

AMC ENTERTAINMENT HOLDINGS, INC.

Form 424B4

December 19, 2013

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We are responsible for the information contained in this prospectus. We have not authorized anyone to provide you with different information, and we take no responsibility for any other information others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.

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**MARKET AND INDUSTRY INFORMATION**

Information regarding market share, market position and industry data pertaining to our business contained in this prospectus consists of our estimates based on data and reports compiled by industry professional organizations, including the Motion Picture Association of America ("MPAA"), the National Association of Theatre Owners ("NATO"), Box Office Mojo, Rentrak Corporation ("Rentrak"), industry analysts and our management's knowledge of our business and markets. Unless otherwise noted in this prospectus, all information provided by the MPAA is for the 2012 calendar year, all information provided by NATO is for the 2012 calendar year and all information provided by Rentrak is for the 2012 calendar year.

Although we believe that the sources are reliable, we have not independently verified market industry data provided by third parties or by industry or general publications. Similarly, while we believe our internal estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources. While we are not aware of any misstatements regarding any industry data presented in this prospectus, our estimates involve risks and uncertainties and are subject to changes based on various factors, including those discussed under "Risk Factors" in this prospectus.

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**PROSPECTUS SUMMARY**

*The following summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully, especially the risks of investing in our Class A common stock discussed under "Risk Factors" and our Consolidated Financial Statements and accompanying notes.*

*AMC Entertainment Holdings, Inc. ("Parent"), an entity created on June 6, 2007, is the sole stockholder of AMC Entertainment Inc. ("AMCE"). As used in this prospectus, unless the context otherwise requires, references to "we," "us," "our," the "Company," "AMC" or "AMC Entertainment" refer to Parent and its consolidated subsidiaries.*

*On November 15, 2012, we announced that we changed our fiscal year to a calendar year so that the calendar year shall begin on January 1<sup>st</sup> and end on December 31<sup>st</sup> of each year. Prior to the change, fiscal years refer to the fifty-two weeks, and in some cases fifty-three weeks, ending on the Thursday closest to the last day of March.*

*As used in this prospectus, the term "pro forma" refers to, in the case of pro forma financial information, such information after giving pro forma effect to (i) the Merger (as defined below) and (ii) this offering and the use of proceeds therefrom and related transactions (collectively, the "Transactions"). Except as stated otherwise herein, the share data set forth in this prospectus reflects the reclassification of Parent's capital stock as described below under " The Reclassification."*

*Certain financial measures presented in this prospectus, such as Adjusted EBITDA and Theatre Level Adjusted EBITDA are not recognized terms under accounting principles generally accepted in the United States ("GAAP"). These measures exclude a number of significant items, including our interest expense and depreciation and amortization expense. For a discussion of the use of these measures and a reconciliation to the most directly comparable GAAP measures, see " Summary Historical and Unaudited Financial and Operating Data." We also use "cash on cash return" as a measure of the performance of our theatres after implementation of one or more of the strategic initiatives described below under " Our Strategy: The Customer Experience Leader." Management uses this metric to measure the increase in operating performance of our theatres relative to the capital invested in them and to guide the allocation of future capital deployment. We believe that securities analysts and investors also view this measure as an important tool for measuring our performance. We define "cash-on-cash" return on the capital investment for a strategic initiative as the increase in Theatre-level Adjusted EBITDA (as defined on page 19) attributable to such capital investment for the twelve month period following completion of the capital investment over the preceding 12 month period divided by the amount of such capital expenditures, net of landlord contribution (as defined on page 19).*

**Our Company**

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

As of September 30, 2013, we owned, operated or held interests in 343 theatres with a total of 4,950 screens primarily in North America. Our theatres are predominantly located in major metropolitan markets, which we believe give our circuit a unique profile and offer strategic and operational advantages. Our top five markets, in each of which we hold the #1 or #2 share position, are New York (42% share), Los Angeles (27%), Chicago (44%), Philadelphia (29%) and Dallas (28%). For the twelve months ended September 30, 2013, these five metro markets comprised 40% of our revenues and 38% of our attendance. Strategically, these markets and our theatres in them are diverse,

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operationally complex, and, in many cases, for established locations, the scarcity of new theatre opportunities creates a significant competitive advantage against newcomers or alternative entertainment options.

Across our entire circuit, approximately 200 million customers visited our theatres during calendar year 2012 and during the twelve months ended September 30, 2013. For the nine months ended September 30, 2013, we had total revenues of \$2.0 billion; Adjusted EBITDA of \$335.2 million and earnings from continuing operations of \$80.5 million and for the twelve months ended September 30, 2013, we generated total revenues of \$2.7 billion, Adjusted EBITDA of \$450 million and earnings from continuing operations of \$81.6 million. According to publicly available information for our peers, during the calendar year ended December 31, 2012, our circuit led in revenues per head (\$13.56), average ticket price (\$9.04) and food and beverage per head (\$3.92). For the same period, our attendance per screen (41,900) and admissions gross profit per screen (\$179,000) were among the highest of our peers. In the last two years ended September 30, 2013, we have deployed a total of \$182.2 million in growth-oriented capital, including \$21.2 million contributed by landlords, into our circuit and infrastructure to help generate those results. We believe that it is the quality of our theatre locations and our customer-focused innovation that continue to drive improved productivity per location, return on investment and shareholder value.

We believe that our size, reputation, financial performance, history of innovation, strong major market presence and highly productive theatre circuit position us well for the future. A future where, after more than nine decades of business models driven by quantity of theatres, screens and seats, we believe quality of the movie going experience will determine long term, sustainable success. We are improving the quality of the movie-going experience in ways that extend stay and capture a greater proportion of total movie-going spending in order to maximize the economic potential of each customer visit, create sustainable growth and deliver shareholder value.

Our intention is to capitalize on this pivot towards quality by leveraging our extensive experience in theatre operations, combined with the next wave of innovations in movie-going. We plan to continue investing in our theatres and upgrading the consumer experience to take greater advantage of incremental revenue-generating opportunities, primarily through an array of improved and differentiated customer experiences in (1) more comfort & convenience; (2) food & beverage; (3) engagement & loyalty; (4) sight & sound and (5) targeted programming.

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The following table summarizes our current deployment progress in screens through September 30, 2013 as well as our expected plans for the deployment of our strategy over the next five years. These investments must meet specific cash-on-cash return criteria and are designed to increase attendance, customer spend and profitability.

Regions	Total Screens	More Comfort & Convenience		Enhanced Food & Beverage			Premium Sight & Sound			
		Motorized, plush recliners with leg rest; Relax at the push of a button	Guarantee of pre-selected seat; Arrive just-in-time and anxiety-free	Shopping experience featuring broadened menu offerings, including made-to-order options	Innovative technology featuring 120+ drink flavor options; Customer customized	Coke Freestyle Machines	Full service bar serving premium beers, wines and mixed drinks; Enjoy before or after movie	Casual, in theatre dining provided via seat side service; Conveniently satisfies consumer need for "dinner and a movie" experience	IMAX High technology film format delivers unmatched viewing experience	Proprietary sight and sound format for ultimate customer escape
New York/New Jersey/Philadelphia(1)	688	64	94	14	63	28	28	17	2	374
California	656	19	41	20	94	12	6	24	5	341
Illinois(2)	532	18	20	30	48	51		13	1	238
Texas	394	23	39	74	145	198	30	9	1	172
Florida	380		24	24	44	130	24	12	2	180
Missouri/Kansas/Oklahoma(3)	292	44	68	28	72	82	44	8	1	134
Arizona/Colorado	314	28	42	48	76	76	14	8	1	149
Michigan/Ohio	334	33	64	30	63	164	30	8		136
Washington DC(4)	157	17	18		17			6	1	77
Massachusetts	119	22	23		22			3		62
Balance	1,084	59	84	29	119	101	6	28	1	507
<b>Totals</b>	<b>4,950</b>	<b>327</b>	<b>517</b>	<b>297</b>	<b>763</b>	<b>842</b>	<b>182</b>	<b>136</b>	<b>15</b>	<b>2,370</b>
<b>Incremental Revenue/Patron</b>		<b>\$1.17</b>	<b>See (5).</b>	<b>\$0.12</b>	<b>\$0.08</b>	<b>\$0.30</b>	<b>\$5.83</b>	<b>\$5.81</b>	<b>\$5.23</b>	<b>\$3.32</b>
<b>5-Year Deployment Plan</b>	<b>157</b>	<b>1,393</b>	<b>1,977</b>	<b>141</b>	<b>4,344</b>	<b>700</b>	<b>413</b>	<b>14</b>	<b>19</b>	<b>96</b>

(1) Includes Connecticut.

(2) Chicago metropolitan market, including theatres in Indiana. Also includes Wisconsin and Iowa.

(3) Includes St. Louis metropolitan market.

(4) Washington, D.C. metropolitan market, including Maryland and Virginia.

(5) Not charged separately, included in ticket price.

(6) Includes IMAX and ETX screens.





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**Our Strategy: The Customer Experience Leader**

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

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

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

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

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

Recliner re-seats are the key feature of full theatre renovations. These exhaustive theatre 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 66% seating capacity. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving, on average, a 91% increase in attendance at these locations. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. Starting with one 12-screen theatre a little over two years ago, as of September 30, 2013 we now feature recliner re-seats in 28 theatres, or 327 screens, with another 7 theatres, or 65 screens, under construction. Cash-on-cash returns for the five locations opened prior to October 1, 2012 have averaged over 100%. We believe that approximately 1/4 of our circuit's re-seat potential has been addressed, leaving us with over 1,600 addressable screens to go. Thus far, we have implemented only modest ticket pricing increases at these re-seated theatres, and we believe there is unrealized revenue potential at these theatres as we rebalance the supply-demand relationship created by added comfort from re-seats and our customers' willingness to pay for this improved experience. Over the next five years we intend to invest approximately \$600 million in recliner re-seat conversions.

Rebalancing of the new supply-demand relationship created by recliner re-seats 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 (almost 950,000) in all our theatres and auditoriums for all our showtimes (approximately 22,000 per day), as available as possible, on as many websites as possible. This is a significant departure from the prior ten-year practice, when tickets to any

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one of our buildings were only available on one website. In the two years since we exercised our right to end exclusive contracts, internet tickets sold as a percentage of total tickets sold has increased significantly from approximately 5.5% to 8.5%. We believe increased online access is important because it captures customers' purchase intent more immediately and directly than if we had to wait until they showed up at the theatre box office to make a purchase. Once our customers buy a ticket, they are less likely to change their mind. Carefully monitoring internet pre-sales also lets us adjust capacity in real time, moving movies that are poised to overperform to larger capacity or more auditoriums, thereby maximizing yield.

Reserved seating, now fully implemented in 50 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 re-seats, coupled with the immediacy of demand captured from open-source internet ticketing and the anxiety removal of reserved seating make a powerful economic combination for us that none of our peer set is exploiting as aggressively as we are.

**2) Enhanced Food & Beverage** Popcorn and soft drinks are as integral a part of the movie-going experience as the movies themselves. Yet, approximately one third of our 200 million annual customers do not purchase food or a beverage. In order to increase the percentage of customers purchasing food or a beverage as well as increase sales per patron, we have developed food and beverage concepts that expand selection and service offerings. These concepts range from the simple and traditional (Food and Beverage Kiosks) to the vastly innovative and complex (Dine-In Theatres). This array of concepts, progressively more innovative and capital intensive, creates further service and selection across a range of theatre types and attendance levels and allows us to satisfy more customers and different customer needs and generate additional revenues.

The most broadly deployed concept is Food and Beverage Kiosks, which supplements the traditional menu with made-to-order hot foods, espresso drinks, smoothies, better-for-you products and an expanded range of candies and frozen novelty treats. Food and Beverage Kiosks capitalizes on food and beverage trends our customers have adopted in other quick-eat venues. To date, we have implemented 80 Food and Beverage Kiosks where we enjoy average incremental food and beverage per head (FBPH) of \$0.04 and cash-on-cash returns for the 58 locations deployed prior to October 1, 2012 have averaged approximately 37%.

At the next level, and designed for higher volume theatres, Marketplace vastly expands menu offerings as well as delivers a more customer engaging, post-pay shopping experience. In addition to the expanded offerings found in Food and Beverage Kiosks, Marketplaces also feature grab-and-go and self-serve food and beverages, including Coke Freestyle®, which puts our customers in charge with over 120 drink flavor options. AMC's operational excellence and history of innovation allowed us first-mover advantage on this new technology, which today is deployed in 47 of our theatres and we anticipate will be in all of our circuit by mid-2015. We find that when customers are allowed to browse and choose, overall satisfaction goes up and they spend more. Our FBPH metrics improve on average \$0.12 when a Marketplace is added to a theatre. We now operate 14 Marketplaces with plans to install as many as 25 more, as our next generation food and beverage format.

Deployed alone or alongside our other food and beverage concepts are our MacGuffins Bar & Lounges. We believe that few innovations have won over the adult movie goer more decisively than our full service bars featuring premium beers, wines and liquors. As of September 30, 2013, we have deployed 45 MacGuffins, and with their impressive average incremental FBPH of \$0.30,

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we are moving quickly to install an additional 23 within twelve months and believe the concept will be successful in an additional 75-100 theatres thereafter. *MacGuffins* have delivered average cash-on-cash returns for the twelve locations deployed prior to October 1, 2012 of over 100%. Due to our success in operating *MacGuffins*, we believe we can leverage our substantial experience when it comes to permitting, installing and commissioning these improvements.

At the top of the scale are our *Dine-In Theatres*. *Dine-In Theatres* are full restaurant operations, giving our customers the ultimate dinner-and-a-movie experience all at a single seat. Compressing by almost half what would otherwise be a four or five hour, multi-destination experience, young people and adults alike are afforded a huge convenience, which puts the idea of going to a movie much more in play. We currently operate 11 *Dine-In Theatres*. Cash-on-cash returns for the nine locations deployed prior to October 1, 2012 averaged 14% in their first full year of operations. These increases in cash-on-cash returns were driven primarily by an increase in FBPH of \$4.83. At our eight locations that were open prior to October 1, 2011, cash-on-cash returns grew to 40% in the second full year of operations as consumer awareness increased. Today, *Dine-In Theatres* represent 3% of our total theatres but generated 9% of our circuit-wide food and beverage revenues. We expect that *Dine-In Theatres* and recliner re-seats will be deployed in approximately 17% of our theatres by the end of 2013. We plan to open 20 more *Dine-In Theatres* in the next 5 years.

Building on the success of our full-service *Dine-In Theatres*, we are under construction with an emerging concept, *DIT Express*. *DIT Express* emphasizes freshness, speed and convenience. Customers place their orders at a central station and the order is delivered to our customers at their reserved seat. *DIT Express* was developed in conjunction with Union Square Events (a division of Union Square Hospitality Group). Like our other food and beverage concepts, we believe that *DIT Express* will become an important part of our toolkit.

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

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

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

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

*AMC Stubs*® is the industry's first program of its kind. Fee-based (consumers pay \$12/year to belong), it rewards loyalists with in-theatre value (\$10 for every \$100 spent) instead of hard to

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track "points". The program is fully automated and user-friendly from a customer perspective. As of September 2013 we had 2.5 million member households, which represent approximately 20% of our total weekly box office revenues. Transaction data from this loyal customer base are mined for consumer insights that are used to develop targeted, relevant customer offers, leading to increased attendance and sales. The program increases switching costs (the negative monetary (annual fee) and psychological (lost reward potential) costs associated with choosing a competitive theatre exhibitor), especially for those patrons located near our competitors' theatres, and leads to higher loyalty. We believe that increased switching costs dissuade customers from choosing a competitor's theatre and lead to higher loyalty.

Our [www.amctheatres.com](http://www.amctheatres.com) state-of-the-art website, leverages adaptive technology that optimizes the users' experience regardless of platform (phone, tablet, laptop, etc.) and has nearly 9 million visits per month, with peak months over 12 million, generating up to almost 300 million page visits per year. The website generates ticket sales and higher conversion rates by simplifying customers' purchasing decision and process.

The AMC mobile apps, available for iOS, Android and Windows devices have been downloaded nearly 2.1 million times since launch, generating almost a half million sessions per week. This convenient way to purchase tickets also features Enhanced Maps, which allows customers to browse for their nearest AMC theatre or favorite AMC theatre amenity, and My AMC, which allows customers to generate a personalized movie queue of coming releases.

On the social media front, our Facebook 'Likes', recently at 4 million and growing, are more than all our peer competitors' counts combined. We are similarly engaged on Twitter (over 215,000 followers), Pinterest, Instagram and YouTube. Our participation in these social networks keeps movie-going top of mind and allows targeted campaigns and offers with clear 'calls to action' that generate incremental attendance and incremental revenues per patron.

The competitive advantage in greater customer engagement and loyalty includes the ability to use market intelligence to better anticipate customers' needs and desires and to capture incremental share of entertainment dollars and time.

**4) Premium Sight & Sound** At its core, our business is a visual and aural medium. The quality of projection and sound is therefore mission critical, and has improved significantly with the advent of digital systems. Today, our conversion to these digital systems is substantially complete, and 4,835 or 98% of our screens employ state-of-the-art Sony 4K or similar digital projectors. Importantly, the digital conversions enabled 3D exhibition, and today 2,370 screens (48% of total) are so enabled. We have at least one 3D enabled screen in 98% of our locations.

In sight and sound, we believe that size is critical in our customers' decision-making. Consistent with this belief, we are the world's largest IMAX exhibitor, with 136 screens, all 3D-enabled, with nearly twice the screen count of our closest competitor and representing a 44% market share in the United States (as of September 30, 2013). In addition, we currently have our own private label large format, marketed as ETX, in 15 locations (also all 3D enabled). Combined, these 151 screens represent only 3% of our total screens, yet on the weekends when big movies open, as much as 19% of our box office flows from them.

The premium sight and sound experiences 3D, ETX and IMAX give our customers more options and earn incremental pricing from our customers. On average, pricing premiums currently amount to \$4.09 per patron, driving better economics for us and the Hollywood studios, while also delivering our audience a superior experience. For context, box office gross profit per patron for premium formats averages 12% more than gross profit per patron for conventional 2D formats. We anticipate increasing our premium large-format screen count by 34 screens.

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Further, we do not expect technology advances to cease. Sound quality, for example, continues to improve, as our recent tests of Dolby ATMOS demonstrate (AMC theatres were among the very few selected for pilot tests). And, laser projection technology, the next level in clarity, brightness and sharpness, is evolving as well. While all of these will require some level of capital investment, the promise of strong customer relevance is significant.

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

Increasingly, we are playing movies and other content originating from more sources. We believe that as diversity grows in the United States, the ability to adapt and target programming for a fragmented audience will grow increasingly critical. We believe this is something we already do very well. As measured by an Insight Strategy Group survey conducted November 2011, approximately 51% of our audience was Latino or African American. Latino families are Hollywood's, and our, best customers. They go to the movies 6.4x per year (56% more than average), and 65% of Latinos live within 20 miles of an AMC theatre. For movies targeted at these diverse audiences, we frequently experience attendance levels greater than our average, national market share. For example, AMC recently captured 28% market share of the 2013 Spanish-titled movie *Instructions Not Included*. Tyler Perry's latest three films, which are targeted towards African American audiences, have produced industry box office of over \$125 million and an average market share for AMC of over 23% during the twelve months ended September 30, 2013. Additionally, during the twelve months ended September 30, 2013, we exhibited 80 Bollywood movies capturing an above average 30% market share and generating nearly \$11 million in box office revenues. Given the population growth patterns from the last US census, we believe that our ability to effectively serve these communities will help strengthen our competitive position.

Through AMC Independent, we have also reached into the independent (or "indie") production and distribution community. Growing quickly from its inception three years ago, we played 263 films during the twelve months ended September 30, 2013 from this very creative community.

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

We believe AMC is a vital exhibitor for Hollywood studios and for independent distributors because we generate more box office revenue per theatre and provide stronger in-theatre and online promotional exposure for movies. Theatres are a content owner's highest quality revenue stream because every customer pays every time they watch the content. Among all theatres, AMC's venues are the most valuable to content owners. Due to the studios' fixed distribution cost per licensed film, their product is never more productive than at an AMC theatre. When our scale and Wanda's growth are taken into account, AMC is the most efficient and effective partner a content owner has.

### **Our Competitive Strengths**

We believe we have the following competitive strengths:

#### **Leading Market Share in Important, Affluent & Diverse Markets**

Across the country's three biggest metropolitan markets New York, Los Angeles and Chicago, representing 20% of the country's total box office we hold a 36% combined market share. On any

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given weekend, half of the top ten theatres for the #1 opening movie title in the United States are AMC theatres. We believe our strong presence in these top markets makes our theatres highly visible and therefore strategically more important to content providers, who rely on the large audiences and marketing momentum provided by major markets to drive opinion-making and deliver a movie's overall box office results.

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

**Well Located, Highly Productive Theatres**

Our theatres are generally located in the top retail centers across the United States. We believe this provides for long-term visibility and higher productivity, and is a key element in the success of our Enhanced Food & Beverage and More Comfort & Convenience initiatives. Our location strategy, combined with our strong major market presence and our focus on a superior customer experience, enable us to deliver industry-leading theatre-level productivity. During the twelve months ended September 30, 2013, seven of the ten highest grossing theatres in the United States were AMC theatres. During the same period, our average total revenues per theatre were \$8.1 million. This per unit productivity is important not only to content providers, but also to developers and landlords, for whom per location and per square foot sales numbers are critical measures. The net effect is a close relationship with the commercial real estate community, which gives us first-look and preferred tenant status on emerging opportunities.

**Selectively Participating in a Consolidating Industry**

Throughout the last two decades, AMC has been an active participant in our industry's consolidation. In that span, we have acquired and successfully integrated Loews, General Cinema, Kerasotes and more recently, select operations of Rave Digital Media and Rave Review Cinemas. We intend to remain an active participant in consolidation, and selectively pursue acquisitions where the characteristics of the location, overall market and facilities further enhance the quality of our theatre portfolio.

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

**Substantial Operating Cash Flow**

For the twelve months ended September 30, 2013, nine months ended September 30, 2013, the period from August 31, 2012 to December 31, 2012, the period from March 30, 2012 through August 30, 2012 and the fiscal year ended March 29, 2012, our net cash provided by operating activities totaled \$310.7 million, \$204.7 million, \$73.9 million, \$76.4 million and \$137.0 million, respectively. We believe that our strategic initiatives, highly productive theatre circuit and continued focus on cost

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control will enable us to generate sufficient cash flow provided by operating activities to fund the deployment of capital to execute our strategy to grow our revenues, maintain our facilities, service our indebtedness and pay dividends to our stockholders. We expect that our capital expenditures will be approximately \$245 million in each of the next three calendar years.

**Experienced and Dynamic Team**

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

We anticipate that, in connection with this offering, we will implement a significant equity based compensation plan that will align management's interests with those of our shareholders.

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

Furthermore, we believe that our people, the nearly 19,000 AMC associates, constitute an essential strength of our Company. They strive to make movie-going experiences at AMC always a treat. Our auditoriums offer clear and bright projection, our food is hot and our drinks are cold. Our doors, lobbies, hallways and bathrooms are clean and we select and train our people to make smiles happen. We create events and want our customers to always feel special at an AMC theatre. This is an experience delivered almost 200 million times a year.

