Date.
4. The Borrower and its Subsidiaries on a consolidated basis will not have incurred and do not intend to incur, or believe that they will incur, any debts and liabilities, contingent or otherwise, including current obligations, that they do not believe that they will be able to pay (based on their assets and cash flow) as such debts and liabilities become due (whether at maturity or otherwise).
5. In reaching the conclusions set forth in this Certificate, the undersigned has (i) reviewed the Credit Agreement, (ii) reviewed the financial statements (including the pro forma financial statements) referred to in Section [ ] of the Credit Agreement (the "Financial Statements") and (iii) made such other investigations and inquiries as the undersigned has deemed appropriate. The undersigned is familiar with the financial performance and business of the Borrower and its Restricted Subsidiaries.

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IN WITNESS WHEREOF, I have executed this Certificate this as of the date first written above.

AMC Entertainment Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**AMC Entertainment Holdings, Inc.**  
**Non-Employee Director Compensation Program**  
**Summary**

**Revised April 27, 2016**

**Effective January 1, 2017**

On the first business day of each calendar year, each member of the Board of Directors (the "Board") of AMC Entertainment Holdings, Inc. (the "Company"), including directors that are not independent under the rules and regulations of the New York Stock Exchange and Securities and Exchange Commission but excluding those directors that are employed by the Company, its parent company Dalian Wanda Group Co., Ltd., or their affiliates (the "Non-Employee Directors"), will receive the following compensation:

- an annual cash retainer of \$130,000;
- an annual stock award with a value of \$50,000;
- an annual cash retainer of \$5,000 for service on each of the Company's Audit, Compensation and Nominating & Corporate Governance Committees;
- an annual cash retainer of \$20,000 for service as the chairman of the Company's Audit Committee; and
- an annual cash retainer of \$10,000 for service as the chairman of each of the Company's Compensation and Nominating & Corporate Governance Committees.

Stock awards will be made pursuant to the Company's 2013 Equity Incentive Plan. Non-Employee Directors may elect to receive all or a portion of their annual cash retainers in stock. The number of shares to be awarded will be determined by dividing the award value by the average closing price of the stock for the five trading days prior to the date of the stock award. Stock awards must be retained until the earlier to occur of (i) the third anniversary of the date of grant or (ii) the departure of the Non-Employee Director from the Board.

If a director begins service after January 1, the annual cash retainer and the annual stock award will be prorated for the partial year of service. Cash retainers for committee service need not be pro-rated in the first year of service.

Additionally, the Company shall reimburse the Non-Employee Directors for their reasonable out-of-pocket travel and related expenses incurred in connection with their service on the Board.

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**CERTIFICATIONS**

I, Adam M. Aron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMC Entertainment Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is 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: May 6, 2016

/s/ ADAM M. ARON

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

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QuickLinks

[EXHIBIT 31.1](#)

[CERTIFICATIONS](#)

**CERTIFICATIONS**

I, Craig R. Ramsey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMC Entertainment Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is 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: May 6, 2016

/s/ CRAIG R. RAMSEY

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Craig R. Ramsey  
*Executive Vice President and Chief Financial Officer*

QuickLinks

[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 Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 6, 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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QuickLinks

[EXHIBIT 32.1](#)

[CERTIFICATION OF PERIODIC REPORT](#)