Over the past three years together, this group has enhanced quality and increased variety at our food and beverage stands, introduced in-theatre dining options in many markets, revitalized over 40 theatres, launched our industry-leading loyalty program, *AMC Stubs*, and achieved our Company's highest ever ratings for top-box overall customer satisfaction. We feel like this is only the beginning.

**Key Strategic Shareholder**

In August 2012, AMC was acquired by the Wanda Group ("Wanda"), one of the largest, privately-held conglomerates in China. In addition to its core business as a prominent developer and owner of commercial real estate, Wanda also owns related businesses in entertainment, hospitality and retail. Wanda is the largest theatre exhibition operator in China through its controlling ownership interest in Wanda Cinema Line. The combined ownership and scale of AMC and Wanda Cinema Line, has enabled us to enhance relationships and obtain better terms from important food and beverage, lighting and theatre supply vendors, and to expand our strategic partnership with IMAX. Wanda and AMC are also working together to offer Hollywood studios and other production companies valuable access to our industry-leading promotion and distribution platforms, with the goal of gaining greater access to content and playing a more important role in the industry going forward. Wanda is controlled by its chairman, Mr. Jianlin Wang.

**The Industry**

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



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In the United States, the movie exhibition business is large, stable and mature. While in any given calendar quarter the quantity and quality of movies can drive volatile results, box office revenues have increased from 2011 to 2012. Calendar year 2012 was, in fact, the industry's best ever, with box office revenues of \$10.8 billion, (6.5% growth over 2011) and over 1.3 billion admissions in the U.S. and Canada.

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

We believe the exhibition business is in the early stages of a transition. After decades of economic models driven by *quantity* (number of theatres, screens and seats), it is the *quality* of the movie going experience that will define future success. Whether in enhanced food and beverage options (*Food and Beverage Kiosks, Marketplaces, Coke Freestyle, MacGuffins or Dine-in Theatres*); more comfort and convenience (recliner re-seats, open-source internet ticketing, reserved seating); engagement and loyalty (*AMC Stubs, website, mobile apps, social media*) or sight and sound (digital projectors, 3D, our own ETX format or IMAX); it is the ease of use and the amenities that these innovations bring to customers that will drive sustained profitability in the years ahead. As this transition accelerates, we believe movie exhibition's attraction as an investment will grow.

**The Wanda Transaction**

On August 30, 2012, Wanda acquired Parent through a merger between Parent and Wanda Film Exhibition Co. Ltd., ("Merger Subsidiary"), a wholly-owned indirect subsidiary of Wanda, whereby Merger Subsidiary merged with and into Parent with Parent continuing as the surviving corporation and as a wholly-owned indirect subsidiary of Wanda (the "Merger"). Prior to the Merger, Parent was owned by J.P. Morgan Partners, LLC and certain related investment funds ("JPMP"), Apollo Management, L.P. and certain related investment funds ("Apollo"), affiliates of Bain Capital Partners ("Bain"), The Carlyle Group ("Carlyle") and Spectrum Equity Investors ("Spectrum") (collectively, the "Former Sponsors").

Wanda invested approximately \$700.0 million in connection with the Merger. In comparison, using the offering price of \$18.00 and 18,421,053 shares sold in the offering (which would represent approximately 19.44% of the shares of our common stock that will be outstanding upon completion of this offering), the total value of the equity of the Company would have been approximately \$1,705.5 million.

**The Reclassification**

On December 17, 2013, we reclassified each share of Parent's existing Class A common stock and Class N common stock by filing an amendment to our certificate of incorporation. Pursuant to the reclassification, which substantively resulted in a stock split, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. The transactions described in this paragraph are referred to in this prospectus as the "Reclassification." All share and per share amounts presented in this prospectus have been retroactively adjusted to reflect the Reclassification.

Currently, Parent is owned by an indirect, wholly owned subsidiary of Wanda and by certain members of management as follows: Wanda (99.77%) and members of management (0.23%). After giving effect to the Reclassification and this offering, Wanda will hold 75,826,927 shares of our Class B common stock, representing approximately 80.03% of our outstanding common stock and 92.32% of the combined voting power of our outstanding common stock, and will have the power to control our affairs and policies including with respect to the election of directors (and, through the election of directors, the appointment of management), the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions.

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**Risk Factors**

Our business is subject to numerous risks, as discussed more fully in the section entitled "Risk Factors" beginning on page 21 of this prospectus, which you should read in its entirety. In particular:

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

We depend on motion picture production and performance;

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

Limitations on the availability of capital may prevent deployment of strategic initiatives;

We have had significant financial losses in previous years;

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

We are subject, at times, to intense competition;

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

Our results of operations may be impacted by shrinking video release windows;

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

We may suffer future impairment losses and theatre and other closure charges; and

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

**Corporate Information**

We are a Delaware corporation. Our principal executive offices are located at One AMC Way, 11500 Ash Street, Leawood, Kansas 66211. The telephone number of our principal executive offices is (913) 213-2000. We maintain a website at [www.amctheatres.com](http://www.amctheatres.com), on which we will post our key corporate governance documents, including our board committee charters and our code of ethics. We do not incorporate the information on our website into this prospectus and you should not consider any information on, or that can be accessed through, our website as part of this prospectus.



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**The Offering**

Class A common stock offered by us	18,421,053 Shares
Class A common stock to be outstanding immediately after this offering	18,921,691 Shares
Class B common stock to be outstanding immediately after this offering	75,826,927 Shares
Option to purchase additional shares	We have granted to the underwriters a 30-day option to purchase up to 2,631,579 additional shares of our Class A common stock from us at the initial public offering price less underwriting discounts and commissions.
Common stock voting rights	<p>Upon consummation of this offering, the holders of our Class A common stock will be entitled to one vote per share, and the holders of our Class B common stock will be entitled to three votes per share.</p> <p>Each share of Class B common stock may be converted into one share of Class A common stock at the option of the holder.</p> <p>If, on the record date for any meeting of the stockholders, the number of shares of Class B common stock then outstanding is less than 30% of the aggregate number of shares of Class A common stock and Class B common stock outstanding, then each share of Class B common stock will automatically convert into one share of Class A common stock.</p> <p>In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, except for certain transfers to other holders of Class B common stock or their affiliates or to certain unrelated third parties as described under "Description of Capital Stock Conversion and Restrictions on Transfer."</p> <p>Holders of Class A common stock and Class B common stock will vote together as a single class on all matters unless otherwise required by law.</p> <p>Upon consummation of this offering, assuming no exercise of the underwriters' option to purchase additional shares, (1) holders of Class A common stock will hold approximately 7.68% of the combined voting power of our outstanding common stock and approximately 19.97% of our total equity ownership and (2) holders of Class B common stock will hold approximately 92.32% of the combined voting power of our outstanding common stock and approximately 80.03% of our total equity ownership.</p>

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If the underwriters exercise their option to purchase additional shares of Class A common stock in full, (1) holders of Class A common stock will hold approximately 8.65% of the combined voting power of our outstanding common stock and approximately 22.13% of our total equity ownership and (2) holders of Class B common stock will hold approximately 91.35% of the combined voting power of our outstanding common stock and approximately 77.87% of our total equity ownership. See "Description of Capital Stock Voting Rights."

The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion applicable to the Class B common stock. See "Description of Capital Stock Common Stock" for a description of the material terms of our common stock.

Dividend policy

We intend to pay cash dividends commencing from the closing date of this offering. We expect that our first dividend will be with respect to the first quarter of 2014. The declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal requirements, restrictions in our senior secured credit facility and the indentures governing our debt securities and other factors our board of directors deem relevant. See "Risk Factors 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 the common stock," and "Dividend Policy."

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Use of proceeds

We estimate that our net proceeds from this offering without exercise of the underwriters' option to purchase additional shares will be approximately \$305.2 million after deducting the estimated underwriting discounts and commissions and expenses. We intend to use the net proceeds to us primarily to retire outstanding indebtedness, including possibly our 8.75% Senior Fixed Rate Notes which mature on June 1, 2019. Any net proceeds that we do not apply to reduce outstanding indebtedness will be used for general corporate purposes, including capital expenditures. However, we have not made a definitive determination as to how to allocate these proceeds among these and other possible general corporate purposes and we do not anticipate doing so prior to the completion of the offering. See "Risk Factors We may apply the proceeds of this offering to uses that do not improve our operating results or increase the value of your investment."

Proposed national securities exchange trading symbol  
LOYAL3 platform

"AMC"

At our request, the underwriters have reserved up to 110,527 shares, or 0.6%, of our Class A common stock offered by this prospectus for sale, and up to 230,264 shares, or 1.25%, for sale through a directed share program, at the public offering price, through the LOYAL3 platform. See "Underwriting The LOYAL3 Platform."

Unless otherwise stated herein, the information in this prospectus (other than our historical financial statements and historical financial data) assumes that:

the Reclassification has been completed;

the underwriters have not exercised their option to purchase up to 2,631,579 additional shares of Class A common stock from us; and

our amended and restated certificate of incorporation and amended and restated bylaws are in effect, pursuant to which the provisions described under "Description of Capital Stock" will become operative.

In the Reclassification, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. In addition, we anticipate 360,172 shares of Class A Common Stock (the "Offering Bonus Shares") will be issued to members of management upon the consummation of this offering. See "Compensation Discussion & Analysis Post-offering Compensation Anticipated Awards under the 2013 Plan." The number of shares of common stock to be outstanding after completion of this offering is based on 18,421,053 shares of our common stock to be sold in this offering and, except where we state otherwise, the common stock information we present in this prospectus excludes shares of common stock we will reserve for future issuance under our equity incentive plan.

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**Summary Historical and Unaudited Financial and Operating Data**

The following summary historical financial and operating data sets forth our historical financial and operating data for the twelve months ended September 30, 2013, the Successor nine months ended September 30, 2013, the Predecessor period December 30, 2011 through August 30, 2012, the Successor period from inception August 31, 2012 through September 27, 2012, the Predecessor period from March 30, 2012 to August 30, 2012, the Successor period from inception August 31, 2012 to December 31, 2012 and the fiscal years ended March 29, 2012 and March 31, 2011 and have been derived from our Consolidated Financial Statements and related notes for such periods included elsewhere in this prospectus. The historical financial data set forth below is qualified in its entirety by reference to our Consolidated Financial Statements and the notes thereto included elsewhere in this prospectus.

In connection with the change of control due to the Merger, our assets and liabilities were adjusted to fair value on the closing date of the Merger by application of "push down" accounting. As a result of the application of "push down" accounting in connection with the Merger, our financial statement presentations herein distinguish between a predecessor period for periods prior to the Merger ("Predecessor"), and a successor period for periods subsequent to the Merger ("Successor"). The Successor applied "push down" accounting and its financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the Merger date. The Consolidated Financial Statements presented herein are those of Successor from its inception on August 31, 2012 through September 30, 2013, and those of Predecessor for all periods prior to the Merger date. As a result of the application of "push down" accounting at the time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable. For additional information about the Merger, see the notes to our audited Consolidated Financial Statements for the period ended December 31, 2012 and our unaudited Consolidated Financial Statements for the nine months ended September 30, 2013 included elsewhere in this prospectus.

The summary historical financial and operating data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our historical consolidated financial statements, including the notes thereto, included in this prospectus.

	Twelve Months Ended September 30, 2013(1)	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)	From Inception August 31, 2012 through December 31, 2012(8) (restated) (Successor)	March 30, 2012 through August 30, 2012(2) (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
	(Unaudited)	(Unaudited)		(Unaudited)				

(in thousands, except per share and operating data)

<b>Statement of Operations Data:</b>								
Total revenues	\$ 2,733,437	\$ 2,036,451	\$ 114,506	\$ 1,842,515	\$ 811,492	\$ 1,206,072	\$ 2,521,977	\$ 2,362,538
<b>Operating Costs and Expenses:</b>								
Cost of operations	1,799,860	1,332,816	85,496	1,196,356	552,540	781,193	1,706,418	1,631,497
Rent	449,094	339,213	33,493	299,805	143,374	189,086	445,326	451,874
<b>General and administrative:</b>								
Merger, acquisition and transactions costs	4,814	1,952	504	6,670	3,366	4,417	3,958	16,838
Management fee				3,750		2,500	5,000	5,000
Other	81,638	59,797	7,269	42,644	29,110	27,023	51,495	58,157
Depreciation and amortization	202,466	147,435	16,602	137,818	71,633	80,971	212,817	211,444
Impairment of long-lived assets				285			285	12,779
Operating costs and expenses	2,537,872	1,881,213	143,364	1,687,328	800,023	1,085,190	2,425,299	2,387,589

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Operating income (loss)	\$ 195,565	\$ 155,238	\$ (28,858)	\$ 155,187	\$ 11,469	\$ 120,882	\$ 96,678	\$ (25,051)
Other (income) expense	(184)	(184)	49	2,496	49	960	1,965	42,687
Interest expense	142,067	105,618	10,683	113,838	47,132	70,004	178,127	183,657
Equity in (earnings) loss of non-consolidated entities	(39,041)	(38,143)	3,378	(18,240)	2,480	(7,545)	(12,559)	(17,178)



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	Twelve Months Ended September 30, 2013(1)	Nine Months Ended September 30, 2013 (Successor) (Unaudited)	From Inception August 31, 2012 through September 27, 2012 (Successor) (Unaudited)	December 30, 2011 through August 30, 2012 (Predecessor) (Unaudited)	From Inception August 31, 2012 through December 31, 2012(8) (restated) (Successor)	March 30, 2012 through August 30, 2012(2) (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
<b>(in thousands, except per share and operating data)</b>								
Gain on NCM transactions								(64,441)
Investment (income) expense	(3,115)	(3,406)	(1)	(66)	290	(41)	17,619	(484)
Earnings (loss) from continuing operations before income taxes	95,838	91,353	(42,967)	57,159	(38,482)	57,504	(88,474)	(169,292)
Income tax provision (benefit)	14,260	10,860	100	3,005	3,500	2,500	2,015	1,950
Earnings (loss) from continuing operations	\$ 81,578	\$ 80,493	\$ (43,067)	\$ 54,154	\$ (41,982)	\$ 55,004	\$ (90,489)	\$ (171,242)
Basic earnings (loss) from continuing operations per share(9)	\$ 1.07	\$ 1.06	\$ (0.60)	\$ 0.86	\$ (0.56)	\$ 0.87	\$ (1.43)	\$ (2.70)
Diluted earnings (loss) from continuing operations per share(9)	\$ 1.07	\$ 1.06	\$ (0.60)	\$ 0.85	\$ (0.56)	\$ 0.86	\$ (1.43)	\$ (2.70)
Average shares outstanding:								
Basic(9)	76,000.03	76,000.03	71,383.84	63,335.34	74,987.96	63,335.34	63,335.34	63,324.44
Diluted(9)	76,000.03	76,000.03	71,383.84	63,793.34	74,987.96	63,335.34	63,715.34	63,324.44
<b>Other Data:</b>								
Net cash provided by (used in) operating activities	\$ 310,682	\$ 204,665	\$ (32,125)	\$ 76,546	\$ 73,892	\$ 76,372	\$ 137,029	\$ (16,168)
Adjusted EBITDA(3)	450,013	335,198	(10,446)	333,957	104,369	222,846	370,099	315,837
Theatre Level Adjusted EBITDA(4)	507,855	377,870	(1,879)	366,991	128,106	248,547	403,213	347,941
NCM cash distributions received	30,749	20,573		19,152	10,176	6,667	31,523	35,502
Capital expenditures	(236,142)	(174,006)	(10,638)	(94,392)	(72,774)	(40,116)	(139,359)	(129,347)
Growth capital expenditures(5)	(139,681)	(110,915)	(6,970)	(29,765)	(34,782)	(15,794)	(27,547)	(35,774)
Landlord contributions(6)	16,956	13,931	572	3,700	4,169	2,000	3,200	4,000
Net rewards accumulated under AMC Stubs:								
Admissions	(10,803)	(9,970)	451	(8,125)	(382)	(4,146)	(16,752)	
Food and beverage	(36,911)	(28,517)	(1,128)	(26,342)	(9,522)	(16,385)	(32,209)	
<b>Operating Data (at period end):</b>								
Screen additions					22	13	26	55
Screen acquisitions	191	25			166			960
Screen dispositions	33	29	15	45	19	62	120	400
Construction openings (closures, net)	(16)	(34)		(18)				
Average screens continuing operations(7)	4,818	4,856	4,714	4,761	4,732	4,742	4,811	4,920
Number of screens operated	4,950	4,950	4,804	4,819	4,988	4,819	4,868	4,962
Number of theatres operated	343	343	332	333	344	333	338	352
Screens per theatre	14.4	14.4	14.5	14.5	14.5	14.5	14.4	14.1
Attendance (in thousands) continuing operations(7)	200,955	148,870	8,249	138,699	60,336	90,616	194,205	188,810

As of  
September 30,  
2013

	<b>Actual (Unaudited) (in thousands)</b>
<b>Consolidated balance sheet data:</b>	
Cash and cash equivalents	\$ 130,628
Corporate borrowings, including current portion	2,075,655
Other long-term liabilities	455,258
Capital and financing lease obligations, including current portion	117,994
Stockholders' equity	848,897
Class A Common Stock voting (\$.01 par value 524,173,073 shares authorized; 0 shares issued and outstanding as of September 30, 2013)	
Class B Common Stock voting (\$.01 par value 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of September 30, 2013)	758
<b>Total assets</b>	<b>4,326,866</b>

- (1) The statement of operations data for the twelve months ended September 30, 2013, which are unaudited, have been calculated by adding the period from September 28, 2012 to December 31, 2012 to the nine months ended September 30, 2013 included elsewhere in this prospectus.

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This presentation is not in accordance with GAAP. We believe that this presentation provides useful information to investors regarding our recent financial performance and we view this presentation of the four most recently completed successor quarters as a key measurement period for investors to assess our historical results. In addition, our management uses trailing four quarter financial information to evaluate the financial performance of the Company for ongoing planning purposes, including a continuous assessment of our financial performance in comparison to budgets and internal projections. We also use trailing four quarter financial data to test compliance with covenants under our debt agreements. This presentation has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

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

(3) We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as earnings (loss) from continuing operations plus (i) income tax provisions (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. Set forth below is a reconciliation of Adjusted EBITDA to earnings (loss) from continuing operations, our most comparable GAAP measure:

	Twelve Months Ended September 30, 2013	Nine Months Ended September 30, 2013	From Inception August 31, 2012 through September 27, 2012	December 30, 2011 through August 30, 2012	From Inception August 31, 2012 through December 31, 2012(8) (restated)	March 30, 2012 through August 30, 2012	52 Weeks Ended March 29, 2012	52 Weeks Ended March 31, 2011
	(Successor)	(Successor)	(Successor)	(Predecessor)	(Successor)	(Predecessor)	(Predecessor)	(Predecessor)
(in thousands)								
Earnings (loss) from continuing operations	\$ 81,578	\$ 80,493	\$ (43,067)	\$ 54,154	\$ (41,982)	\$ 55,004	\$ (90,489)	\$ (171,242)
Plus:								
Income tax provision (benefit)	14,260	10,860	100	3,005	3,500	2,500	2,015	1,950
Interest expense	142,067	105,618	10,683	113,838	47,132	70,004	178,127	183,657
Depreciation and amortization	202,466	147,435	16,602	137,818	71,633	80,971	212,817	211,444
Impairment of long-lived assets				285			285	12,779
Certain operating expenses(a)	16,130	9,719	1,264	9,021	7,675	5,858	16,275	57,267
Equity in (earnings) losses of non-consolidated entities	(39,041)	(38,143)	3,378	(18,240)	2,480	(7,545)	(12,559)	(17,178)
Cash distributions from non-consolidated entities(b)	30,984	20,800	42	19,568	10,226	7,051	33,112	35,893
Gain on NCM transactions								(64,441)
Investment (income) expense	(3,115)	(3,406)	(1)	(66)	290	(41)	17,619	(484)
Other (income) expense(c)	(130)	(130)	49	2,833	49	1,297	1,977	42,828
General and administrative expense unallocated:								
Merger, acquisition and transaction costs	4,814	1,952	504	6,670	3,366	4,417	3,958	16,838
Management fee				3,750		2,500	5,000	5,000
Stock-based compensation expense				1,321		830	1,962	1,526
<b>Adjusted EBITDA(d)</b>	<b>\$ 450,013</b>	<b>\$ 335,198</b>	<b>\$ (10,446)</b>	<b>\$ 333,957</b>	<b>\$ 104,369</b>	<b>\$ 222,846</b>	<b>\$ 370,099</b>	<b>\$ 315,837</b>

(a) Amounts represent preopening expense, theatre and other closure expense (income), deferred digital equipment rent expense and disposition of assets and other gains included in operating expenses.

(b)

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Effective July 1, 2011, cash distributions from non-consolidated entities were included in our Adjusted EBITDA presentation with conforming reclassification made for the current and prior year presentation. The presentation reclassification reflects how our management evaluates our Adjusted EBITDA performance and is generally consistent with treatment in our various debt covenant calculations.

- (c) Other expense for the 52 weeks ended March 31, 2011 is comprised of the loss on extinguishment of indebtedness related to the redemption of our 12% Senior Discount Notes due 2014 ("Discount Notes due 2014") of \$14.8 million, our 11% Senior Subordinated Notes due 2016 ("Notes due 2016") of \$24.3 million and expense related to the modification of the former senior secured credit facility of \$3.7 million.
- (d) The additional four days included in the Transition Period contributed approximately \$25.0 million in Adjusted EBITDA. The acquisition of Kerasotes contributed approximately \$34.6 million during the fifty-two weeks ended March 29, 2012 in Adjusted EBITDA compared to \$31.6 million during the forty-four week period of May 24, 2010 to March 31, 2011.

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

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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 tax payments that represent a reduction in cash available to us;

does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; and

does not reflect management fees that were paid to the Former Sponsors.

(4)

We present Theatre Level Adjusted EBITDA as a supplemental measure of our performance which we believe provides management and investors with additional information to measure the performance of our theatres, individually and as an entirety, including the impact of our growth capital expenditures and landlord contributions on their operating results. We define Theatre Level Adjusted EBITDA as Adjusted EBITDA minus (i) cash distributions from non-consolidated entities, (ii) stock based compensation expense included in general and administrative other, (iii) deferred rent and (iv) capital lease expense, and plus (i) general and administrative expense other and (ii) theatre service expense, as shown in the table below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Theatre Level Adjusted EBITDA, you should be aware that in the future we may incur income and expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Theatre Level Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Set forth below is a reconciliation of Theatre Level Adjusted EBITDA to Adjusted EBITDA:

	Twelve Months Ended September 30, 2013	Nine Months Ended September 30, 2013	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)	From Inception August 31, 2012 through December 31, 2012(8) (restated) (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
(in thousands)								
Adjusted EBITDA	\$ 450,013	\$ 335,198	\$ (10,446)	\$ 333,957	\$ 104,369	\$ 222,846	\$ 370,099	\$ 315,837
Add/(Subtract):								
Cash distributions from non-consolidated entities	(30,984)	(20,800)	(42)	(19,568)	(10,226)	(7,051)	(33,112)	(35,893)
Stock-based compensation expense				(1,321)		(830)	(1,962)	(1,526)
General and administrative expense other	81,638	59,797	7,269	42,644	29,110	27,023	51,495	58,157
Theatre service expense	35,555	26,284	3,054	23,018	12,325	13,684	33,505	26,520
Deferred rent	(13,717)	(10,043)	(1,050)	(5,786)	(4,724)	(3,437)	(7,422)	(4,761)
Capital lease expense	(14,650)	(12,566)	(664)	(5,953)	(2,748)	(3,688)	(9,390)	(10,393)
<b>Theatre Level Adjusted EBITDA</b>	<b>\$ 507,855</b>	<b>\$ 377,870</b>	<b>\$ (1,879)</b>	<b>\$ 366,991</b>	<b>\$ 128,106</b>	<b>\$ 248,547</b>	<b>\$ 403,213</b>	<b>\$ 347,941</b>

(5)

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Growth capital expenditures are our gross cash investments before landlord contributions to enhance Sight & Sound, Food & Beverage and More Comfort & Convenience for our customers. Growth capital expenditures are part of our total capital expenditures and exclude expenditures for maintenance and other recurring items.

- (6) Landlord contributions are amounts received from our landlords for theatres undergoing transformation to enhance Sight & Sound, Food & Beverage or More Comfort & Convenience for our customers. Amounts received from landlords are recorded as deferred rent and are amortized as a reduction to rent expense over the base term of the lease agreement.
- (7) Includes consolidated theatres only.
- (8) During the successor period from August 31, 2012 through December 31, 2012 adjustments were made to correct the valuation allowance recorded for deferred tax assets and the income tax provision. These revisions to previously recorded amounts were needed to correct the carrying amount of other long-term liabilities with an offsetting adjustment to increase the income tax provision by \$5.52 million during the fourth quarter of 2012. Additional information about this matter is disclosed in Note 1 Prior period adjustments in the Company's audited financial statements for the period from August 31, 2012 to December 31, 2012 contained elsewhere in this prospectus.
- (9) On December 17, 2013 the Company reclassified each share of existing Class A common stock and Class N common stock by filing an amendment to its certificate of incorporation. Pursuant to the reclassification, which substantively resulted in a stock split, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. All shares and per share amounts presented in the consolidated financial statements and notes thereto have been retroactively adjusted to reflect the Reclassification.

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**RISK FACTORS**

*Before you decide to purchase shares of our Class A common stock, you should understand the high degree of risk involved. You should consider carefully the following risks and other information in this prospectus, including our pro forma and historical financial statements and related notes. If any of the following risks actually occur, our business, financial condition and operating results could be adversely affected. As a result, the trading price of our Class A common stock could decline, perhaps significantly.*

**Risks Related to Our Industry and Our Business**

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

We rely on distributors of motion pictures, over whom we have no control, for the films that we exhibit. Major motion picture distributors are required by law to offer and license film to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis. Our business depends on maintaining good relations with these distributors, as this affects our ability to negotiate commercially favorable licensing terms for first-run films or to obtain licenses at all. With only 7 distributors representing approximately 90% of the U.S. box office in 2012, there is a high level of concentration in the industry. Our business may be adversely affected if our access to motion pictures is limited or delayed because of deterioration in our relationships with one or more distributors or for some other reason. To the extent that we are unable to license a popular film for exhibition in our theatres, our operating results may be adversely affected.

*We depend on motion picture production and performance.*

Our ability to operate successfully depends upon the availability, diversity and appeal of motion pictures, our ability to license motion pictures and the performance of such motion pictures in our markets. The most attended films are usually released during the summer and the calendar year-end holidays, making our business highly seasonal. We license first-run motion pictures, the success of which has increasingly depended on the marketing efforts of the major motion picture studios. Poor performance of, or any disruption in the production of these motion pictures (including by reason of a strike or lack of adequate financing), or a reduction in the marketing efforts of the major motion picture studios, could hurt our business and results of operations. Conversely, the successful performance of these motion pictures, particularly the sustained success of any one motion picture, or an increase in effective marketing efforts of the major motion picture studios, may generate positive results for our business and operations in a specific fiscal quarter or year that may not necessarily be indicative of, or comparable to, future results of operations. As movie studios rely on a smaller number of higher grossing "tent pole" films there may be increased pressure for higher film licensing fees. In addition, a change in the type and breadth of movies offered by motion picture studios may adversely affect the demographic base of moviegoers.

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

We have a significant amount of debt. As of September 30, 2013, we had outstanding \$2,193.6 million of indebtedness (\$2,089.1 million face amount), which consisted of \$769.4 million under our senior secured credit facility (\$771.1 million face amount), \$649.5 million of our senior notes (\$600 million face amount), \$656.8 million of our existing subordinated notes (\$600.0 million face amount) and \$118.0 million of existing capital and financing lease obligations, and up to \$150.0 million was available for borrowing as additional senior debt under our senior secured credit facility. As of

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September 30, 2013, we also had approximately \$3.6 billion of undiscounted rental payments under operating leases (with initial base terms generally between 15 to 20 years).

The amount of our indebtedness and lease and other financial obligations could have important consequences to you. For example, it could:

increase our vulnerability to general adverse economic and industry conditions;

limit our ability to obtain additional financing in the future for working capital, capital expenditures, dividend payments, acquisitions, general corporate purposes or other purposes;

require us to dedicate a substantial portion of our cash flow from operations to the payment of lease rentals and principal and interest on our indebtedness, thereby reducing the funds available to us for operations and any future business opportunities;

limit our planning flexibility for, or ability to react to, changes in our business and the industry; and

place us at a competitive disadvantage with competitors who may have less indebtedness and other obligations or greater access to financing.

If we fail to make any required payment under our senior secured credit facility or to comply with any of the financial and operating covenants contained therein, we would be in default. Lenders under our senior secured credit facility could then vote to accelerate the maturity of the indebtedness under the senior secured credit facility and foreclose upon the stock and personal property of our subsidiaries that is pledged to secure the senior secured credit facility. Other creditors might then accelerate other indebtedness. If the lenders under the senior secured credit facility accelerate the maturity of the indebtedness thereunder, we might not have sufficient assets to satisfy our obligations under the senior secured credit facility or our other indebtedness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

Our indebtedness under our senior secured credit facility bears interest at rates that fluctuate with changes in certain prevailing interest rates (although, subject to certain conditions, such rates may be fixed for certain periods). If interest rates increase, we may be unable to meet our debt service obligations under our senior secured credit facility and other indebtedness.

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

Our key strategic initiatives, including recliner re-seats, enhanced food & beverage and premium sight & sound, require significant capital expenditures to implement. Our net capital expenditures aggregated approximately \$160.1 million for the nine months ended September 30, 2013 and \$136.2 million for fiscal 2012. We estimate that our gross cash outflows for capital expenditures will be approximately \$260.0 million to \$290.0 million for calendar 2013 and will continue at approximately \$245.0 million annually over the next three years. Actual capital expenditures for calendar 2013 may differ materially from our estimates. The lack of available capital resources due to business performance or other financial commitments could prevent or delay the deployment of innovations in our theatres. We may have to seek additional financing or issue additional securities to fully implement our growth strategy. We cannot be certain that we will be able to obtain new financing on favorable terms, or at all. In addition, covenants under our existing indebtedness limit our ability to incur additional indebtedness, and the performance of any additional or improved theatres may not be sufficient to service the related indebtedness that we are permitted to incur.

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

Prior to fiscal 2007, we had reported net losses in each of the prior nine fiscal years totaling approximately \$551.1 million. For fiscal 2007, 2008, 2009, 2010, 2011, 2012, the period March 30, 2012



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through August 30, 2012, and the period August 31, 2012 through December 31, 2012, we reported net earnings (losses) of \$116.9 million, \$(6.2) million, \$(149.0) million, \$79.9 million, \$(174.3) million, \$(94.1) million, \$90.2 million, and \$(42.7) million, respectively. If we experience losses in the future, we may be unable to meet our payment obligations while attempting to expand our theatre circuit and withstand competitive pressures or adverse economic conditions.

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

As of December 31, 2012 we had federal income tax loss carryforward of \$745.1 million and estimated state income tax loss carryforward of \$625.0 million which will be limited annually due to certain change in ownership provisions of the Internal Revenue Code ("IRC") Section 382. Our federal tax loss carryforwards will begin to expire in 2017 and will completely expire in 2031. Our state tax loss carryforwards may be used over various periods ranging from 1 to 20 years.

We have experienced numerous "ownership changes" within the meaning of Section 382(g) of the Internal Revenue Code of 1986, as amended, including the Merger. These ownership changes have and will continue to subject our tax loss carryforwards to annual limitations which will restrict our ability to use them to offset our taxable income in periods following the ownership changes. In general, the annual use limitation equals the aggregate value of our equity at the time of the ownership change multiplied by a specified tax-exempt interest rate.

We have had significant financial losses in previous years and as a result we currently maintain a full valuation allowance for our deferred tax assets including our federal and state tax loss carryforwards.

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

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

*Attracting patrons.* The competition for patrons is dependent upon factors such as the availability of popular motion pictures, the location and number of theatres and screens in a market, the comfort and quality of the theatres and pricing. Competitors have built or may be planning to build theatres in certain areas where we operate, which could result in excess capacity and increased competition for patrons.

*Licensing motion pictures.* We believe that the principal competitive factors with respect to film licensing include licensing terms, number of seats and screens available for a particular picture, revenue potential and the location and condition of an exhibitor's theatres.

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

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

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

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

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

Over the last decade, the average video release window, which represents the time that elapses from the date of a film's theatrical release to the date a film is available on DVD or similar on demand release, an important downstream market, has decreased from approximately six months to approximately three to four months. If patrons choose to wait for a DVD release rather than attend a theatre for viewing the film, it may adversely impact our business and results of operations, financial condition and cash flows. Within the last two years, several major film studios have tested premium video-on-demand products released in homes approximately 60 days after a movie's theatrical debut, which threatened the length of the release window. We cannot assure you that this release window, which is determined by the film studios, will not shrink further or be eliminated altogether, which could have an adverse impact on our business and results of operations.

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

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

incur or guarantee additional indebtedness;

pay dividends or make other distributions to our stockholders;

make restricted payments;

incur liens;

engage in transactions with affiliates; and

enter into business combinations.

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

Although the indentures for our notes contain a fixed charge coverage test that limits our ability to incur indebtedness, this limitation is subject to a number of significant exceptions and qualifications. Moreover, the indentures do not impose any limitation on our incurrence of capital or finance lease obligations or liabilities that are not considered "Indebtedness" under the indentures (such as operating leases), nor do they impose any limitation on the amount of liabilities incurred by subsidiaries, if any, that might be designated as "unrestricted subsidiaries," which are subsidiaries that we designate, that are not subject to the restrictive covenants contained in the indentures governing our notes. Furthermore, there are no restrictions in the indentures on our ability to invest in other entities (including unaffiliated entities) and no restrictions on the ability of our subsidiaries to enter into agreements restricting their ability to pay dividends or otherwise transfer funds to us. Also, although

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the indentures limit our ability to make restricted payments, these restrictions are subject to significant exceptions and qualifications.

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

Our success depends on general political, social and economic conditions and the willingness of consumers to spend money at movie theatres. If going to motion pictures becomes less popular or consumers spend less on food and beverage, which accounted for 28% of our revenues in calendar 2012, our operations could be adversely affected. In addition, our operations could be adversely affected if consumers' discretionary income falls as a result of an economic downturn. Geopolitical events, including the threat of domestic terrorism or cyber attacks, could cause people to avoid our theatres or other public places where large crowds are in attendance. In addition, due to our concentration in certain markets, natural disasters such as hurricanes or earthquakes in those markets could adversely affect our overall results of operations.

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

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

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

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

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

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

These factors include:

local conditions, such as scarcity of space or increase in demand for real estate, demographic changes and changes in zoning and tax laws; and

competition for site locations from both theatre companies and other businesses.

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

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

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

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

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

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

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

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

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

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

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and



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proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

***Our investment in and revenues from National Cinemedia, LLC ("NCM") may be negatively impacted by the competitive environment in which NCM operates.***

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

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

The opening of new theatres by us and certain of our competitors has drawn audiences away from some of our older theatres. In addition, demographic changes and competitive pressures have caused some of our theatres to become unprofitable. Since not all theatres are appropriate for our new initiatives, we may have to close certain theatres or recognize impairment losses related to the decrease in value of particular theatres. We review long-lived assets, including intangibles, marketable securities and non-consolidated entities for impairment as part of our annual budgeting process and whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. We recognized non-cash impairment losses in 1996 and in each fiscal year thereafter except for 2005 and the Transition Period. Our impairment losses of long-lived assets from continuing operations over this period aggregated to \$298.1 million. Beginning fiscal 1999 through September 30, 2013, we also incurred theatre and other closure expenses, including theatre lease termination charges aggregating approximately \$143.1 million. Deterioration in the performance of our theatres could require us to recognize additional impairment losses and close additional theatres, which could have an adverse effect on the results of our operations. We continually monitor the performance of our theatres, and factors such as changing consumer preferences for filmed entertainment in international markets and our inability to sublease vacant retail space could negatively impact operating results and result in future closures, sales, dispositions and significant theatre and other closure charges prior to expiration of underlying lease agreements.

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

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

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

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

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

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

***Although AMCE already files certain periodic reports with the Securities and Exchange Commission (the "SEC"), becoming a public company will increase our expenses and administrative burden, in particular to bring our company into compliance with certain provisions of the Sarbanes Oxley Act of 2002 and NYSE rules to which we are not currently subject.***

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, our administrative staff will be required to perform additional tasks. For example, in anticipation of becoming a public company, we will need to create or revise the roles and duties of our board committees, retain a transfer agent and adopt an insider trading policy in compliance with our obligations under the securities laws.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and related regulations implemented by the SEC and the NYSE, are increasing legal and financial compliance costs and making some activities more time consuming. We are currently evaluating and monitoring developments with respect to these rules and cannot predict or estimate the amount of the additional costs we may incur or the timing of such costs. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and

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retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

**Risks Related to This Offering**

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

Upon consummation of this offering, there will be 18,921,691 shares of our Class A common stock outstanding and 75,826,927 shares of our Class B common stock outstanding. All shares of Class A common stock sold in this offering will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"). Of the remaining shares of Class A common stock outstanding, 140,466 will be restricted securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, manner of sale, holding period and other limitations of Rule 144. We cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Sales of substantial amounts of shares of our Class A common stock in the public market, or the perception that those sales will occur, could cause the market price of our Class A common stock to decline. After giving effect to the Reclassification, Wanda will hold shares of our Class B common stock, all of which constitute "restricted securities" under the Securities Act. Provided the holders comply with the applicable volume limits and other conditions prescribed in Rule 144 under the Securities Act, all of these restricted securities are currently freely tradeable. The SEC adopted revisions to Rule 144 that, among other things, shorten the holding period applicable to restricted securities under certain circumstances from one year to six months.

We and our officers and directors have agreed that, for a period of 180 days from the date of the final prospectus for this offering, and Wanda has agreed that for a period of 365 days from the date of the final prospectus for this offering, we and they will not, without the prior written consent of Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock subject to certain exceptions. Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. Following the expiration of the applicable lock-up period, all these shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144. See "Shares Eligible for Future Sale" for a discussion of the shares of common stock that may be sold into the public market in the future, including common stock held by Wanda.

***Our stock price may be volatile and may decline substantially from the initial offering price.***

Immediately prior to this offering, there has been no public market for our Class A common stock, and an active trading market for our Class A common stock may not develop or continue upon completion of the offering. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of the price at which our Class A common stock will trade after the offering.

The stock market in general has experienced extreme price and volume fluctuations in recent years. These broad market fluctuations may adversely affect the market price of our Class A common stock, regardless of our actual operating performance. You may be unable to resell your shares at or above the public offering price because of a number of factors, including:

actual or anticipated quarterly fluctuations in our operating results;



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changes in expectations of future financial performance or changes in estimates of securities analysts;

changes in the market valuations of other companies;

announcements relating to actions of other media companies, strategic relationships, acquisitions or industry consolidation;

terrorist acts or wars; and

general economic, market and political conditions including those not related to our business.

***We may not generate sufficient cash flows or have sufficient restricted payment capacity under our senior secured credit facility or the indentures governing our debt securities to pay our intended dividends on our Class A common stock.***

Following this offering, and subject to legally available funds, we intend to pay quarterly cash dividends, commencing from the closing date of this offering. We expect that our first dividend will be with respect to the first quarter of 2014. We are a holding company and will have no direct operations. We will only be able to pay dividends from our available cash on hand and funds received from our subsidiaries. Our subsidiaries' ability to make distributions to us will depend on their ability to generate substantial operating cash flow. Our ability to pay dividends to our stockholders will be subject to the terms of our senior secured credit facility and the indentures governing the outstanding notes. Our operating cash flow and ability to comply with restricted payments covenants in our debt instruments will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control. In addition, dividend payments are not mandatory or guaranteed, and our board of directors may never declare a dividend, decrease the level of dividends or entirely discontinue the payment of dividends. Your decision whether to purchase shares of our Class A common stock should allow for the possibility that no dividends will be paid. You may not receive any dividends as a result of the following additional factors, among others:

the agreements governing our indebtedness contain covenants that may limit our ability to take advantage of certain business opportunities advantageous to us that may arise;

we are not legally or contractually required to pay dividends;

while we currently intend to pay a regular quarterly dividend, this policy could be modified or revoked at any time;

even if we do not modify or revoke our dividend policy, the actual amount of dividends distributed and the decision to make any distribution is entirely at the discretion of our board of directors and future dividends with respect to shares of our capital stock, if any, will depend on, among other things, our results of operations, cash requirements, financial condition, business opportunities, provisions of applicable law and other factors that our board of directors may deem relevant;

the amount of dividends distributed is and will be subject to contractual restrictions under the restrictive payment covenants contained in:

the indentures governing our debt securities,

the terms of our senior secured credit facility, and

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the terms of any other outstanding indebtedness incurred by us or any of our subsidiaries after the completion of this offering;

the amount of dividends distributed is subject to state law restrictions; and

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our stockholders have no contractual or other legal right to dividends.

The maximum amount we would be permitted to distribute in compliance with our senior secured credit facility and the indentures governing our debt securities on a pro forma basis was approximately \$243.4 million as of September 30, 2013. As a result of the foregoing limitations on our ability to make distributions, we cannot assure you that we will be able to make all of our intended quarterly dividend payments.

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

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

***Our controlling shareholder's interests may not be aligned with our public stockholders'.***

Our Class B common stock has three votes per share, and our Class A common stock, which is the stock we are offering in our initial public offering, has one vote per share. Upon completion of this offering, Wanda will own approximately 75,826,927 shares of Class B common stock, or 80.03% of our outstanding common stock, representing approximately 92.32% of the voting power of our outstanding common stock (representing approximately 77.87% of our outstanding common stock and approximately 91.35% of the voting power of our outstanding common stock, if the underwriters exercise their option to purchase additional shares in full). As such, Wanda will have significant influence over our reporting and corporate management and affairs, and, because of the three-to-one voting ratio between our Class B and Class A common stock, Wanda will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval (including election of directors and approval of significant corporate transactions, such as mergers) so long as the shares of Class B common stock owned by Wanda and its permitted transferees represent at least 30% of all outstanding shares of our Class A and Class B common stock. The shares of our Class B common stock automatically convert to shares of Class A common stock upon Wanda and its permitted transferees holding less than 30% of all outstanding shares of our Class A and Class B common stock.

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

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as amended, as well as provisions of the Delaware General Corporation Law (the "DGCL") and the supermajority rights of our Class B common stockholder, could delay or make it

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more difficult to remove incumbent directors or for a third party to acquire us, even if a takeover would benefit our stockholders. These provisions include:

a dual class common stock structure, which provides Wanda with the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;

a classified board of directors;

the sole power of a majority of the board of directors to fix the number of directors;

limitations on the removal of directors;

the sole power of the board of directors or Wanda, in the case of a vacancy of a Wanda board designee, to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;

the ability of our board of directors to designate one or more series of preferred stock and issue shares of preferred stock without stockholder approval; and

the inability of stockholders to call special meetings.

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

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

***The distributions we pay on our Class A common stock may not qualify as dividends for U.S. federal income tax purposes, which could adversely affect the U.S. federal income tax consequences to you of owning our Class A common stock.***

For U.S. federal income tax purposes, a distribution that we pay on a share of our Class A common stock will be treated as a dividend only to the extent the distribution is paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes (which we refer to as "Tax E&P").

We had no accumulated Tax E&P as of September 30, 2013. Furthermore, we do not anticipate any Tax E&P for the current year, and our ability to generate Tax E&P in any future year is subject to a number of variables that are uncertain and difficult to predict.

To the extent that our Tax E&P is insufficient and distributions we pay on a share of our Class A common stock are not treated as dividends for U.S. federal income tax purposes, if you are a domestic corporation, you will not be entitled to claim a "dividends-received" deduction, which generally applies to dividends received from other domestic corporations. In addition, if all or any portion of a



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distribution that you receive on a share of our Class A common stock is not treated as a dividend for U.S. federal income tax purposes, you (whether or not a domestic corporation) will be required (i) to reduce your tax basis in that share, but not below zero, to the extent that the distribution is not treated as a dividend for U.S. federal income tax purposes, and, on a subsequent taxable disposition of your share, you will recognize a greater amount of gain (or a lower amount of loss) than you otherwise would have recognized if the distribution had been treated entirely as a dividend for U.S. federal income tax purposes or (ii) once your tax basis is reduced to zero, recognize gain immediately, which gain, in either case, may be subject to tax at a higher rate than applies to dividends. In the case of a domestic corporation, any such gain will effectively be taxed at the full ordinary tax rate (instead of the lower effective rate applicable to dividend income by reason of the dividends-received deduction).

Prospective foreign investors should see "Material U.S. Federal Income Tax Considerations to Non-U.S. Holders" for a more detailed description of the material U.S. federal income tax consequences of the ownership and disposition of shares of our Class A common stock to such investors.

***We may apply the proceeds of this offering to uses that do not improve our operating results or increase the value of your investment.***

We intend to use the net proceeds from this offering for general corporate purposes, which may include, among other things, capital expenditures and debt service. However, we do not have more specific plans for the net proceeds from this offering and will have broad discretion in how we use the net proceeds of this offering. These proceeds could be applied in ways that do not improve our operating results or increase the value of your investment.

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

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

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

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

***If we raise additional capital through the issuance of new equity securities at a price lower than the initial public offering price, you will incur dilution.***

If we raise additional capital through the issuance of new equity securities at a lower price than the initial public offering price, you will be subject to dilution which could cause you to lose all or a portion of your investment. If we are unable to access the public markets in the future, or if our performance prospects decrease, we may need to consummate a private placement or public offering of our common stock at a lower price than the initial public offering price.

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

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

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

In addition to historical information, this prospectus contains forward-looking statements. The words "forecast," "estimate," "project," "intend," "expect," "should," "believe" and similar expressions are intended to identify forward-looking statements. 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:

limited supply of motion pictures or delayed access to motion pictures;

level of motion picture production 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 financial losses 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 video 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;

optimizing our theatre circuit through construction and the transformation of our existing theatres may be subject to delay and unanticipated costs;



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our ability to achieve expected benefits and performance from our strategic theatre acquisitions;

our ability to service our indebtedness or our ability to refinance our indebtedness on terms favorable to us;

failures or security breaches of our information systems;

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

risks relating to impairment losses and theatre and other closure charges;

risks relating to the incurrence of legal liability;

our ability to generate sufficient earnings and future taxable income in tax jurisdictions where we have recorded full valuation allowances;

increased costs in order to comply with governmental regulation; and

increased expenses and administrative burden associated with being a public company.

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

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

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**USE OF PROCEEDS**

We estimate that our net proceeds from this offering without exercise of the underwriters' option to purchase additional shares will be approximately \$305.2 million after deducting the estimated underwriting discounts and commissions and expenses. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us will be approximately \$350.1 million.

Our principal reason for the offering is to raise equity capital that we intend to use primarily to retire outstanding indebtedness, including possibly our 8.75% Senior Fixed Rate Notes, which mature on June 1, 2019. Any net proceeds that we do not apply to reduce outstanding indebtedness will be used for general corporate purposes, including capital expenditures. However, we have not made a definitive determination as to how to allocate these proceeds among these and other possible general corporate purposes and we do not anticipate doing so prior to the completion of the offering. See "Risk Factors We may apply the proceeds of this offering to uses that do not improve our operating results or increase the value of your investment."

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**DIVIDEND POLICY**

Following this offering and subject to legally available funds, we intend to pay a quarterly cash dividend at an annual rate initially equal to approximately \$0.79 per share (or a quarterly rate initially equal to approximately \$0.20 per share) of Class A and Class B common stock, commencing from the closing date of this offering. We expect that our first dividend will be with respect to the first quarter of 2014. Based on the approximately 18.9 million shares and 75.8 million shares of Class A common stock and Class B common stock, respectively, to be outstanding after the offering, this dividend policy implies a quarterly cash requirement of approximately \$18.7 million. We cannot assure you that any dividends will be paid in the anticipated amounts and frequency set forth in this prospectus, if at all.

We are a holding company and have no direct operations. We will only be able to pay dividends from our available cash on hand and funds received from our subsidiaries. Their ability to make any payments to us will depend upon many factors, including our operating results, cash flows and the terms of our senior secured credit facility and the indentures governing our subsidiaries' debt securities. In addition, our ability to pay dividends to our stockholders will be subject to the terms of our indebtedness. Although we have sustained net losses in prior periods and cannot assure you that we will be able to pay dividends on a quarterly basis or at all, we believe that a number of recent positive developments in our business have improved our ability to pay dividends in compliance with applicable state corporate law once this offering has been completed. These include: the completion of the Kerasotes Acquisition and the Rave theatres acquisition, which increased the scale and cash flow of our company, and we expect will continue to generate synergies and cost savings; the continued positive impact of our implementation of improved and differentiated customer experiences in more comfort and convenience; food and beverage; engagement and loyalty; sight and sound and targeted programming. Further, we expect to continue to benefit from substantial net operating loss carry-forwards from prior periods that will be available to offset taxes that we may owe. Also, because the DGCL permits corporations to pay dividends either out of surplus (generally, the excess of a corporation's net assets (total assets minus total liabilities) over its stated capital, in each case as defined and calculated in the manner prescribed by the DGCL) or net profits, we may be able to pay dividends even if we report net losses in future periods. We do not intend to borrow funds to pay the projected quarterly dividend described above.

The maximum amount we would be permitted to distribute in compliance with our senior secured credit facility and the indentures governing our debt securities, on a pro forma basis, was approximately \$243.4 million as of September 30, 2013.

The declaration and payment of any future dividends will be at the sole discretion of our board of directors after taking into account various factors, including legal requirements, our subsidiaries' ability to make payments to us, our financial condition, operating results, cash flow from operating activities, available cash and current and anticipated cash needs.

Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2013 (i) on an actual basis and (ii) as adjusted to give effect to this offering and the use of proceeds therefrom. The information in this table should be read in conjunction with "Unaudited Pro Forma Condensed Financial Information," "Business," the unaudited consolidated financial statements and the historical financial statements of the Company and the respective accompanying notes thereto appearing elsewhere in this prospectus.

	<b>As of September 30, 2013</b>	
	<b>Actual</b>	<b>As Adjusted for the Offering</b>
	<b>(in thousands)</b>	
Cash and cash equivalents	\$ 130,628	\$ 435,799
Short term debt(1)	\$ 14,537	\$ 14,537
Long-term debt:		
9.75% Senior Subordinated Notes due 2020 (par value \$600,000)	656,808	656,808
8.75% Senior Fixed rate Notes due 2019 (par value \$600,000)	649,475	649,475
Senior secured credit facility:		
Revolving loan facility(2)		
Term loan due 2020 (par value \$763,375)	761,622	761,622
Capital and financing lease obligations	111,207	111,207
 Total debt	 \$ 2,193,649	 \$ 2,193,649
 Class A Common Stock voting to be outstanding after the offering (\$.01 par value 524,173,073 shares authorized; 173,147 shares issued and outstanding as of September 30, 2013; 140,466 shares issued and outstanding as of September 30, 2013 as adjusted to give effect to the offering)	 1,811	 1,469
Stockholders' equity		
Class A Common Stock voting to be outstanding after the offering (\$.01 par value 524,173,073 shares authorized; 0 shares issued and outstanding as of September 30, 2013; 18,781,225 shares issued and outstanding as of September 30, 2013 as adjusted to give effect to the offering)		188
Class B Common Stock voting to be outstanding after the offering (\$.01 par value 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of September 30, 2013; 75,826,927 shares issued and outstanding as of September 30, 2013 as adjusted to give effect to the offering)	758	758
Additional paid-in capital	799,242	1,110,462
Accumulated other comprehensive income	6,784	6,784
Accumulated earnings	42,113	30,113
 Total stockholders' equity	 848,897	 1,148,305
 Total Capitalization	 \$ 3,044,357	 \$ 3,343,423

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- (1) Includes \$7.75 million par value of the Term Loan due 2020 and \$6.79 million of capital and financing lease obligations.
- (2) The aggregate revolving loan commitment under our senior secured credit facility is \$150.0 million.

Table of Contents**DILUTION**

Dilution is the amount by which the offering price paid by the purchasers of our Class A common stock to be sold in the offering exceeds the net tangible book value per share of Class A common stock after the offering. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding at that date.

Our net tangible book value as of September 30, 2013 was \$(1,680.1) million, or \$(22.11) per share. After giving effect to the receipt and our intended use of approximately \$305.2 million of estimated net proceeds from our sale of 18,421,053 shares of Class A common stock in the offering at the offering price, our as adjusted net tangible book value as of September 30, 2013 would have been approximately \$(1,374.9) million, or \$(14.51) per share. This represents an immediate increase in pro forma net tangible book value of \$7.60 per share to existing stockholders and an immediate dilution of \$32.51 per share to new investors purchasing shares of Class A common stock in the offering. The following table illustrates this substantial and immediate per share dilution to new investors:

	<b>Per Share</b>
Initial public offering price per share	\$ 18.00
Net tangible book value (deficit) before the offering	(22.11)
Increase per share attributable to investors in the offering	7.60
Pro forma net tangible book value (deficit) after the offering	(14.51)
Dilution per share to new investors	\$ 32.51

The following table summarizes on an as adjusted basis as of September 30, 2013, giving effect to:

on an actual basis;

the total number of shares of Class A common stock purchased from us;

the total consideration paid to us (before deducting the estimated underwriting discount and commissions and offering expenses payable by us in connection with this offering); and

the average price per share paid by existing stockholders and by new investors purchasing shares in this offering:

	<b>Shares Purchased</b>		<b>Total Consideration</b>		<b>Average</b>
	<b>Number</b>	<b>Percent</b>	<b>Amount (in thousands of dollars)</b>	<b>Percent</b>	<b>Price Per Share</b>
Existing stockholders	76,000,074	79.93%	\$ 801,811	70.74%	\$ 10.55
Management awards	666,675	0.70%		%	
Investors in the offering	18,421,053	19.37%	331,579	29.26%	18.00
Total	95,087,802	100%	\$ 1,133,390	100%	\$ 11.92

The tables and calculations above assume no exercise of 2,631,579 shares of Class A common stock issuable in this offering to the underwriters pursuant to an option to purchase additional shares.

To the extent any of these options are exercised, there will be further dilution to new investors.



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**UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION**

We derived the following unaudited pro forma condensed financial information by applying pro forma adjustments attributable to (i) the acquisition of Parent by Wanda on August 30, 2012 through a merger between Parent and Wanda Film Exhibition Co. Ltd., a wholly-owned indirect subsidiary of Wanda (the "Merger Transactions") and (ii) this offering and the use of proceeds therefrom (the "Offering Transaction") to our historical Consolidated Financial Statements included in this prospectus. The unaudited pro forma balance sheet gives pro forma effect to the Transactions as if they had occurred on September 30, 2013. The unaudited pro forma condensed statement of operations data for the nine months ended September 30, 2013 and the Transition Period gives pro forma effect to the Transactions as if they had occurred on March 30, 2012. We describe the assumptions underlying the pro forma adjustments in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed financial information.

We estimate that our net proceeds from this offering without exercise of the option to purchase additional shares will be approximately \$305.2 million after deducting the estimated underwriting discounts and commissions and expenses. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us will be approximately \$350.1 million. We intend to use these net proceeds primarily to retire outstanding indebtedness, including possibly our 8.75% Senior Fixed Rate Notes, which mature on June 1, 2019. Any net proceeds that we do not apply to reduce outstanding indebtedness will be used for general corporate purposes, including capital expenditures. However, we have not made a definitive determination as to how to allocate these proceeds among these and other possible general corporate purposes and we do not anticipate doing so prior to the completion of this offering. See "Risk Factors We may apply the proceeds of this offering to uses that do not improve our operating results or increase the value of your investment."

The unaudited pro forma condensed financial information is for illustrative and informational purposes only and should not be considered indicative of the results that would have been achieved had the transactions been consummated on the dates or for the periods indicated and do not purport to represent consolidated balance sheet data or statement of operations data or other financial data as of any future date or any future period.

The unaudited pro forma condensed financial information should be read in conjunction with the information contained in "Selected Historical Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our Consolidated Financial Statements and accompanying notes appearing elsewhere in this prospectus.



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## AMC ENTERTAINMENT HOLDINGS, INC.

**UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2013**  
(dollars in thousands)

	As of September 30, 2013		
	Parent	Offering	Parent
	Historical	Transaction	Pro Forma
	(Successor)	Adjustments	Pro Forma
<b>Assets</b>			
Cash and equivalents	\$ 130,628	\$ 305,171(1)	\$ 435,799
Current assets	120,919		120,919
Property, net	1,155,574		1,155,574
Intangible assets, net	236,553		236,553
Goodwill	2,294,231		2,294,231
Other long-term assets	388,961		388,961
Total assets	\$ 4,326,866	\$ 305,171	\$ 4,632,037
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities	\$ 493,629	\$ 5,517(12)	\$ 499,734
		588(13)	
Current Maturities:			
Senior Secured Term Loan and Capital and Financing Lease Obligations	14,537		14,537
Corporate borrowings:			
9.75% Senior Subordinated Notes due 2020	656,808		656,808
8.75% Senior Notes due 2019	649,475		649,475
Senior Secured Term Loan Facility due 2020	761,622		761,622
Capital and financing lease obligations	111,207		111,207
Other long-term liabilities	788,880		788,880
Total liabilities	\$ 3,476,158	\$ 6,105	\$ 3,482,263
Class A Common Stock	1,811	(342)(13)	1,469
Stockholders' equity:			
Class A Common Stock to be outstanding after the offering		184(1)	188
		4(12)	
Class B Common Stock	758		758
Additional paid-in capital	799,242	304,987(1)	1,110,462
		6,479(12)	
		(588)(13)	
		342(13)	
Accumulated other comprehensive loss	6,784		6,784
Accumulated earnings	42,113	(12,000)(12)	30,113
Total stockholders' equity	848,897	299,408	1,148,305
Total liabilities and stockholders' equity	\$ 4,326,866	\$ 305,171	\$ 4,632,037

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.



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## AMC ENTERTAINMENT HOLDINGS, INC.

**UNAUDITED CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF OPERATIONS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2013**  
(dollars in thousands, except per share data)

	Nine Months Ended September 30, 2013		
	Parent	Offering	Parent
	Historical	Transaction	Pro Forma
	(Successor)	Pro Forma	Pro Forma
		Adjustments	
<b>Revenues</b>	\$ 2,036,451	\$	\$ 2,036,451
Cost of operations	1,332,816		1,332,816
Rent	339,213		339,213
General and administrative:			
M&A Costs	1,952		1,952
Management fee			
Other	59,797	(12)	59,797
Depreciation and amortization	147,435		147,435
<b>Operating costs and expenses</b>	<b>1,881,213</b>		<b>1,881,213</b>
Operating income	155,238		155,238
Other expense	(184)		(184)
Interest expense	105,618		105,618
Equity in earnings of non-consolidated entities	(38,143)		(38,143)
Investment income	(3,406)		(3,406)
<b>Total other expense</b>	<b>63,885</b>		<b>63,885</b>
Earnings from continuing operations before income taxes	91,353		91,353
Income tax provision	10,860		10,860
Earnings from continuing operations	\$ 80,493	\$	\$ 80,493
Basic earnings per share from continuing operations	\$ 1.06		\$ 0.85
Average shares outstanding-Basic	76,000.03		94,748.62
Diluted earnings per share from continuing operations	\$ 1.06		\$ 0.85
Average shares outstanding-Diluted	76,000.03		94,748.62

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

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## AMC ENTERTAINMENT HOLDINGS, INC.

**UNAUDITED CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF OPERATIONS**  
**TRANSITION PERIOD (MARCH 30, 2012 to DECEMBER 31, 2012)**  
(dollars in thousands, except per share data)

	Parent Historical March 30, 2012 through August 30, 2012 (Predecessor)	Parent Historical August 31, 2012 through December 31, 2012(1) (Successor)	Merger Transactions Pro Forma Adjustments	Parent Transition Period Ended December 31, 2012 Pro Forma for Merger	Offering Transaction Pro Forma Adjustment	Parent Pro Forma
<b>Revenues</b>	\$ 1,206,072	\$ 811,492	\$ (8,458)(2)	\$ 2,009,106	\$	\$ 2,009,106
Cost of operations	781,193	552,540	1,473(3)	1,335,206		1,335,206
Rent	189,086	143,374	(1,063)(4)	331,397		331,397
General and administrative:						
M&A Costs	4,417	3,366		7,783		7,783
Management fee	2,500		(2,500)(5)			
Other	27,023	29,110	(539)(6)	55,594	(12)	55,594
Depreciation and amortization	80,971	71,633	(2,370)(7)	150,234		150,234
<b>Operating costs and expenses</b>	<b>1,085,190</b>	<b>800,023</b>	<b>(4,999)</b>	<b>1,880,214</b>		<b>1,880,214</b>
Operating income (expense)	120,882	11,469	(3,459)	128,892		128,892
Other expense	960	49		1,009		1,009
Interest expense	70,004	47,132	(9,444)(8)	107,692		107,692
Equity in earnings of non-consolidated entities	(7,545)	2,480	(2,434)(9)	(7,499)		(7,499)
Investment (income) expense	(41)	290	627(10)	876		876
<b>Total other expense (income)</b>	<b>63,378</b>	<b>49,951</b>	<b>(11,251)</b>	<b>102,078</b>		<b>102,078</b>
Earnings from continuing operations before income taxes	57,504	(38,482)	7,792	26,814		26,814
Income tax provision (benefit)	2,500	3,500	2,900(11)	8,900		8,900
Earnings from continuing operations	\$ 55,004	\$ (41,982)	\$ 4,892	\$ 17,914	\$	\$ 17,914
Basic earnings (loss) per share from continuing operations	\$ 0.87	\$ (0.56)				\$ 0.20
Average shares outstanding-Basic	63,335.34	74,987.96				91,643.74
Diluted earnings (loss) per share from continuing operations	\$ 0.86	\$ (0.56)				\$ 0.20
Average shares outstanding-Diluted	\$ 63,715.11	74,987.96				91,643.74

(1)

During the successor period from August 31, 2012 through December 31, 2012 adjustments were made to correct the valuation allowance recorded for deferred tax assets and the income tax provision. These revisions to previously recorded amounts were needed to correct the carrying amount of other long-term liabilities with an offsetting adjustment to increase the income tax provision by \$5.52 million during the fourth quarter of 2012. Additional information about this matter is disclosed in Note 1 Prior period adjustments in the Company's audited financial statements for the period from August 31, 2012 to December 31, 2012 contained elsewhere in this prospectus.



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**AMC ENTERTAINMENT HOLDINGS, INC.**  
**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**

**Earnings per Share from Continuing Operations**

Earnings per share from continuing operations is computed by dividing net earnings from continuing operations by the weighted average number of common shares outstanding. Diluted earnings per share from continuing operations includes the effects of outstanding stock options, if dilutive. The following table sets forth the computation of basic and diluted earnings (loss) from continuing operations per common share:

(in thousands, except per share data)	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012 (restated) (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)
<b>Numerator:</b>			
Earnings (loss) from continuing operations	\$ 80,493	\$ (41,982)	\$ 55,004
<b>Denominator:</b>			
Shares for basic earnings (loss) per common share	76,000.03	74,987.96	63,335.34
Stock options and nonvested restricted stock			379.77
Shares for diluted earnings (loss) per common share	76,000.03	74,987.96	63,715.11
Basic earnings (loss) from continuing operations per common share	\$ 1.06	\$ (0.56)	\$ 0.87
Diluted earnings (loss) from continuing operations per common share	\$ 1.06	\$ (0.56)	\$ 0.86

The following tables sets forth the calculation of the shares for earnings (loss) per common share (in thousands):

**From Inception August 31, 2012 through December 31, 2012:**

	Number of days outstanding	Number of shares outstanding	Weighted average percentage	Weighted average number of shares	Amount	
Class A shares	123	66,252.21	100.0000%	66,252.21	\$ 700,000	Merger consideration
Class A shares	123	4,787.51	100.0000%	4,787.51	50,000	Capital contribution
Class N shares	123	172.80	100.0000%	172.80	1,811	Merger consideration
Class A shares	97	4,787.51	78.8618%	3,775.44	50,000	Capital contribution
		76,000.03		74,987.96	\$ 801,811	

**March 30, 2012 through August 30, 2012:**

	Number of days outstanding	Number of shares outstanding	Weighted average percentage	Weighted average number of shares
Class N shares	154	99.96	100.0000%	99.96
Class A-1 shares	154	18,937.87	100.0000%	18,937.87
Class A-2 shares	154	18,937.87	100.0000%	18,937.87

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Class L-1 shares	154	12,679.82	100.0000%	12,679.82
Class L-2 shares	154	12,679.82	100.0000%	12,679.82
		63,335.34		63,335.34

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There are no outstanding options to purchase shares of common stock or restricted stock during the nine months ended September 30, 2013.

***Pro Forma Earnings per Share from Continuing Operations***

Pro forma earnings per share from continuing operations is computed by dividing net earnings from continuing operations by the weighted average number of common shares outstanding following this offering and reflects (i) the conversion of all outstanding shares of the Company's existing Class A common stock and Class N common stock into shares of Class B common stock and Class A common stock, respectively, (ii) the issuance of the Offering Bonus Shares and (iii) the issuance of the shares of Class A common stock offered hereby. Each holder of existing Class A common stock received 49.514 shares of Class B common stock and each holder of existing Class N common stock received 49.514 shares of Class A common stock. Diluted earnings per share from continuing operations includes the effects of outstanding stock options, if dilutive. The following table sets forth the computation of basic and diluted earnings from continuing operations per common share:

(in thousands, except per share data)	Nine Months Ended	
	September 30, 2013	Transition Period
<b>Numerator:</b>		
Earnings from continuing operations	\$ 80,493	\$ 17,914
<b>Denominator:</b>		
Shares for basic earnings per common share	94,748.62	91,643.74
Stock options and nonvested restricted stock		
Shares for diluted earnings per common share	94,748.62	91,643.74
Basic earnings from continuing operations per common share	\$ 0.85	\$ 0.20
Diluted earnings from continuing operations per common share	\$ 0.85	\$ 0.20

The following tables sets forth the calculation of the shares for pro forma earnings per common share (in thousands):

***Nine Months Ended September 30, 2013:***

	Number of days outstanding	Number of shares outstanding	Weighted average percentage	Weighted average number of shares
Class A shares outstanding	273	140.47	100.00%	140.47
Class A shares offered hereby	273	18,421.05	100.00%	18,421.05
Class B shares outstanding	273	75,826.93	100.00%	75,826.93
Class A shares issued to management	273	360.17	100.00%	360.17
		94,748.62		94,748.62



Table of Contents**Transition Period:**

	Number of days outstanding	Number of shares outstanding	Weighted average percentage	Weighted average number of shares
Class A shares outstanding	276	140.47	100.00%	140.47
Class A shares offered hereby	276	18,421.05	100.00%	18,421.05
Class B shares outstanding (shares inclusive of Merger date contributed capital)	276	71,039.52	100.00%	71,039.52
Class A shares issued to management	276	360.17	100.00%	360.17
Class B shares (post-Merger date capital contribution)	97	4,787.41	35.14%	1,682.53
		94,748.62		91,643.74

There are no outstanding options to purchase shares of common stock or restricted stock during the pro forma nine months ended September 30, 2013 or the pro forma Transition Period.

**Offering Transaction Pro Forma Adjustments**

- (1) Reflects the estimated cash sources and uses of funds in connection with the Offering Transaction as summarized below.

Sources of Funds	Amount (thousands of dollars)	Uses of Funds	Amount (thousands of dollars)
Proceeds from the sale of common stock	\$ 331,579	Underwriting fees for sale of common stock	\$ 17,408
		Professional and consulting fees for sale of common stock	9,000
		Company cash	305,171
	\$ 331,579		\$ 331,579

	Amount (thousands of dollars)
Class A Common Stock issued hereby (18,421,053 shares, \$.01 par value)	\$ 184
Additional paid-in capital	304,987
Company cash	\$ 305,171

**Merger Transactions Pro Forma Adjustments**

- (2) Represents the elimination of historical breakage income recorded for packaged tickets and lower amounts of breakage income for gift cards. At the date of the Merger, our deferred revenues were adjusted to estimated fair value by eliminating unrecognized breakage. As a result of the Merger, we will not recognize breakage income on package tickets for 18 months subsequent to the Merger and will initially recognize reduced amounts of breakage income for gift cards subsequent to the Merger due to the elimination of amounts of unrecognized breakage from deferred revenues.

(thousands of dollars)	Transition Period
Eliminated historical package ticket breakage	\$ (4,802)
Reduced gift card breakage for Merger	(3,656)
	\$ (8,458)



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We defer 100% of the revenue associated with the sales of gift cards and packaged tickets until such time as the items are redeemed or breakage income is recorded. See Note 1 Revenues to the Company's audited Consolidated Financial Statements contained elsewhere in this Prospectus for further information.

We recognize breakage income for gift cards using the Proportional Method, pursuant to which we apply a breakage rate for our five gift card sales channels that ranges from 14% to 23% of our current month sales and we recognize that total amount of breakage for that current month's sales as income over the next 24 months in proportion to the pattern of actual redemptions. Our methodology for recording deferred revenues for gift cards at fair value involved removing the amount of unrecognized breakage included in our deferred revenues as of August 30, 2012 which was \$7,441,000 such that we would only recognize breakage income during the Successor period following the Proportional Method on sales that were generated subsequent to August 30, 2012 and would recognize a normal profit margin on those gift cards that were sold prior to August 30, 2012 and that were expected to be redeemed in the future. Our total breakage income included in the Transition Period was \$11,259,000, of which \$7,776,000 was recorded during the five month Predecessor period and \$3,483,000 was recorded during the four month Successor period. Had the Merger occurred on March 30, 2012, we would have applied the Proportional Method only to those sales that were generated after March 30, 2012 and our breakage income for the nine months ended December 31, 2012 would have been \$7,603,000 which is \$3,656,000 less than the historical amount recorded in the Transition Period of \$11,259,000. As a result, we adjusted our breakage income to reduce it by \$3,656,000 such that our total breakage income for gift cards was \$7,603,000 on a pro forma basis for the Transactions.

We recognize breakage income for packaged tickets following the Remote Method pursuant to which we recognize breakage income for sales greater than 18 months old based on an estimated breakage rate of 14.5% of monthly sales. Our methodology for recording deferred revenues for packaged tickets at fair value involved removing the amount of unrecognized breakage included in our deferred revenues as of August 30, 2012, which was \$24,859,000, such that we would not recognize income during the Successor period following the Remote Method for sales that were generated prior to August 30, 2012 and would recognize a normal profit margin on those packaged tickets that were sold prior to August 30, 2012 and that were expected to be redeemed in the future. Our total breakage income included in the Transition Period was \$4,802,000, of which \$4,802,000 was recorded during the five month Predecessor period and \$0 was recorded during the four month Successor period. Had the Merger occurred on March 30, 2012, we would have applied the Remote Method only to those sales that were generated after March 30, 2012 and were less than 18 months old and our breakage income for the nine months ended December 31, 2012 would have been \$0 which is \$4,802,000 less than the historical amount recorded in the Transition Period of \$4,802,000. As a result, we adjusted our breakage income to reduce it by \$4,802,000 such that our total breakage income for gift cards was \$0 and was eliminated on a pro forma basis for the Transactions.

(3)

As a result of the Merger we eliminated our deferred rent liabilities related to future escalations of minimum rentals for our digital projectors. Subsequent to the Merger our straight line rent expense increases as a result of this Merger adjustment. We also increased unfavorable license amounts for our 3D licensing agreement with Real D which have the effect of reducing our Real D expense in the future.

(thousands of dollars)	Transition Period	
Increase in straight line rent expense for digital projectors	\$	1,555
Decrease in license expense for 3D agreement		(82)
	\$	(1,473)

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Prior to the Merger, we recorded straight-line rent expense for future escalations of minimum rentals pursuant to our licensing agreements for the projectors over the lease term of 12 years. As part of fair value accounting, we reduced the recorded deferred rent liability for these agreements by \$6,830,000 to a fair value of \$0. Subsequent to the Merger, we recognized the future escalations of minimum rentals over the remaining lease term, which is less than 12 years as of August 30, 2012, as the projectors have been deployed in our theatres throughout the period starting in March of 2010 through the date of the Merger at various deployment dates. The licensing agreements call for significant increases in rent beginning in October 2016 and, as a result, we are recording the same escalations that will occur in October 2016 over a shorter lease term for the projectors. We determined our Predecessor deferred rent expense as the difference between our cash rent payments and the total rent expense computed by dividing total minimum rentals over the remaining lease term by the remaining lease term. We have computed our Successor deferred rent expense in the same manner. Our deferred rent expense recorded during the Transition Period was \$3,617,000, which was computed using the methodology described above. Our deferred rent expense on a pro forma basis for the Transition Period was \$5,172,000, which was computed using the methodology described above and assuming the Merger occurred on March 30, 2012. We determined the adjustment to increase our deferred rent expense recorded during the Transition Period of \$1,555,000 as the difference between the expense recorded during the Transition Period of \$3,617,000 and the pro forma amount for the Transition Period of \$5,172,000.

(4)

As a result of the Merger we eliminated our deferred rent liabilities related to future escalations of minimum rentals for our theatre leases. Subsequent to the Merger our straight line rent expense increases as a result of this Merger adjustment. We also increased unfavorable lease liabilities for certain of our theatre leases which has the effect of reducing our rent expense in the future.

(thousands of dollars)	Transition Period
Increase in straight line rent for theatre leases	\$ 4,030
Decrease in deferred rent expense for unfavorable theatre leases	(5,093)
	\$ (1,063)

Prior to the Merger, we recorded straight-line rent expense for future escalations of minimum rentals pursuant to our theatre leases over the remaining lease term. As part of fair value accounting, we reduced the recorded deferred rent liability for these agreements by \$109,508,000 to a fair value of \$0. Subsequent to the Merger, we recognized the future escalations of minimum rentals over the remaining lease term, which is less than the original lease terms used by the Predecessor as the theatres have been in operation for various amounts of time prior to the Merger. The rental agreements for many of our theatres call for increases in rent in the future and, as a result, we are recording the same escalations that will occur in the future over a shorter lease term for the theatres. We determined our Predecessor deferred rent expense as the difference between our cash rent payments and the total rent expense computed by dividing total minimum rentals over the remaining lease term by the remaining lease term on a theatre by theatre basis. We have computed our Successor deferred rent expense in the same manner on a theatre by theatre basis. Our deferred rent expense recorded during the Transition Period was \$6,132,000, which was computed using the methodology described above. Our deferred rent expense on a pro forma basis for the Transition Period was \$10,162,000, which was computed using the methodology described above and assuming the Merger occurred on March 30, 2012. We determined the adjustment to increase our deferred rent expense recorded during the Transition Period of \$4,030,000 as the difference between the expense recorded during the Transition Period of \$6,132,000 and the pro forma amount for the Transition Period of \$10,162,000.

In connection with the Merger, we recorded our unfavorable leases at fair value of \$220,903,000, which resulted in a purchase price adjustment to increase these liabilities by \$133,064,000. We determined the adjustment to reduce our deferred rent expense recorded during the Transition

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Period of \$5,093,000 as the difference between the contra expense amortization recorded during the Transition Period of \$16,130,000 (\$6,363,000 for the 5 month Predecessor period plus \$9,767,000 for the 4 month Successor period) and the pro forma amount for the Transition Period of \$21,223,000. We calculated the pro forma amount to reduce our deferred rent expense of \$21,223,000 for the pro forma Transition Period by dividing the total estimated fair value of the unfavorable leases of \$220,903,000 by the average remaining lease term of approximately 7.8 years and multiplying that annual amount by 75% to estimate the nine month Transition Period.

(5) Prior to the Merger we paid management fees to the Former Sponsors of \$1,250 per quarter. Subsequent to the Merger these management fees have ceased.

(6) In connection with the Merger we remeasured our pension and post-retirement plan liabilities and as a result eliminated amortization of net loss and prior service credit on our plans.

(thousands of dollars)	Transition Period
Amortization of net loss Pension Benefits	\$ (899)
Amortization of net loss Postretirement Benefits	(88)
Amortization of prior service credit Postretirement Benefits	448
	\$ (539)

The various components of adjustment (6) were derived from amounts reflected in Note 13 Employee Benefit Plans to the audited Consolidated Financial Statements included elsewhere in this prospectus for the periods March 30, 2012 through August 30, 2012.

(7) We recorded our amortizable intangible assets in connection with the Merger at estimated fair value. The gross carrying amount of our intangible assets was reduced significantly from amounts recorded prior to the Merger. As a result, we will experience a lower amount of amortization expense for intangible assets subsequent to the Merger.

(thousands of dollars)	Transition Period
Amortization of intangible assets	\$ (2,370)

In connection with purchase accounting applied in connection with the Merger, we recorded our intangible assets at fair value. See Note 6 Goodwill and Other Intangible Assets to the notes to our audited Consolidated Financial Statements included elsewhere in this prospectus for the periods March 30, 2012 through August 30, 2012 for additional information.

The gross carrying amount of our amortizable intangible assets with respect to which the amortization is recorded to depreciation and amortization declined by \$90,606,000 (excluding the TRA intangible with respect to which the amortization is recorded in investment income as opposed to depreciation and amortization). The decline in the gross carrying amount was primarily due to a decline in gross carrying amount for our *Moviewatcher* loyalty program of \$46,000,000, which was amortized through the date of the Merger, a decline in gross carrying amount of Management contracts of \$30,710,000 and a decline in other intangible assets of \$13,309,000. As of the Merger date, we had ended the *Moviewatcher* loyalty program and had recently started the AMC Stubs loyalty program. The AMC Stubs program operated on a model that was different than the *Moviewatcher* program. Because the AMC Stubs program had recently begun membership was small and would require a significant increase in membership in order to generate a profit. Further, the AMC Stubs program was contributing negatively to the Company's operating cash flow at the time of the Merger. As a result, the incremental economic benefit provided by the existing members of the AMC Stubs program was considered to be de minimus as of the date of the Merger and no value was ascribed to the AMC Stubs program.

The net carrying amount of our amortizable intangible assets increased by \$70,034,000 as a result of the Merger primarily due to an increase in net carrying amount for favorable leases. We do not



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believe that the decline in gross carrying amount of our amortizing intangible assets is indicative of a potential impairment as we actually recorded an increase to the net carrying amount of \$70,034,000. We did not have significant individual net carrying values of amortizing intangible assets that were written down as of August 30, 2012 and as a result do not believe any potential impairment in the recorded values existed at the time of the Merger that should have been recognized. The adjustment to reduce intangible asset amortization of \$2,370,000 is primarily due to elimination of amortization on our *Moviewatcher* loyalty program intangible asset and increased estimated useful lives for our favorable leases. We calculated the pro forma adjustment to reduce intangible asset amortization by \$2,370,000 as follows. We removed historical intangible asset amortization for the Transition Period of \$7,856,000 and replaced it with pro forma intangible asset amortization for the Transition Period of \$5,486,000. The difference between \$7,856,000 previously recorded for the Transition Period and the pro forma amount for the Transition Period of \$5,486,000 results in a pro forma adjustment to reduce intangible asset amortization by \$2,370,000. We calculated the pro forma amount of intangible asset amortization for the Transition Period by dividing \$120,986,000 fair value of amortizable intangible assets in the table below by the estimated average remaining useful lives of approximately 16.5 years and multiplying that annual amount by 75% to estimate the nine month Transition Period.

(thousands of dollars)	Net Carrying Amount August 30, 2012 (Predecessor)	Purchase Price Adjustment	Net Carrying Amount August 30, 2012 (Successor)	Remaining Useful Life
<b>Amortizable Intangible Assets:</b>				
Favorable leases	\$ 40,939	\$ 71,557	\$ 112,496	1 to 46 years
Customer frequency program	1,035	(1,035)		
Management contracts	5,316	(626)	4,690	1 to 8 years
Non-compete agreement	3,499	301	3,800	3 years
Other intangible assets	163	(163)		
<b>Total amortizable</b>	<b>\$ 50,952</b>	<b>\$ 70,034</b>	<b>\$ 120,986</b>	

(8)

In connection with the Merger we recorded our debt at fair value, which resulted in the elimination of deferred charges for debt issuance costs and related amortization and also resulted in an increase to our previously recorded debt balances based on estimated fair values.

(thousands of dollars)	Transition Period
<b>Remove historical amounts from Predecessor period:</b>	
Amortization of deferred charges	\$ (2,345)
Amortization of discount	(497)
Include post-Merger amounts for:	
Accretion of premium on debt	(6,602)
	\$ (9,444)

Quoted market prices were used to estimate the fair value of our debt (Level 2) at the date of the Merger. We recorded premiums on our 8.75% Senior Notes due 2019 of \$57,000,000, premiums on our 9.75% Senior Subordinated Notes due 2020 of \$63,000,000 and a premium of \$585,000 on our Term Loan due 2016. We amortize the premiums to reduce interest expense using the effective interest method over the remaining term of the debt instruments. Our expected pro forma amortization for the Transition Period is \$9,849,000 for these premiums and because we had already recognized \$3,247,000 of the amortization during the Successor period ended December 31, 2012, we recorded a pro forma adjustment of \$6,602,000.

(9)

We recorded our equity method investments at estimated fair value in connection with the Merger. The increase in the carrying value of our equity method investment for NCM caused us to change the way in which we record earnings related to NCM. Prior to the Merger a majority of our

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Tranche 1 investment in NCM was recorded at \$0 carrying value and as a result our equity in earnings was limited to cash distributions on Tranche 1. Subsequent to the Merger, our carrying value in Tranche 1 is recorded at fair value and we record our share of NCM's earnings as equity in earnings in our investment account with cash distributions recorded against the investment balance. Additionally, the step up in carrying value of our equity method investments created differences between our investment and our underlying ownership share of the investee's net assets. We amortize these basis differences to equity in earnings over the respective lives of the underlying assets and liabilities.

(thousands of dollars)	Transition Period	
Amortization of basis difference for NCM	\$	1,263
Amortization of basis difference for DCIP		(264)
Revalued NCM equity earnings		(3,433)
	\$	(2,434)

Quoted market prices for NCM, Inc. based on the August 30, 2012 closing price per share of \$14.44 were used to estimate the fair value of our investment in NCM (Level 1) at the date of the Merger. We recorded our investment in 17,323,782 common units of NCM at an estimated fair value of \$250,155,000. See Note 7 Investments to the Notes to our audited Consolidated Financial Statements included elsewhere in this prospectus for additional information about our investment in NCM.

We determined the pro forma adjustment for the amortization of basis difference for NCM created by the step up to purchase accounting by first performing a hypothetical purchase price allocation of the fair value of our investment in NCM to our proportional ownership share of the carrying value of NCM's assets and liabilities and members' capital. Our hypothetical allocation of purchase price based on the value of our NCM investment indicated that our proportional share of the carrying value of NCM's intangible assets should be stepped up by \$99,486,000 and that the carrying value of their debt and related deferred costs should be increased by a net amount of \$8,555,000. Remaining excess fair value was allocated to goodwill which will be evaluated for impairment on an ongoing basis. We determined the amortization period for the intangible assets to be 24 years based on the remaining term of the Exhibitor Services Agreement which is consistent with NCM's accounting policy and that the debt and related deferred charge adjustment would be amortized over the remaining terms of the various debt agreements which ranged from 1 to 9 years and on average were 6.2 years. As a result we determined that our annual expense related to amortization of the intangible asset basis difference would be \$4,145,000 and that our annual contra expense related to amortization for the debt basis difference would be \$1,382,000. Our total annual net amortization expense was determined to be \$2,763,000 and therefore our pro forma Transition Period expense would be \$2,072,000 for 9 months. Because we had recorded \$809,000 of amortization expense during the Successor period we made a pro forma adjustment of \$1,263,000 such that our expense for the pro forma Transition Period would be \$2,072,000.

We performed a similar hypothetical purchase price allocation for DCIP as a result of the write down to fair value of our investment in DCIP of \$10,141,000. DCIP has no recorded goodwill. We identified long-term assets including property, deferred financing costs and deferred rent that we determined to adjust downward based on our purchase price allocation. The estimated remaining useful lives for these long-term assets were 16 years and as a result our expected annual contra-expense amortization is \$634,000 and our pro forma 9 month Transition Period contra expense is \$476,000. Because our actual recorded amortization for the Successor period was \$212,000 we made a pro forma adjustment of \$264,000 such that our expense for the pro forma Transition Period would be \$476,000.

As discussed above as a result of the Merger, our equity in earnings of NCM will simply be calculated based on our share of their reported net earnings. Our share of NCM's reported net



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earnings of \$95,700,000 for the Transition Period based on our ownership percentage was \$15,177,000. Because we only recorded \$11,744,000 for the combined Predecessor and Successor Transition Period, we made a pro forma adjustment for \$3,433,000 such that our pro forma Transition Period equity in earnings were \$15,177,000.

(10)

Prior to the Merger, our distributions from NCM pursuant to the Tax Receivable Agreement ("TRA") were recorded as part of equity in earnings for our Tranche 1 investment and as a return of capital for our Tranche 2 investment. In connection with the Merger, we identified the TRA as an identifiable amortizing intangible asset and recorded it at fair value. Subsequent to the Merger, cash distributions from NCM for the TRA and amortization of the intangible asset are recorded as components of investment income.

(thousands of dollars)	Transition Period	
Cash receipts for TRA	\$	0
Amortization of TRA intangible asset		627
	\$	627

In connection with NCM's IPO, NCM and the founding members entered into a tax receivable agreement ("TRA"). Under the terms of this agreement, NCM agreed to make cash payments, net of administrative expenses, to the founding members in amounts equal to 90% of NCM's actual tax benefit realized from any tax amortization of intangible assets. The TRA generally applies to NCM's taxable years up to and including the 30<sup>th</sup> anniversary date of the IPO. We determined the value of the TRA using a discounted cash flow model. For the purposes of our analysis, we estimated the cash receipts from taxable transactions that are known as of the date of the Merger. We did not consider future transactions that NCM may undertake. We estimated a run-off of the intangible asset amortization benefits due to the following transactions:

1. ESA (Exhibitor Services Agreement) relates to the amortization due to a modification of the initial ESA agreement.
2. CUA (Common Unit Adjustment) relates to NCM issuing additional common units to the founding members if there is an increase in the number of theatres under the ESA agreement. A reduction of common units is made if there are theatres removed from the ESA agreement.
3. AMC II Benefit relates to AMC's acquisition of Kerasotes theatres.
4. IPO Exchange Benefit relates to amortization from NCM's IPO in 2007.
5. IPO II Exchange Benefit relates to amortization step ups from NCM's secondary IPO in 2010.
6. Capital Account Administration Allocation relates to receipts attributable to the account administration.

The estimated TRA receipts through 2037 are tax effected at 40%, based on a blended federal and 50-state average tax rate. The after tax receipts were discounted to a present value using a discount rate of 12.0%, based on the cost of equity of NCM, as the TRA payments only benefit the equity holders. We determined the fair value to be \$20,900,000 and the useful life to be 25 years, based on the remaining life of the contract.

(11)

Represents the expected income tax impact of the Transactions, in U.S. tax jurisdictions at our expected state and federal tax rate of 37.5%.

(12)

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We entered into revised stock-based compensation arrangements in connection with the offering whereby 360,172 fully vested shares were issued to management after members of management elected to satisfy certain tax withholding obligations by having us withhold 306,503 shares of Class A common stock. We recognized \$12,000,000 of expense in connection with these share

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grants. Expense for the share grants was determined based on the fully vested shares issued to management and the shares elected by management to be withheld to satisfy the tax withholding obligations valued based on the offering price of \$18.00 per share. Because the Offering Bonus Shares are one-time grants at the time of the offering they are only reflected as an adjustment to the pro forma balance sheet since they will not have a continuing impact on our results of operations.

Pro forma adjustment to our balance sheet is as follows:

	<b>Amount</b>	
	<b>(thousands of dollars)</b>	
Class A Common Stock issue to management (360,172 shares, \$.01 par value)	\$	4
Additional Paid-In Capital (360,172 shares issued at \$18.00 per share)		6,479
Tax withholding obligations (306,503 shares withheld at \$18.00 per share)		5,517
Accumulated Earnings	\$	(12,000)

(13)

As a result of the offering, members of management incurred tax liability associated with the shares of Class A common stock owned prior to the offering. Management elected to satisfy the tax withholding obligation by tendering 32,681 shares of Class A common stock to the Company based on the offering price of \$18.00 per share. As a result of tendering these shares there will be fewer shares outstanding that are subject to a put right for the price paid by management for the shares that requires classification as temporary equity.

Pro forma adjustment to our balance sheet is as follows:

	<b>Amount</b>	
	<b>(thousands of dollars)</b>	
Class A Common Stock tendered for tax withholding obligation (32,681 shares at \$18.00 per share)	\$	588
Additional paid-in capital		(588)
Class A Common stock (32,681 shares at a carrying value of \$10.46 per share)		(342)
Additional Paid-In Capital (32,681 shares @ \$10.46 per share)		342

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The following table sets forth certain of our selected historical financial and operating data. Our selected financial data for the nine months ended September 30, 2013, the period December 30, 2011 through August 30, 2012, the period from inception August 31, 2012 through September 27, 2012, the period from March 30, 2012 to August 30, 2012, the period from August 31, 2012 to December 31, 2012 and the fiscal years ended March 29, 2012, March 31, 2011, April 1, 2010 and April 2, 2009 have been derived from the Consolidated Financial Statements for such periods either included elsewhere in this prospectus or not included herein.

The selected financial data presented herein should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," Consolidated Financial Statements, including the notes thereto, and our other historical financial information, including the notes thereto, included elsewhere in this prospectus.

	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)	From Inception August 31, 2012 through December 31, 2012(6) (restated) (Successor)	March 30, 2012 through August 30, 2012(1) (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)	52 Weeks Ended April 1, 2010 (Predecessor)	52 Weeks Ended April 2, 2009 (Predecessor)
<b>Statement of Operations Data:</b>									
Revenues:									
Admissions	\$ 1,365,178	76,356	\$ 1,241,857	\$ 548,632	\$ 816,031	\$ 1,721,295	\$ 1,644,837	\$ 1,659,549	\$ 1,534,644
Food and Beverage	589,026	32,365	513,729	229,739	342,130	689,680	644,997	627,235	608,977
Other theatre	82,247	5,785	86,929	33,121	47,911	111,002	72,704	71,021	71,435
Total revenues	2,036,451	114,506	1,842,515	811,492	1,206,072	2,521,977	2,362,538	2,357,805	2,215,056
Operating Costs and Expenses:									
Film exhibition costs	718,725	34,659	657,730	291,561	436,539	916,054	860,470	901,076	819,192
Food and Beverage costs	80,032	4,778	69,946	30,545	47,326	93,581	79,763	69,164	64,733
Operating expense(2)	534,059	46,059	468,680	230,434	297,328	696,783	691,264	588,365	555,468
Rent	339,213	33,493	299,805	143,374	189,086	445,326	451,874	419,227	427,617
General and administrative:									
Merger, acquisition and transactions costs	1,952	504	6,670	3,366	4,417	3,958	16,838	2,578	1,481
Management fee			3,750		2,500	5,000	5,000	5,000	5,000
Other	59,797	7,269	42,644	29,110	27,023	51,495	58,157	58,274	53,800
Depreciation and amortization	147,435	16,602	137,818	71,633	80,971	212,817	211,444	186,350	198,224
Impairment of long-lived assets			285			285	12,779	3,765	65,397
Operating costs and expenses	1,881,213	143,364	1,687,328	800,023	1,085,190	2,425,299	2,387,589	2,233,799	2,190,912
Operating income (loss)	155,238	(28,858)	155,187	11,469	120,882	96,678	(25,051)	124,006	24,144
Other (income) loss	(184)	49	2,496	49	960	1,965	42,687	(74,202)	
Interest expense:									
Corporate borrowings	97,704	10,241	109,960	45,259	67,614	172,159	177,459	168,439	182,691
Capital and financing lease obligations	7,914	442	3,878	1,873	2,390	5,968	6,198	5,652	5,990
Equity in (earnings) losses of non-consolidated entities	(38,143)	3,378	(18,240)	2,480	(7,545)	(12,559)	(17,178)	(30,300)	(24,823)
Gain on NCM transactions							(64,441)		
Investment (income) expense(3)	(3,406)	(1)	(66)	290	(41)	17,619	(484)	(286)	(1,724)
Earnings (loss) from continuing operations before income taxes	91,353	(42,967)	57,159	(38,482)	57,504	(88,474)	(169,292)	54,703	(137,990)
Income tax provision (benefit)	10,860	100	3,005	3,500	2,500	2,015	1,950	(36,300)	5,800
Earnings (loss) from continuing operations	80,493	(43,067)	54,154	(41,982)	55,004	(90,489)	(171,242)	91,003	(143,790)

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Earnings (loss) from discontinued operations, net of income tax provision(4)	4,290	24	34,533	(688)	35,153	(3,609)	(3,062)	(11,092)	(5,256)
Net earnings (loss)	\$ 84,783	\$ (43,043)	\$ 88,687	\$ (42,670)	\$ 90,157	\$ (94,098)	\$ (174,304)	\$ 79,911	\$ (149,046)

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	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)	From Inception August 31, 2012 through December 31, 2012(6) (restated) (Successor)	March 30, 2012 through August 30, 2012(1) (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)	52 Weeks Ended April 1, 2010 (Predecessor)	52 Weeks Ended April 2, 2009 (Predecessor)
Basic earnings (loss) per share of common stock:									
Earnings (loss) from continuing operations(7)	\$ 1.06	\$ (0.60)	\$ 0.86	\$ (0.56)	\$ 0.87	\$ (1.43)	\$ (2.70)	\$ 1.44	\$ (2.27)
Earnings (loss) from discontinued operations(7)	0.06		0.54	(0.01)	0.55	(0.06)	(0.05)	(0.18)	(0.08)
Net earnings (loss) per share(7)	\$ 1.12	\$ (0.60)	\$ 1.40	\$ (0.57)	\$ 1.42	\$ (1.49)	\$ (2.75)	\$ 1.26	\$ (2.35)
Average shares outstanding:									
Basic(7)	76,000.03	71,383.34	63,335.34	74,987.96	63,335.34	63,335.34	63,324.44	63,324.44	63,437.34
Diluted earnings (loss) per share of common stock:									
Earnings (loss) from continuing operations(7)	\$ 1.06	\$ (0.60)	\$ 0.85	\$ (0.56)	\$ 0.86	\$ (1.43)	\$ (2.70)	\$ 1.43	\$ (2.27)
Earnings (loss) from discontinued operations(7)	0.06		0.54	(0.01)	0.55	(0.06)	(0.05)	(0.17)	(0.08)
Net earnings (loss) per share(7)	\$ 1.12	\$ (0.60)	\$ 1.39	\$ (0.57)	\$ 1.41	\$ (1.49)	\$ (2.75)	\$ 1.26	\$ (2.35)
Average shares outstanding:									
Diluted(7)	76,000.03	71,383.34	63,793.34	74,987.96	63,715.11	63,335.34	63,324.44	63,448.23	63,437.34
<b>Balance Sheet Data (at period end):</b>									
Cash and equivalents	\$ 130,628			\$ 133,071		\$ 277,605	\$ 417,408	\$ 611,593	\$ 539,597
Corporate borrowings, including current portion	2,075,655			2,078,675		2,146,534	2,312,108	2,271,914	2,394,586
Other long-term liabilities	455,258			426,468		426,829	432,439	309,591	308,702
Capital and financing lease obligations, including current portion	117,994			122,645		62,220	65,675	57,286	60,709
Stockholders' equity	848,897			772,294		157,601	265,949	439,542	378,484
Total assets	4,326,866			4,272,675		3,640,267	3,855,954	3,774,912	3,774,894
<b>Other Data:</b>									
Net cash provided by (used in) operating activities	\$ 204,665	\$ (32,125)	\$ 76,546	\$ 73,892	\$ 76,372	\$ 137,029	\$ (16,168)	\$ 198,936	\$ 167,249
Capital expenditures	(174,066)	(10,638)	(94,392)	(72,774)	(40,116)	(139,359)	(129,347)	(97,011)	(121,456)
<b>Operating Data (at period end):</b>									
Screen additions				22	13	26	55	6	83
Screen acquisitions	25			166			960		
Screen dispositions	29	15	45	19	62	120	400	105	77
Construction openings (closures), net	(34)		(18)						
Average screens continuing operations(5)	4,856	4,714	4,761	4,732	4,742	4,811	4,920	4,319	4,379
Number of screens operated	4,950	4,804	4,819	4,988	4,819	4,868	4,962	4,347	4,446
Number of theatres operated	343	332	333	344	333	338	352	289	299
Screens per theatre	14.4	14.5	14.5	14.5	14.5	14.4	14.1	15.0	14.9
	148,870	8,249	138,699	60,336	90,616	194,205	188,810	194,155	190,639

Attendance (in thousands) continuing operations(5)

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- (1) On November 15, 2012, we announced that we changed our fiscal year to a calendar year so that the calendar year shall begin on January 1<sup>st</sup> and end on December 31<sup>st</sup> of each year. Prior to the change, fiscal years refer to the fifty-two weeks, and in some cases fifty-three weeks, ending on the Thursday closest to the last day of March.
- (2) Includes theatre and other closure expense of \$4.5 million, \$0.4 million and \$6.0 million during the nine months ended September 30, 2013, from inception August 31, 2012 through September 27, 2012 and December 30, 2011 through August 30, 2012, respectively. Includes theatre and other closure expense (income) during the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012 and for fiscal years 2012, 2011, 2010 and 2009 of \$2.4 million, \$4.2 million, \$7.4 million, \$60.8 million, \$2.6 million and \$(2.3 million), respectively. In the fourth quarter of fiscal 2011, we permanently closed 73 underperforming screens in six theatre locations while continuing to operate 89 screens at these locations, and discontinued development of and ceased use of certain vacant and under-utilized retail space at four other theatres, resulting in a charge of \$55.0 million for theatre and other closure expense.
- (3) During fiscal 2012, investment loss (income) includes an impairment loss of \$17.8 million, related to the Company's investment in RealD Inc. common stock.
- (4) All periods presented includes earnings and losses from discontinued operations related to seven theatres in Canada and one theatre in the UK that were sold or closed in the Transition Period and 44 theatres in Mexico that were sold during fiscal 2009. During the nine months ended September 30, 2013 we received \$4.7 million for a sales price adjustment from the sale of theatres located in Canada. During the period of March 30, 2012 through August 30, 2012, we recorded gains, net of lease termination expense, on the disposition of the seven Canada theatres and the one United Kingdom theatre of approximately \$39.0 million, primarily due to the write-off of long-term lease liabilities extinguished in connection with the sales and closure.
- (5) Includes consolidated theatres only.
- (6) During the successor period from August 31, 2012 through December 31, 2012 adjustments were made to correct the valuation allowance recorded for deferred tax assets and the income tax provision. These revisions to previously recorded amounts were needed to correct the carrying amount of other long-term liabilities with an offsetting adjustment to increase the income tax provision by \$5.52 million during the fourth quarter of 2012. Additional information about this matter is disclosed in Note 1 Prior period adjustments in the Company's audited financial statements for the period from August 31, 2012 to December 31, 2012 contained elsewhere in this prospectus.
- (7) On December 17, 2013 the Company reclassified each share of existing Class A common stock and Class N common stock by filing an amendment to its certificate of incorporation. Pursuant to the reclassification, which substantively resulted in a stock split, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. All shares and per share amounts presented in the consolidated financial statements and notes thereto have been retroactively adjusted to reflect the Reclassification.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis concerns our historical financial condition and results of operations for the periods indicated. This discussion contains forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements.*

All references to the Transition Period in this section are for the period March 30, 2012 through December 31, 2012 and are derived by combining the audited results of operations of our Predecessor from March 30, 2012 to August 30, 2012 with the audited results of operations of our Successor from August 31, 2012 to December 31, 2012. These combined results for the Transition Period do not purport to represent what our consolidated results of operations would have been if the Successor had actually been formed on March 30, 2012, nor have we made any attempt to either include or exclude expenses or income that would have resulted had the acquisition actually occurred on March 30, 2012.

**Overview**

We are one of the world's largest theatrical exhibition companies and an industry leader in innovation and operational excellence. Our Theatrical Exhibition revenues are generated primarily from box office admissions and theatre food and beverage sales. The balance of our revenues are generated from ancillary sources, including on-screen advertising, fees earned from our AMC Stubs customer frequency membership program, rental of theatre auditoriums, breakage income from gift card and packaged tickets sales, on-line ticketing fees and arcade games located in theatre lobbies. As of September 30, 2013, we owned, operated or had interests in 343 theatres and 4,950 screens.

During the nine months ended September 30, 2013, we opened three theatres with a total of 25 screens in the U.S., permanently closed 4 theatres with 29 screens in the U.S., and temporarily closed 300 screens and reopened 266 screens in the U.S. to implement our strategy and install consumer experience upgrades.

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

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

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



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

To address recent consumer trends, we are expanding our menu of enhanced food and beverage products to include made-to-order drinks and meals, customized coffee, healthy snacks, premium beers, wine and mixed drinks and other gourmet products. We plan to invest across a spectrum of enhanced food and beverage formats, ranging from simple, less capital-intensive food and beverage design improvements to the development of new dine-in theatre options to rejuvenate theatres approaching the end of their useful lives as traditional movie theatres and, in some of our larger theatres, to more efficiently monetize attendance. The costs of these conversions in some cases are partially covered by investments from the theatre landlord. We have successfully implemented our dine-in theatre concepts at 11 locations, which feature full kitchen facilities, seat-side servers and a separate bar and lounge area. Starting in 2014, we plan to invest an average of \$45 million annually over the next five years in enhanced food and beverage offerings across approximately 200 theatres. Consistent with previous experience, we expect landlords to contribute an average of \$10 million of capital annually to fund these projects.

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

During the 2012 calendar year, films licensed from our seven largest distributors based on revenues accounted for approximately 90% of our U.S. admissions revenues. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's films in any given year.

During the period from 1990 to 2012, the annual number of first-run films released by distributors in the United States ranged from a low of 370 in 1995 to a high of 677 in 2012, according to Motion Picture Association of America 2012 Theatrical Market Statistics and prior reports. The number of digital 3D films released annually increased to a high of 45 in 2011 from a low of 0 during this same time period.

We continually upgrade the quality of our theatre circuit by adding new screens through new builds (including expansions) and acquisitions, substantial upgrades to seating concepts, expansion of food and beverage offerings, including dine-in theatres, and by disposing of older screens through closures and sales. We are an industry leader in the development and operation of theatres. Typically, our theatres have 12 or more screens and offer amenities to enhance the movie-going experience, such as stadium seating providing unobstructed viewing, digital sound and premium seat design. Over the next five years starting in 2014, we intend to invest approximately \$600 million in recliner re-seat conversions. Consistent with previous experience, we expect landlords will contribute an average of \$35 million of capital annually to fund these projects.

Recliner re-seats are the key feature of full theatre renovations. These exhaustive theatre 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 66% seating capacity. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving, on average, a 91% increase in attendance at these locations. Our

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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.

As of September 30, 2013, we had 2,234 3D enabled screens, including ETX 3D enabled screens, and 136 IMAX 3D enabled screens; approximately 48% of our screens were 3D enabled screens, including IMAX 3D enabled screens, and approximately 2.7% of our screens were IMAX 3D enabled screens. We are the largest IMAX exhibitor in the world with a 44% market share in the United States and each of our IMAX local installations is protected by geographic exclusivity. The following table identifies the upgrades to our theatre circuit during the periods indicated:

<b>Format</b>	<b>Number of Screens As of September 30, 2013</b>	<b>Number of Screens As of September 27, 2012</b>	<b>Increase in Number of Screens</b>
Digital	4,835	4,167	668
3D enabled (including ETX)	2,234	2,163	71
IMAX (3D enabled)	136	125	11
ETX (3D enabled)	15	15	
Dine-in theatres	182	160	22

**Stock-Based Compensation**

Upon the change of control as a result of the Merger, all of the stock options and restricted stock interests under both the amended and restated 2004 Stock Option Plan and the 2010 Equity Incentive Plan were cancelled and holders received payments aggregating approximately \$7.0 million. We had previously recognized stock-based compensation expense of \$3.9 million related to these stock options and restricted stock interests. We did not recognize an expense for the remaining \$3.1 million of unrecognized stock-based compensation expense. Our accounting policy for any cost triggered by the consummation of the Merger was to recognize the cost when the Merger was consummated. Accordingly, the unrecognized stock-based compensation expense for stock options and restricted stock interest has not been recorded in the Consolidated Statement of Operations for the Predecessor period since that statement depicts the results of operations just prior to consummation of the transaction. In addition, since the Successor period reflects the effects of push-down accounting, these costs have also not been recorded as an expense in the Successor period. However, the costs were reflected in the purchase accounting adjustments which were applied in arriving at the opening balances of the Successor. See Note 2 Merger of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for additional information. Subsequent to the Merger, the Company had no stock-based compensation arrangements. See " Impact of the Offering" for a discussion of stock-based compensation arrangements that we expect to implement upon completion of the Offering.

**Significant Events**

On April 30, 2013, AMCE entered into a new \$925.0 million senior secured credit facility pursuant to which it borrowed term loans (the "Term Loan due 2020"), and used the proceeds to fund the redemption of both the Term Loan due 2016 and Term Loan due 2018. The new senior secured credit facility is comprised of a \$150.0 million Revolving Credit Facility, which matures on April 30, 2018, and a \$775.0 million term loan, which matures on April 30, 2020. The Term Loan due 2020 requires repayments of principal of 0.25% of the original principal amount, or \$1.9 million, per quarter, with the remaining principal payable upon maturity. The term loan was issued at a 0.25% discount which will be amortized to interest expense over the term of the loan. We capitalized deferred financing costs of approximately \$6.9 million related to the issuance of the Revolving Credit Facility and approximately \$2.2 million related to the issuance of the Term Loan due 2020 during 2013. Concurrently with the Term Loan due 2020 borrowings on April 30, 2013, AMCE redeemed all of the outstanding Term Loan due 2016 and the Term Loan due 2018 at a redemption price of 100% of the outstanding aggregate

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principal balance of \$464.1 million and \$296.3 million, respectively, plus accrued and unpaid interest. We recorded a net gain of approximately \$(130,000) in other expense (income) due to the Term Loan due 2016 premium write-off and the expense for the third-party costs in connection with the repurchase of the Term Loan due 2016 and the Term Loan due 2018 during the nine months ended September 30, 2013. See Note 12 Corporate Borrowings of the Notes to the unaudited Consolidated Financial Statements included elsewhere in this prospectus for additional information concerning the new senior secured credit facility.

Our Transition Period includes four more days than the thirty-nine weeks ended December 29, 2011. The last four days of our Transition Period also occurred during the year-end holiday season when the most marketable motion pictures are released, which generally drive higher attendance and revenues.

In December 2012, we completed the acquisition of 4 theatres and 61 screens from Rave Reviews Cinemas, LLC and 6 theatres and 95 screens from Rave Digital Media, LLC, (and together "Rave theatres"). The purchase price for the Rave theatres, paid in cash, was \$88.7 million, net of cash acquired, and is subject to working capital and other purchase price adjustments. Approximately \$881,000 of the total purchase price was paid during the nine months ended September 30, 2013. For additional information about this acquisition, see Note 3 Acquisition of the Notes to the audited and unaudited Consolidated Financial Statements included elsewhere in this prospectus.

On August 30, 2012, Wanda acquired Parent through a merger between Parent and Merger Subsidiary, an indirect subsidiary of Wanda, whereby Merger Subsidiary merged with and into Parent with Parent continuing as the surviving corporation and as an indirect subsidiary of Wanda. In connection with the change of control pursuant to the Merger, our assets and liabilities were adjusted to fair value on the closing date of the Merger by application of "push down" accounting. As a result of the application of "push down" accounting in connection with the Merger, our financial statement presentations herein distinguish between a predecessor period ("Predecessor"), for periods prior to the Merger, and a successor period ("Successor"), for periods subsequent to the Merger. The Successor applied "push down" accounting and its financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the Merger date, August 30, 2012. As a result of the application of "push down" accounting at the time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable. See Note 2 Merger of the Notes to Consolidated Financial Statements included elsewhere in this prospectus.

In July and August of 2012, we sold 6 and closed 1 of our 8 theatres located in Canada. One theatre with 20 screens was closed prior to the end of the lease term and we made a payment to the landlord of \$7.6 million to terminate this lease. Two theatres with 48 screens were sold under an asset purchase agreement to Empire Theatres Limited and 4 theatres with 86 screens were sold under a share purchase agreement to Cineplex, Inc. During the Transition Period of March 30, 2012 through December 31, 2012, the total net proceeds we received from these sales were approximately \$1.5 million, and are subject to purchase price adjustments. The operations of these 7 theatres have been eliminated from our ongoing operations. We do not have any significant continuing involvement in the operations of these 7 theatres after the dispositions. During August of 2012, we sold one theatre in the UK with 12 screens. Proceeds from this sale were \$395,000 and are subject to working capital and other purchase price adjustments as described in the sales agreement. The results of operations of these 8 theatres have been classified as discontinued operations. We are in discussions with the landlords regarding the ongoing operations at the remaining theatre located in Canada and the remaining theatre located in the UK. We recorded gains, net of lease termination expense, on the sales of these theatres of approximately \$39.0 million, which were included in discontinued operations during the Transition Period of March 30, 2012 through December 31, 2012, and reflect the write off of long-term lease liabilities extinguished in connection with the sales and closure. During the nine months ended September 30, 2013, we received \$4.7 million for a sales price adjustment from the sale of

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theatres located in Canada. The sales price adjustment was related to tax attributes of the theatres sold in Canada which were not determinable or probable of collection at the date of the sale. We completed our tax returns, for periods prior to the date of sale, during the nine months ended September 30, 2013 at which time the buyer was able to determine amounts due pursuant to the sales price adjustment and remit them to us. We recorded the additional gain on sale following the guidance for gain contingencies in ASC 450-30-25-1 when the gains were realizable.

On July 2, 2012, AMCE entered into a waiver and fourth amendment to our former senior secured credit facility dated as of January 26, 2006 to, among, other things: (i) waive a certain specified default that would otherwise occur upon the change of control effected by the Merger, (ii) permit us to change our fiscal year after completion of the Merger, (iii) reflect the change in ownership going forward by restating the definition of "Permitted Holder" to include only Wanda and its affiliates under the former senior secured credit facility in connection with the Merger, (iv) provide for a minimum LIBOR percentage of 1.00%, from, and only after, the completion of the Merger, to the Term Loan due 2016, and (v) provide for an interest rate of LIBOR plus 375 basis points to the Term Loan due 2018, from and only after, the completion of the Merger. At December 31, 2012, the interest rates for borrowings under the Term Loan due 2016 was 4.25%, which was based on LIBOR plus 3.25% and was subject to a 1.00% minimum LIBOR rate with respect to LIBOR borrowings, and the interest rates for borrowings under the Term Loan due 2018 was 4.75%, which was based on LIBOR plus 3.75% and was subject to a 1.00% minimum LIBOR rate with respect to LIBOR borrowings.

On June 22, 2012, AMCE announced it had received the requisite consents from holders of each of our Notes due 2019 and our Notes due 2020, (collectively, the "Notes") for (i) a waiver of the requirement for it to comply with the "change of control" covenant in each of the Indenture governing the Notes due 2019 and the Indenture governing the Notes due 2020 (collectively the "Indentures") in connection with the Merger (the "Waivers"), including the its obligation to make a "change of control offer" in connection with the Merger with respect to each series of Notes, and (ii) certain amendments to the Indentures to reflect the change in ownership going forward by adding Wanda and its affiliates to the definition of "Permitted Holder" under each of the Indentures. AMCE entered into supplemental indentures to give effect to the Waivers and certain amendments to the Indentures, which became operative upon payment of the applicable consent fee immediately prior to the closing of the Merger. The holders of each of the Notes due 2019 and Notes due 2020 who validly consented to the Waiver and the proposed amendments received a consent fee of \$2.50 per \$1,000 principal amount at the closing date of the Merger. Our accounting policy for any cost triggered by the consummation of the Merger was to recognize the cost when the Merger was consummated. Accordingly, these consent fees have not been recorded in the Consolidated Statement of Operations for the Predecessor period since that statement depicts the results of operations just prior to consummation of the transaction. In addition, since the Successor period reflects the effects of push-down accounting, these costs have also not been recorded as an expense in the Successor period. However, the costs were reflected in the purchase accounting adjustments which were applied in arriving at the opening balances of the Successor.

On April 6, 2012, AMCE redeemed \$51.0 million aggregate principal amount of our Notes due 2014 pursuant to a cash tender offer at a price of \$1,000 per \$1,000 principal amount. We used the net proceeds from the issuance of the Term Loan due 2018, which was borrowed on February 22, 2012, to pay for the consideration of the cash tender offer plus accrued and unpaid interest on the principal amount of the Notes due 2014. On August 30, 2012, prior to the consummation of the Merger, AMCE issued a call notice for our remaining outstanding Notes due 2014 at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date. On August 30, 2012, AMCE irrevocably deposited \$141.0 million plus accrued and unpaid interest to September 1, 2012 with a trustee to satisfy and to discharge our obligations under the Notes due 2014 and the indenture. We recorded a loss on redemption of \$1.3 million prior to the Merger in other (income) expense related to the extinguishment of the Notes due 2014.

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Prior to the fourth quarter of fiscal 2012, we recognized breakage income when gift card redemptions were deemed remote and we determined that there was no legal obligation to remit the unredeemed gift cards to the relevant tax jurisdiction ("Remote Method"), which, based on historical information, we concluded to be 18 months after the gift card was issued. At the end of the fourth quarter of fiscal 2012, we concluded that we had accumulated a sufficient level of historical data from a large pool of homogeneous transactions to allow us to reasonably and objectively determine an estimated gift card breakage rate and the pattern of actual gift card redemptions. Accordingly, we changed our method for recording gift card breakage income to recognize breakage income and derecognize the gift card liability for unredeemed gift cards in proportion to actual redemptions of gift cards ("Proportional Method"). We believe the Proportional Method is preferable to the Remote Method as it better reflects the gift card earnings process resulting in the recognition of gift card breakage income over the period of gift card redemptions (i.e., over the performance period).

In accordance with ASC 250, Accounting Changes and Error Corrections, we concluded that this accounting change represented a change in accounting estimate effected by a change in accounting principle and accordingly, accounted for the change as a change in estimate following a cumulative catch-up method. As a result, the cumulative catch-up adjustment recorded during the thirteen weeks ended June 28, 2012 resulted in an additional \$15.0 million of gift card breakage income under the Proportional Method. We will continue to review historical gift card redemption information at each reporting period to assess the continued appropriateness of the gift card breakage rates and pattern of redemption.

On February 22, 2012, AMCE entered into an incremental amendment to our former senior secured credit facility pursuant to which it borrowed the Term Loan due 2018, the proceeds of which, together with cash on hand, were used to fund the cash tender offer and redemption of the Notes due 2014 and to repay the existing Term Loan due 2013. The Term Loan due 2018 was issued under the former senior secured credit facility for \$300.0 million aggregate principal amount and net proceeds received were \$297.0 million. The Term Loan due 2018 required repayments of principal of 1% per annum and the remaining principal payable upon maturity on February 22, 2018. The Term Loan due 2018 bore interest at 4.25% as of June 28, 2012, which was based on LIBOR plus 3.25% and subject to a 1.00% minimum LIBOR rate. On February 22, 2012, AMCE redeemed the outstanding Term Loan due 2013 at a redemption price of 100% of the then outstanding aggregate principal balance of \$140.7 million. The Term Loan due 2013 bore interest at 2.0205% on February 22, 2012, which was based on LIBOR plus 1.75%. We recorded a loss on extinguishment of the Term Loan due 2013 of \$383,000, during the period December 30, 2011 through August 30, 2012.

On February 7, 2012, AMCE launched a cash tender offer to purchase up to \$160.0 million aggregate principal amount of its outstanding \$300.0 million aggregate principal amount of Notes due 2014. On February 21, 2012, holders of \$109.0 million aggregate principal amount of the Notes due 2014 tendered pursuant to the cash tender offer. On February 22, 2012, AMCE accepted for purchase \$58.1 million aggregate principal amount for total consideration equal to (i) \$972.50 per \$1,000 in principal amount of notes validly tendered plus (ii) \$30 per \$1,000 in principal amount of the notes validly tendered. On March 7, 2012, AMCE accepted for purchase the remaining \$50.9 million aggregate principal amount of our Notes due 2014 tendered on February 21, 2012 for total consideration equal to (i) \$972.50 per \$1,000 in principal amount of notes validly tendered plus (ii) \$30 per \$1,000 in principal amount of the notes validly tendered. AMCE also accepted \$10,000 aggregate principal amount of Notes due 2014 tendered after February 21, 2012 for total consideration equal to \$972.50 per \$1,000 in principal amount of the notes validly tendered. We recorded a loss on extinguishment of \$640,000 related to the cash tender offer and redeemed our Notes due 2014 during the fifty-two weeks ended June 28, 2012. On March 7, 2012, AMCE announced its intent to redeem \$51.0 million aggregate principal amount of Notes due 2014 at a price of \$1,000 per \$1,000 principal amount such that an aggregate of \$160.0 million of Notes due 2014 would be retired through the tender offer and redemption. On April 6, 2012, AMCE completed the redemption of \$51.0 million

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aggregate principal amount of Notes due 2014 at a redemption price of 100% of the principal amount plus accrued and unpaid interest.

On December 29, 2011, we reviewed the fair value of our investment in RealD Inc. common stock, which is accounted for as an equity security, available for sale, and is recorded in the Consolidated Balance Sheets in other long-term assets at fair value (Level 1). Our investment in RealD Inc. common stock had been in an unrealized loss position for approximately six months at December 29, 2011. We reviewed the unrealized loss for a possible other-than-temporary impairment and determined that the loss as of December 29, 2011 was other-than-temporary. The impairment analysis requires significant judgment to identify events or circumstances that would likely have a significant adverse effect on the future value of the investment. On December 29, 2011, we recognized an impairment loss of \$17.8 million within investment (income) expense, related to unrealized losses previously recorded in accumulated other comprehensive loss, as we have determined the decline in fair value below historical cost to be other than temporary at December 29, 2011. Consideration was given to the financial condition and near-term prospects of the issuer, the length of time and extent to which the fair value has been less than cost and our intent and ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value.

AMCE used cash on hand to pay a dividend distribution of \$109.6 million on December 6, 2011 to its stockholder, Parent, which was treated as a reduction of additional paid-in capital. Parent used the available funds to pay corporate overhead expenses incurred in the ordinary course of business, and on January 25, 2012, to redeem its Term Loan Facility due June 2012, plus accrued and unpaid interest.

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

As of September 30, 2013, we had 2.5 million AMC Stubs members. Our AMC Stubs members represented approximately 20% of our attendance during the nine months ended September 30, 2013 with an average ticket price 2% lower than our non-members and food and beverage expenditures per

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patron 26% higher than non-members. The following table reflects AMC Stubs activity during Successor nine month period ended September 30, 2013:

(In thousands)	AMC Stubs Revenue for Nine Months Ended September 30, 2013				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, December 31, 2012	\$ 10,596	\$ 15,819			
Membership fees received	21,556		\$	\$	\$
Rewards accumulated, net of expirations:					
Admissions		9,970		(9,970)	
Food and beverage		28,517			(28,517)
Rewards redeemed:					
Admissions		(11,756)		11,756	
Food and beverage		(26,566)			26,566
Amortization of deferred revenue	(17,503)		17,503		
For the period ended or balance as of September 30, 2013	\$ 14,649	\$ 15,984	\$ 17,503	\$ 1,786	\$ (1,951)

The following tables reflect AMC Stubs activity for the pro forma thirty-nine week period ended September 27, 2012:

(In thousands)	AMC Stubs Revenue for Pro forma Thirty-nine Weeks Ended September 27, 2012				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, December 29, 2011	\$ 12,222	\$ 18,462			
Membership fees received	17,576		\$	\$	\$
Rewards accumulated, net of expirations:					
Admissions		7,674		(7,674)	
Food and beverage		27,470			(27,470)
Rewards redeemed:					
Admissions		(12,185)		12,185	
Food and beverage		(23,878)			23,878
Amortization of deferred revenue	(18,277)		18,277		
For the period ended or balance as of September 27, 2012	\$ 11,521	\$ 17,543	\$ 18,277	\$ 4,511	\$ (3,592)

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During our launch of AMC Stubs in fiscal year 2012, admissions and food and beverage revenues were reduced due to the ramp up in membership, causing more rewards to be earned than redeemed. AMC Stubs membership has stabilized during the Transition Period ended December 31, 2012, resulting in a much less pronounced impact on admissions and food and beverage revenues. The following tables reflect AMC Stubs activity during the Transition Period and the thirty-nine weeks ended December 29, 2011:

(In thousands)	AMC Stubs Revenue for Transition Period Ended December 31, 2012				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, March 29, 2012	\$ 13,693	\$ 20,961			
Membership fees received	15,085		\$	\$	\$
Rewards accumulated, net of expirations:					
Admissions		4,528		(4,528)	
Food and beverage		25,907			(25,907)
Rewards redeemed:					
Admissions		(11,553)		11,553	
Food and beverage		(24,024)			24,024
Amortization of deferred revenue	(18,182)		18,182		
For the period ended or balance as of December 31, 2012	\$ 10,596	\$ 15,819	\$ 18,182	\$ 7,025	\$ (1,883)

(In thousands)	AMC Stubs Revenue for Thirty-nine Weeks Ended December 29, 2011				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, March 31, 2011	\$ 858	\$ 579			
Membership fees received	20,060		\$	\$	\$
Rewards accumulated, net of expirations:					
Admissions		12,773		(12,773)	
Food and beverage		22,252			(22,252)
Rewards redeemed:					
Admissions		(6,774)		6,774	
Food and beverage		(10,368)			10,368
Amortization of deferred revenue	(8,696)		8,696		
For the period ended or balance as of December 29, 2011	\$ 12,222	\$ 18,462	\$ 8,696	\$ (5,999)	\$ (11,884)



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The following table reflects AMC Stubs activity during the fiscal year ended March 29, 2012:

(In thousands)	AMC Stubs Revenue for Fifty-Two Weeks Ended March 29, 2012				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, March 31, 2011	\$ 858	\$ 579			
Membership fees received	27,477		\$	\$	\$
Rewards accumulated, net of expirations:					
Admissions		16,752		(16,752)	
Food and beverage		32,209			(32,209)
Rewards redeemed:					
Admissions		(10,819)		10,819	
Food and beverage		(17,760)			17,760
Amortization of deferred revenue	(14,642)		14,642		
For the period ended or balance as of March 29, 2012	\$ 13,693	\$ 20,961	\$ 14,642	\$ (5,933)	\$ (14,449)

On March 31, 2011, Marquee Holdings Inc., a direct, wholly-owned subsidiary of Parent and a holding company, the sole asset of which consisted of the capital stock of AMCE, was merged with and into Parent, with Parent continuing as the surviving entity. As a result of the merger, AMCE became a direct subsidiary of Parent.

During the fourth quarter of our fiscal year ending March 31, 2011, we evaluated excess capacity and vacant and under-utilized retail space throughout our theatre circuit. On March 28, 2011, management decided to permanently close 73 underperforming screens and auditoriums in six theatre locations in the United States and Canada while continuing to operate 89 screens at these locations. The permanently closed screens were physically segregated from the screens that remained in operation and access to the closed space was restricted. Additionally, management decided to discontinue development of and cease use of (including for storage) certain vacant and under-utilized retail space at four other theatres in the United States and the United Kingdom. As a result of closing the screens and auditoriums and discontinuing the development and use of the other spaces, we recorded a charge of \$55.0 million for theatre and other closure expense, which is included in operating expense in the Consolidated Statements of Operations during the fiscal year ending March 31, 2011. The charge to theatre and other closure expense reflects the discounted contractual amounts of the existing lease obligations of \$53.6 million for the remaining 7 to 13 year terms of the leases as well as expenses incurred for related asset removal and shutdown costs of \$1.5 million. A significant portion of each of the affected properties was closed and is no longer used. The charges to theatre and other closure expense do not result in any new, increased or accelerated obligations for cash payments related to the underlying long-term operating lease agreements.

In addition to the auditorium closures, we permanently closed 22 theatres with 144 screens in the U.S. during the fifty-two weeks ended March 31, 2011 prior to the expiration of the lease term. We recorded \$5.7 million for theatre and other closure expense, which is included in operating expense in the Consolidated Statements of Operations, due primarily to the remaining lease terms of 5 theatre closures and accretion of the closure liability related to theatres closed during prior periods. Of the theatre closures in fiscal 2011, 9 theatres with 35 screens were owned properties with no related lease obligation; 7 theatres with 67 screens had leases that were allowed to expire; a single screen theatre with a management agreement was allowed to expire; and 5 theatres with 41 screens were closed with remaining lease terms in excess of one month. Reserves for leases that have not been terminated are

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recorded at the present value of the future contractual commitments for the base rents, taxes and common area maintenance.

On December 15, 2010, we completed the offering of \$600.0 million aggregate principal amount of our 9.75% Senior Subordinated Notes due 2020 (the "Notes due 2020"). Concurrently with the offering of the Notes due 2020 offering, we launched a cash tender offer and consent solicitation for any and all of our then outstanding \$325.0 million aggregate principal amount of our Notes due 2016 at a purchase price of \$1,031 plus a \$30 consent fee for each \$1,000 of principal amount of currently outstanding Notes due 2016 validly tendered and accepted by us on or before the early tender date (the "Cash Tender Offer"). We used the net proceeds from the issuance of the Notes due 2020 to pay the consideration for the Cash Tender Offer plus accrued and unpaid interest on \$95.1 million principal amount of Notes due 2016 validly tendered. We recorded a loss on extinguishment related to the Cash Tender Offer of \$7.6 million in Other expense during the fifty-two weeks ended March 31, 2011, which included previously capitalized deferred financing fees of \$1.7 million, a tender offer and consent fee paid to the holders of \$5.8 million and other expenses of \$149,000. We redeemed the remaining \$229.9 million aggregate principal amount outstanding Notes due 2016 at a price of \$1,055 per \$1,000 principal amount on February 1, 2011 in accordance with the terms of the indenture. We recorded a loss on extinguishment related to the Cash Tender Offer of \$16.7 million in Other expense during the fifty-two weeks ended March 31, 2011, which included previously capitalized deferred financing fees of \$4.0 million, a tender offer and consent fee paid to the holders of \$12.6 million and other expenses of \$99,000.

Concurrently with the Notes due 2020 offering on December 15, 2010, Parent launched a cash tender offer and consent solicitation for any and all of its outstanding \$240.8 million aggregate principal amount (accreted value) of its Discount Notes due 2014 at a purchase price of \$797 plus a \$30 consent fee for each \$1,000 face amount (or \$792.09 accreted value) of then outstanding Discount Notes due 2014 validly tendered and accepted by Parent. AMCE used cash on hand to make a dividend payment of \$185.0 million on December 15, 2010 to its stockholder, Parent, which was treated as a reduction of additional paid-in capital. Parent used the funds received from us to pay the consideration for the Discount Notes due 2014 cash tender offer plus accrued and unpaid interest on \$170.7 million principal amount (accreted value) of the Discount Notes due 2014 validly tendered. Parent redeemed the remaining \$70.1 million (accreted value) outstanding Discount Notes due 2014 at a price of \$823.77 per \$1,000 face amount (or \$792.09 accreted value) on January 3, 2011 using funds from an additional dividend received from us of \$76.1 million.

On December 15, 2010, we entered into a third amendment to our former senior secured credit agreement dated as of January 26, 2006 to, among other things: (i) extend the maturity of the term loans held by accepting lenders of \$476.6 million aggregate principal amount of term loans from January 26, 2013 to December 15, 2016 and to increase the interest rate with respect to such term loans, (ii) replace our existing revolving credit facility with a new five-year revolving credit facility (with higher interest rates and a longer maturity than the existing revolving credit facility), and (iii) amend certain of our existing covenants therein. We recorded a loss on the modification of our former senior secured credit agreement of \$3.7 million in Other (income) expense during the fifty-two weeks ended March 31, 2011, which included third party modification fees and other expenses of \$3.3 million and previously capitalized deferred financing fees related to the revolving credit facility of \$367,000.

All of our NCM membership units are redeemable for, at the option of NCM, cash or shares of common stock of NCM, Inc. on a share-for-share basis. On August 18, 2010, we sold 6,500,000 shares of common stock of NCM, Inc., in an underwritten public offering for \$16.00 per share and reduced our related investment in NCM by \$36.7 million, the carrying amount of all shares sold. Net proceeds received on this sale were \$99.8 million, after deducting related underwriting fees and professional and consulting costs of \$4.2 million, resulting in a gain on sale of \$63.1 million. In addition, on September 8, 2010, we sold 155,193 shares of NCM, Inc. to the underwriters to cover over allotments

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for \$16.00 per share and reduced our related investment in NCM by \$867,000, the carrying amount of all shares sold. Net proceeds received on this sale were \$2.4 million, after deducting related underwriting fees and professional and consulting costs of \$99,000, resulting in a gain on sale of \$1.5 million.

On March 17, 2011, NCM, Inc., as sole manager of NCM, disclosed the changes in ownership interest in NCM pursuant to the Common Unit Adjustment Agreement dated as of February 13, 2007 ("2010 Common Unit Adjustment"). This agreement provides for a mechanism for adjusting membership units based on increases or decreases in attendance associated with theatre additions and dispositions. Prior to the 2010 Common Unit Adjustment, we held 18,803,420 units, or a 16.98% ownership interest, in NCM as of December 30, 2010. As a result of theatre closings and dispositions and a related decline in attendance, we elected to surrender 1,479,638 common membership units to satisfy the 2010 Common Unit Adjustment, leaving us with 17,323,782 units, or a 15.66% ownership interest, in NCM as of March 31, 2011. We recorded the surrendered common units as a reduction to deferred revenues for exhibitor services agreement at fair value of \$25.4 million, based on a price per share of NCM, Inc. of \$17.14 on March 17, 2011, and recorded the reduction of the Company's NCM investment at weighted average cost for Tranche 2 Investments of \$25.6 million, resulting in a loss on the surrender of the units of \$207,000. The gain from the NCM, Inc. stock sales and the loss from the surrendered NCM common units are reported as Gain on NCM transactions on the Consolidated Statements of Operations. As a result of theatre closings and a related decline in attendance, the NCM Common Unit Adjustment for calendar 2011 called for a reduction in common units. We elected to pay NCM \$214,000 to retain 16,717 common units effective March 16, 2012. The amount paid to retain the units decreased the deferred revenues for exhibitor services agreement available for amortization to advertising income for future periods.

The Company's investment in common membership units (Tranche 1 Investment) was carried at zero cost through the date of the Merger on August 30, 2012. At the date of the Merger, the Company's investment in NCM consisted of a single investment tranche consisting of 17,323,782 membership units recorded at fair value (Level 1) on August 30, 2012. As of September 30, 2013, the Company owns 19,052,770 common membership units, or a 15.44% interest in NCM, consisting of two tranches.

On May 24, 2010, we completed the acquisition of 92 theatres and 928 screens from Kerasotes Showplace Theatres, LLC ("Kerasotes"). Kerasotes operated 95 theatres and 972 screens in mid-sized, suburban and metropolitan markets, primarily in the Midwest. More than three quarters of the Kerasotes theatres feature stadium seating and almost 90 percent have been built since 1994. The purchase price for the Kerasotes theatres paid in cash at closing, was \$276.8 million, net of cash acquired, and was subject to working capital and other purchase price adjustments. We paid working capital and other purchase price adjustments of \$3.8 million during the second quarter of fiscal 2011, based on the final closing date working capital and deferred revenue amounts, and have included this amount as part of the total purchase price. The acquisition of Kerasotes significantly increased our size. Accordingly, results of operations for the fifty-two weeks ended March 29, 2012, which include fifty-two weeks of operations of the theatres we acquired, are not comparable to our results for the fifty-two weeks ended March 31, 2011, which include forty-four weeks of the operations we acquired.

In December of 2008, the Company sold all of its interests in Cinemex, which then operated 44 theatres with 493 screens primarily in the Mexico City Metropolitan Area, to Entretenimiento GM de Mexico S.A. de C.V. ("Entretenimiento"). As of September 30, 2013, the Company estimates that it is contractually entitled to receive an additional \$5.9 million of the purchase price related to tax payments and refunds. While the Company believes it is entitled to these amounts from Cinemex, the collection will require litigation, which was initiated by the Company on April 30, 2010 and is still pending. Resolution could take place over a prolonged period. In fiscal 2010, as a result of the litigation, the Company established an allowance for doubtful accounts related to this receivable and

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directly charged off the receivable amount as uncollectible. The Company does not have any significant continuing involvement in the operations of the Cinemex theatres after the disposition. Any purchase price tax collections received or legal fees paid related to the sale of the Cinemex theatres have been classified as discontinued operations for all periods presented.

We do not operate any other theatres in Mexico and have divested of the majority of our other investments in international theatres in Canada, UK, Japan, Hong Kong, Spain, Portugal, France, Argentina, Brazil, Chile, and Uruguay over the past several years as part of our overall business strategy.

**Deferred Tax Asset Valuation Allowance**

If, in the future, we generate sufficient earnings in the United States federal and state tax jurisdictions where we have recorded valuation allowances, our conclusion regarding the need for a valuation allowance in these tax jurisdictions could change. Accordingly, it is reasonably possible we could have a reduction of some or a significant portion of our recorded valuation allowance in the near term, which would reduce the Company's income tax provisions and therefore increase net earnings. This determination would be dependent on a number of factors which would include, but not be limited to, our expectation of future taxable income. Our recorded valuation allowance was \$255.7 million and \$248.4 million at September 30, 2013 and December 31, 2012, respectively.

**The Reclassification**

On December 17, 2013, we reclassified each share of our existing Class A common stock and Class N common stock by filing an amendment to our certificate of incorporation. Pursuant to the reclassification, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. Following the Reclassification, holders of our Class A common stock are entitled to one vote per share and holders of our Class B common stock are entitled to three votes per share. Because of the three-to-one voting ratio between our Class B and Class A common stock, Wanda will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval (including election of directors and approval of significant corporate transactions, such as mergers) so long as the shares of Class B common stock owned by Wanda and its permitted transferees represent at least 30% of all outstanding shares of our Class A and Class B common stock. The shares of our Class B common stock automatically convert to shares of Class A common stock upon Wanda and its permitted transferees holding less than 30% of all outstanding shares of our Class A and Class B common stock. All share and per share amounts presented in this prospectus have been retroactively adjusted to reflect the Reclassification.

**Impact of the Offering**

We anticipate that the offering will have an impact on our future operating results in several areas. We expect that we will incur increased expenses relating to maintaining our NYSE listing and incremental accounting and legal expense for public company reporting and compliance and insurance. We currently estimate that the aggregate annual incremental expense for these matters will be between \$2.75 million and \$3.25 million. We also anticipate that we will incur increased stock-related compensation expense in connection with our anticipated issuance of 360,172 shares of Class A common stock to members of management upon the consummation of this offering. See "Compensation Discussion & Analysis Post-offering Compensation Anticipated Awards under the 2013 Plan." We plan to value these shares at the initial public offering price and will recognize \$12.0 million of compensation expense in connection with the issuance of these shares. In addition, if we use a portion of the proceeds of the offering to repay outstanding indebtedness, our interest expense will decrease.

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**Critical Accounting Estimates**

Our Consolidated Financial Statements are prepared in accordance with U.S. GAAP. In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our Consolidated Financial Statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1 The Company and Significant Accounting Policies to our audited Consolidated Financial Statements included elsewhere in this prospectus. A listing of some of the more critical accounting estimates that we believe merit additional discussion and aid in better understanding and evaluating our reported financial results are as follows.

*Impairments.* We evaluate goodwill and other indefinite lived intangible assets for impairment annually or more frequently as specific events or circumstances dictate. Impairment for other long-lived assets (including finite lived intangibles) is done whenever events or changes in circumstances indicate that these assets may not be fully recoverable. We have invested material amounts of capital in goodwill and other intangible assets in addition to other long-lived assets. We operate in a very competitive business environment and our revenues are highly dependent on movie content supplied by film producers. In addition, it is not uncommon for us to closely monitor certain locations where operating performance may not meet our expectations. Because of these and other reasons we have recorded material impairment charges primarily related to long-lived assets. Impairment charges were \$0 during the Transition Period, \$20.8 million in fiscal 2012 and \$21.6 million in fiscal 2011. There are a number of estimates and significant judgments that are made by management in performing these impairment evaluations. Such judgments and estimates include estimates of future revenues, cash flows, capital expenditures, and the cost of capital, among others. We believe we have used reasonable and appropriate business judgments. There is considerable management judgment with respect to cash flow estimates and appropriate multiples and discount rates to be used in determining fair value, and, accordingly, actual results could vary significantly from such estimates, which fall under Level 3 within the fair value measurement hierarchy. These estimates determine whether an impairment has been incurred and also quantify the amount of any related impairment charge. Given the nature of our business and our recent history, future impairments are possible and they may be material, based upon business conditions that are constantly changing.

Our recorded goodwill was \$2.3 billion, \$2.2 billion, and \$2.0 billion as of September 30, 2013, December 31, 2012, and March 29, 2012, respectively. We evaluate goodwill and our trademarks for impairment annually during our fourth fiscal quarter and any time an event occurs or circumstances change that would more likely than not reduce the fair value for a reporting unit below its carrying amount. Our goodwill is recorded in our Theatrical Exhibition operating segment, which is also the reporting unit for purposes of evaluating recorded goodwill for impairment. If the carrying value of the reporting unit exceeds its fair value, we are required to reallocate the fair value of the reporting unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit.

During the Transition Period and fiscal 2012, we assessed qualitative factors and reached a determination that it is not more likely than not that the fair value of our reporting unit is less than its carrying value and therefore the two step method, as described in ASC 350-20, is not necessary. Factors considered in determining this conclusion include but are not limited to recent improvements in

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industry box office results; increases in the market value of our long-term debt; our estimated fair value exceeded our carrying value as of December 31, 2012; our operating results including revenues, cash flows from operating activities and Adjusted EBITDA improved significantly from fiscal 2012; and the equity values of our publicly traded peer competitors increased during the Transition Period and in fiscal 2012.

There was no goodwill impairment as of September 30, 2013, December 31, 2012, and March 29, 2012.

*Film exhibition costs.* We have agreements with film companies who provide the content we make available to our customers. We are required to routinely make estimates and judgments about box office receipts for certain films and for films provided by specific film distributors in closing our books each period. These estimates are subject to adjustments based upon final settlements and determinations of final amounts due to our content providers that are typically based on a film's box office receipts and how well it performs. In certain instances this evaluation is done on a film by film basis or in the aggregate by film production suppliers. We rely upon our industry experience and professional judgment in determining amounts to fairly record these obligations at any given point in time. The accruals made for film costs have historically been material and we expect they will continue to be so into the future. During the nine months ended September 30, 2013 and the pro forma thirty-nine weeks ended September 27, 2012, our film exhibition costs were \$718.7 million and \$692.4 million, respectively. During the Transition Period and fiscal years 2012 and 2011 our film exhibition costs totaled \$728.1 million, \$916.0 million, and \$860.5 million, respectively.

*Income and operating taxes.* Income and operating taxes are inherently difficult to estimate and record. This is due to the complex nature of the U.S. tax code and also because our returns are routinely subject to examination by government tax authorities, including federal, state and local officials. Most of these examinations take place a few years after we have filed our tax returns. Our tax audits in many instances raise questions regarding our tax filing positions, the timing and amount of deductions claimed and the allocation of income among various tax jurisdictions. Our federal and state tax operating loss carry forward of approximately \$671.9 million and \$544.2 million, respectively at December 31, 2012, require us to estimate the amount of carry forward losses that we can reasonably be expected to realize using feasible and prudent tax planning strategies that are available to us. Future changes in conditions and in the tax code may change these strategies and thus change the amount of carry forward losses that we expect to realize and the amount of valuation allowances we have recorded. Accordingly future reported results could be materially impacted by changes in tax matters, positions, rules and estimates and these changes could be material.

*Theatre and other closure expense.* Theatre and other closure expense is primarily related to payments made or received or expected to be made or received to or from landlords to terminate leases on certain of our closed theatres, other vacant space and theatres where development has been discontinued. Theatre and other closure expense is recognized at the time the theatre or auditorium closes, space becomes vacant or development is discontinued. Expected payments to or from landlords are based on actual or discounted contractual amounts. We estimate theatre closure expense based on contractual lease terms and our estimates of taxes and utilities. The discount rate we use to estimate theatre and other closure expense is based on estimates of our borrowing costs at the time of closing. Our theatre and other closure liabilities have been measured using a discount rate of approximately 7.55% to 9.0%. During the fourth quarter of our fiscal year ending March 31, 2011, we permanently closed 73 underperforming screens and auditoriums in six theatre locations while continuing to operate the remaining 89 screens, and discontinued the development of and ceased use of certain vacant and under-utilized retail space at four other theatres. As a result of closing the screens and auditoriums and discontinuing the development and use of the other spaces, we recorded a charge of \$55.0 million for theatre and other closure expense. During the nine months ended September 30, 2013 and the pro

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forma thirty-nine weeks ended September 27, 2012, we recorded theatre and other closure expense, which is included in operating expense in the Consolidated Statements of Operations, of \$4.5 million and \$6.4 million, respectively. We have recorded theatre and other closure expense, which is included in operating expense in the Consolidated Statements of Operations, of \$6.6 million, \$7.4 million, and \$60.8 million during the Transition Period and the fiscal years ended March 29, 2012, and March 31, 2011, respectively.

*Gift card and packaged ticket breakage.* As noted in our significant accounting policies for revenue, we defer 100% of these items and recognize these amounts as they are redeemed by customers or breakage income is recognized. A vast majority of gift cards are used or partially used. However a portion of the gift cards and packaged ticket sales we sell to our customers are not redeemed and not used in whole or in part. Non-redeemed or partially redeemed cards or packaged tickets are known as "breakage" in our industry. We are required to estimate breakage and do so based upon our historical redemption patterns. Our history indicates that if a card or packaged ticket is not used for 18 months or longer, its likelihood of being used past this 18 month period is remote. In the fourth quarter of fiscal 2012, we changed our accounting method for estimating gift card breakage income. Prior to the fourth quarter of fiscal 2012, we recognized breakage income when gift card redemptions were deemed remote and the Company determined that there was no legal obligation to remit the unredeemed gift cards to the relevant tax jurisdiction ("Remote Method"), which based on historical information we concluded to be 18 months after the gift card was issued. In the fourth quarter of fiscal 2012, we accumulated a sufficient level of historical data from a large pool of homogeneous transactions to allow management to reasonably and objectively determine an estimated gift card breakage rate and the pattern of actual gift card redemptions. Accordingly, we changed our method for recognizing gift card breakage income to recognize breakage income and derecognize the gift card liability for unredeemed gift cards in proportion to actual redemptions of gift cards ("Proportional Method"). We recognize breakage income for gift cards using the Proportional Method, pursuant to which we apply a breakage rate for our five gift card sales channels which range from 14% to 23% of our current month sales, and we recognize that total amount of breakage for that current month's sales as income over the next 24 months in proportion to the pattern of actual redemptions. We have determined our breakage rates and redemption patterns using data accumulated over ten years on a company-wide basis. Breakage for packaged tickets continues to be recognized as the redemption of these items is determined to be remote, that is if a ticket has not been used within 18 months after being purchased. As a result of fair value accounting with the Merger, we will not recognize any breakage income on package tickets until 18 months after the date of the Merger. Additionally, concurrent with the accounting change discussed above, we changed our presentation of gift card breakage income from other income to other theatre revenues during fiscal 2012, with conforming changes made for all prior periods presented. During fiscal 2012, we recognized \$32.6 million of net gift card breakage income, of which \$15.0 million represented the adjustment related to the change from the Remote Method to the Proportional Method. During the nine months ended September 30, 2013 and the pro forma thirty-nine weeks ended September 27, 2012, we recognized \$13.9 million and \$10.0 million of income, respectively, and during the Transition Period and fiscal years 2012 and 2011, we recognized \$11.5 million, \$32.6 million and \$14.1 million of income, respectively, related to the derecognition of gift card liabilities which was recorded in other theatre revenues in the Consolidated Statements of Operations. Refer to Note 1 of the Notes to Consolidated Financial Statements included elsewhere in this prospectus for additional information.

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*Operating Results*

The following table sets forth our revenues, costs and expenses attributable to our operations. Reference is made to Note 17 Operating Segment to the audited Consolidated Financial Statements included elsewhere in this prospectus for additional information therein.

(In thousands)	From Inception		From Inception		March 30, 2012	52 Weeks Ended March 29, 2012	52 Weeks Ended March 31, 2011
	Nine Months Ended September 30, 2013	August 31, 2012 through September 27, 2012	December 30, 2011 through August 30, 2012	August 31, 2012 through December 31, 2012(1) (restated)			
	(Successor)	(Successor)	(Predecessor)	(Successor)	(Predecessor)	(Predecessor)	(Predecessor)
<b>Revenues</b>							
Theatrical exhibition							
Admissions	\$ 1,365,178	\$ 76,356	\$ 1,241,857	\$ 548,632	\$ 816,031	\$ 1,721,295	\$ 1,644,837
Food and beverage	589,026	32,365	513,729	229,739	342,130	689,680	644,997
Other theatre	82,247	5,785	86,929	33,121	47,911	111,002	72,704
<b>Total revenues</b>	<b>2,036,451</b>	<b>114,506</b>	<b>1,842,515</b>	<b>811,492</b>	<b>1,206,072</b>	<b>2,521,977</b>	<b>2,362,538</b>
<b>Operating Costs and Expenses</b>							
Theatrical exhibition							
Film exhibition costs	718,725	34,659	657,730	291,561	436,539	916,054	860,470
Food and beverage costs	80,032	4,778	69,946	30,545	47,326	93,581	79,763
Operating expense	534,059	46,059	468,680	230,434	297,328	696,783	691,264
Rent	339,213	33,493	299,805	143,374	189,086	445,326	451,874
General and administrative expense:							
Merger, acquisition and transaction costs	1,952	504	6,670	3,366	4,417	3,958	16,838
Management Fee			3,750		2,500	5,000	5,000
Other	59,797	7,269	42,644	29,110	27,023	51,495	58,157
Depreciation and amortization	147,435	16,602	137,818	71,633	80,971	212,817	211,444
Impairment of long-lived assets			285			285	12,779
<b>Operating costs and expenses</b>	<b>1,881,213</b>	<b>143,364</b>	<b>1,687,328</b>	<b>800,023</b>	<b>1,085,190</b>	<b>2,425,299</b>	<b>2,387,589</b>
<b>Operating income</b>	<b>155,238</b>	<b>(28,858)</b>	<b>155,187</b>	<b>11,469</b>	<b>120,882</b>	<b>96,678</b>	<b>(25,051)</b>
<b>Other expense (income)</b>							
Other (income) expense	(184)	49	2,496	49	960	1,965	42,687
<b>Interest expense:</b>							
Corporate borrowings	97,704	10,241	109,960	45,259	67,614	172,159	177,459
Capital and financing lease obligations	7,914	442	3,878	1,873	2,390	5,968	6,198
Equity in (earnings) losses of non-consolidated entities	(38,143)	3,378	(18,240)	2,480	(7,545)	(12,559)	(17,178)
Gain on NCM transactions							(64,441)
Investment (income) expense	(3,406)	(1)	(66)	290	(41)	17,619	(484)
<b>Total other expense</b>	<b>63,885</b>	<b>14,109</b>	<b>98,028</b>	<b>49,951</b>	<b>63,378</b>	<b>185,152</b>	<b>144,241</b>
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>91,353</b>	<b>(42,967)</b>	<b>57,159</b>	<b>(38,482)</b>	<b>57,504</b>	<b>(88,474)</b>	<b>(169,292)</b>
Income tax provision (benefit)	10,860	100	3,005	(3,500)	2,500	2,015	1,950
<b>Earnings (loss) from continuing operations</b>	<b>80,493</b>	<b>(43,067)</b>	<b>54,154</b>	<b>(41,982)</b>	<b>55,004</b>	<b>(90,489)</b>	<b>(171,242)</b>
Gain (loss) from discontinued operations, net of income taxes	4,290	24	34,533	(688)	35,153	(3,609)	(3,062)
<b>Net earnings (loss)</b>	<b>\$ 84,783</b>	<b>\$ (43,043)</b>	<b>\$ 88,687</b>	<b>\$ (42,670)</b>	<b>\$ 90,157</b>	<b>\$ (94,098)</b>	<b>\$ (174,304)</b>



(1)

During the successor period from August 31, 2012 through December 31, 2012 adjustments were made to correct the valuation allowance recorded for deferred tax assets and the income tax provision. These revisions to previously recorded amounts were needed to correct the carrying amount of other long-term liabilities with an offsetting adjustment to increase the income tax provision by \$5.52 million during the fourth quarter of 2012. Additional information about this matter is disclosed in Note 1 Prior period adjustments in the Company's audited financial statements for the period from August 31, 2012 to December 31, 2012 contained elsewhere in this prospectus.

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	Nine Months Ended September 30, 2013 (Successor)	Pro forma Thirty-nine Weeks Ended September 27, 2012 (Successor)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
<b>Operating Data Continuing Operations:</b>						
Screen additions			22	13	26	55
Screens acquisitions	25		166			960
Screen dispositions	29	60	19	62	120	400
Construction openings (closures), net	(34)	(32)	18	(18)		
Average screens continuing operations(1)	4,856	4,749	4,732	4,742	4,811	4,920
Number of screens operated	4,950	4,790	4,988	4,819	4,868	4,962
Number of theatres operated	343	332	344	333	338	352
Screens per theatre	14.4	14.4	14.5	14.5	14.4	14.1
Attendance (in thousands) continuing operations(1)	148,870	146,948	60,336	90,616	194,205	188,810

(1) Includes consolidated theatres only.

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

Table of Contents**Reconciliation of Adjusted EBITDA  
(unaudited)**

(In thousands)	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012(5) (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
Earnings (loss) from continuing operations	\$ 80,493	\$ (41,982)	\$ 55,004	\$ (90,489)	\$ (171,242)
Plus:					
Income tax provision (benefit)	10,860	3,500	2,500	2,015	1,950
Interest expense	105,618	47,132	70,004	178,127	183,657
Depreciation and amortization	147,435	71,633	80,971	212,817	211,444
Impairment of long-lived assets				285	12,779
Certain operating expenses(1)	9,719	7,675	5,858	16,275	57,267
Equity in (earnings) losses of non-consolidated entities	(38,143)	2,480	(7,545)	(12,559)	(17,178)
Cash distributions from non-consolidated entities(2)	20,800	10,226	7,051	33,112	35,893
Gain on NCM transactions					(64,441)
Investment (income) expense	(3,406)	290	(41)	17,619	(484)
Other (income) expense(3)	(130)	49	1,297	1,977	42,828
General and administrative expense unallocated:					
Merger, acquisition and transaction costs	1,952	3,366	4,417	3,958	16,838
Management fee			2,500	5,000	5,000
Stock-based compensation expense			830	1,962	1,526
<b>Adjusted EBITDA(2)(4)</b>	<b>\$ 335,198</b>	<b>\$ 104,369</b>	<b>\$ 222,846</b>	<b>\$ 370,099</b>	<b>\$ 315,837</b>

- (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) Effective July 1, 2011, cash distributions from non-consolidated entities were included in our Adjusted EBITDA presentation with conforming reclassification made for the current and prior year presentation. The presentation reclassification reflects how our management evaluates our Adjusted EBITDA performance and is consistent with treatment in our various debt covenant calculations.
- (3) Other expense for the 52 weeks ended March 31, 2011 is primarily comprised of the loss on extinguishment of indebtedness related to the redemption of our Discount Notes due 2014 of \$14.8 million, our Notes due 2016 of \$24.3 million and expense related to the modification of our former senior secured credit facility of \$3.7 million.
- (4) The additional four days included in the Transition Period contributed approximately \$25.0 million in Adjusted EBITDA. The acquisition of Kerasotes contributed approximately \$34.6 million during the fifty-two weeks ended March 29, 2012 in Adjusted EBITDA compared to \$31.6 million during the forty-four week period of May 24, 2010 to March 31, 2011.
- (5)

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During the successor period from August 31, 2012 through December 31, 2012 adjustments were made to correct the valuation allowance recorded for deferred tax assets and the income tax provision. These revisions to previously recorded amounts were needed to correct the carrying amount of other long-term liabilities with an offsetting adjustment to increase the income tax provision by \$5.52 million during the fourth quarter of 2012. Additional information about this matter is disclosed in Note 1 Prior period

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adjustments in the Company's audited financial statements for the period from August 31, 2012 to December 31, 2012 contained elsewhere in this prospectus.

Adjusted EBITDA is a non-U.S. 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;

does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; and

does not reflect management fees that were paid to the Former Sponsors.

**Results of Operations for the Nine Months Ended September 30, 2013 (Successor)**

**Revenues.** Total revenues were \$2,036.5 million during the nine months ended September 30, 2013. Revenues consisted of (i) admission revenues of \$1,365.2 million, or 67.0% of total revenues, (ii) food and beverage revenues of \$589.0, or 28.9% of total revenues, and (iii) other theatre revenues of \$82.3 million, or 4.1% of total revenues. Attendance at our theatres was 148.9 million patrons during this period.

**Operating costs and expenses.** Operating costs and expenses were \$1,881.2 million during the nine months ended September 30, 2013. Film exhibition costs were \$718.7 million, or 52.6% of admission revenues, and food and beverage costs were \$80.0 million, or 13.6% of food and beverage revenues, during the nine months ended September 30, 2013. As a percentage of revenues, operating expense was 26.2% during the nine months ended September 30, 2013. Rent expense was \$339.2 million during the nine months ended September 30, 2013.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$2.0 million during the nine months ended September 30, 2013, primarily due to the Merger.

**Other.** Other general and administrative expense was \$59.8 million during the nine months ended September 30, 2013.

**Depreciation and amortization.** Depreciation and amortization was \$147.4 million during the nine months ended September 30, 2013.

**Other expense (income).** Other income was \$184,000 during the nine months ended September 30, 2013.



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**Interest expense.** Interest expense was \$105.6 million during the nine months ended September 30, 2013. See Note 12 Corporate Borrowings of the Notes to the unaudited Consolidated Financial Statements in Item 1 of Part I hereof for information on our new \$925.0 million Senior Secured Credit Facility and redemption of our Term Loan due 2016 and Term Loan due 2018.

**Equity in earnings of non-consolidated entities.** Equity in earnings of non-consolidated entities were \$38.1 million during the nine months ended September 30, 2013 and was primarily due to equity in earnings of non-consolidated entities from NCM of \$15.9 million, DCIP of \$13.0 million, and Open Road Releasing, LLC of \$8.7 million. See Note 4 Investments of the Notes to the unaudited Consolidated Financial Statements in Item 1 of Part I hereof for further information.

**Investment income.** Investment income was \$3.4 million during the nine months ended September 30, 2013, primarily due to payments received of \$3.7 million related to the NCM tax receivable agreement.

**Income tax provision.** The income tax provision from continuing operations was \$10.9 million for the nine months ended September 30, 2013. See Note 7 Income Taxes of the Notes to the unaudited Consolidated Financial Statements in Item 1 of Part I hereof for further information.

**Earnings (loss) from discontinued operations, net.** In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. In addition, on December 29, 2008, we sold our Cinemex operations in Mexico, including 44 theatres and 493 screens. The results of operations of the 7 Canada theatres, the one UK theatre, and the Cinemex theatres have been classified as discontinued operations. During the nine months ended September 30, 2013, we received \$4.7 million for a sales price adjustment from the sale of theatres located in Canada. The sales price adjustment was related to tax attributes of the theatres sold in Canada which were not determinable or probable of collection at the date of the sale. We completed our tax returns, for periods prior to the date of sale, during the six months ended June 30, 2013 at which time the buyer was able to determine amounts due pursuant to the sales price adjustment and remit them to us. We recorded the additional gain on sale following the guidance for gain contingencies in ASC 450-30-25-1 when the gains were realizable.

**Net earnings.** Net earnings of \$84.8 million for the nine months ended September 30, 2013 were driven by attendance.

**Operating Results for the period August 31, 2012 through September 27, 2012 (Successor) and the period December 30, 2011 through August 31, 2012 (Predecessor)**

As a result of the August 30, 2012 Merger described above, our Predecessor does not have financial results for the period December 30, 2011 through September 27, 2012. We have prepared separate discussion and analysis of our consolidated operating results for the period August 31, 2012 through September 27, 2012 (Successor) and the period December 30, 2011 through August 30, 2012 (Predecessor).

**Results of Operations for the Period August 31, 2012 through September 27, 2012 (Successor)**

**Revenues.** Total revenues were \$114.5 million during the period August 31, 2012 through September 27, 2012. Revenues consisted of (i) admission revenues of \$76.4 million, or 66.7% of total revenues, (ii) food and beverage revenues of \$32.4 million, or 28.3% of total revenues, and (iii) other theatre revenues of \$5.8 million, or 5.0% of total revenues. Other theatre revenues were driven by advertising revenues, AMC Stubs membership fees earned, and theatre rentals. Attendance at our theatres was 8.3 million patrons during this period.

**Operating costs and expenses.** Operating costs and expenses were \$143.4 million during the period August 31, 2012 through September 27, 2012. Film exhibition costs were \$34.7 million, or 45.4%

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of admission revenues, and food and beverage costs were \$4.8 million, or 14.8% of food and beverage revenues, during the period August 31, 2012 through September 27, 2012. As a percentage of revenues, operating expense was 40.2% during the period August 31, 2012 through September 27, 2012. Rent expense was \$33.5 million during the period August 31, 2012 through September 27, 2012.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$504,000, during the period August 31, 2012 through September 27, 2012, primarily due to the Merger.

**Management fees.** Management fees were \$0 during the period August 31, 2012 through September 27, 2012. Management fees ceased subsequent to the Merger.

**Other.** Other general and administrative expense was \$7.3 million during the period August 31, 2012 through September 27, 2012.

**Depreciation and amortization.** Depreciation and amortization was \$16.6 million during the period August 31, 2012 through September 27, 2012.

**Other expense.** Other expense was \$49,000 during the period August 31, 2012 through September 27, 2012.

**Interest expense.** Interest expense was \$10.7 million during the period August 31, 2012 through September 27, 2012.

**Equity in losses of non-consolidated entities.** Equity in losses of non-consolidated entities were \$3.4 million during the period August 31, 2012 through September 27, 2012 and was primarily due to equity in losses from Open Road Releasing, LLC of \$3.4 million. See Note 4 Investments of the Notes to Consolidated Financial Statements in Item 1 of Part I hereof for further information.

**Investment income.** Investment income was \$1,000 during the period August 31, 2012 through September 27, 2012.

**Income tax provision.** The income tax provision from continuing operations was \$100,000 for the period August 31, 2012 through September 27, 2012. See Note 7 Income Taxes of the Notes to Consolidated Financial Statements in Item 1 of Part I hereof for further information.

**Earnings from discontinued operations, net.** In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. In addition, on December 29, 2008, we sold our Cinemex operations in Mexico, including 44 theatres and 493 screens. The results of operations of the 7 Canada theatres, the one UK theatre, and the Cinemex theatres have been classified as discontinued operations for all periods presented.

**Net loss.** Net loss was \$43.0 million for the period August 31, 2012 through September 27, 2012.

**Results of Operations For the Period December 30, 2011 through August 30, 2012 (Predecessor)**

**Revenues.** Total revenues were \$1,842.5 million during the period December 30, 2011 through August 30, 2012. Revenues consisted of (i) admission revenues of \$1,241.9 million, or 67.4% of total revenues, (ii) food and beverage revenues of \$513.7 million, or 27.9% of total revenues, and (iii) other theatre revenues of \$86.9 million, or 4.7% of total revenues. Attendance at our theatres was 138.7 million patrons during this period.

**Operating costs and expenses.** Operating costs and expenses were \$1,687.3 million during the period December 30, 2011 through August 30, 2012. Film exhibition costs were \$657.7 million, or 53.0% of admission revenues, and food and beverage costs were \$69.9 million, or 13.6% of food and beverage revenues, during the period December 30, 2011 through August 30, 2012. As a percentage of



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revenues, operating expense was 25.4% during the period December 30, 2011 through August 30, 2012. Rent expense was \$299.8 million during the period December 30, 2011 through August 30, 2012.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$6.7 million, during the period December 30, 2011 through August 30, 2012, primarily due to the Merger.

**Management fees.** Management fees were \$3.8 million during the period December 30, 2011 through August 30, 2012. Management fees of \$1.3 million were paid quarterly, in advance, to the former sponsors in exchange for consulting and other services through the date of the Merger.

**Other.** Other general and administrative expense was \$42.6 million during the period December 30, 2011 through August 30, 2012.

**Depreciation and amortization.** Depreciation and amortization was \$137.8 million during the period December 30, 2011 through August 30, 2012.

**Impairment of long-lived assets.** During the period December 30, 2011 through August 30, 2012, we recognized an impairment loss of \$285,000 on three theatres with 33 screens (in Arkansas, Maryland and Utah), which was related to property, net.

**Other expense.** Other expense of \$2.5 million was comprised of expenses related to the redemption of our Notes due 2014 of \$1.9 million and expenses related to the redemption and modification of our former Senior Secured Credit Facility of \$383,000, partially offset by business interruption insurance recoveries and other income of \$335,000, during the period December 30, 2011 through August 30, 2012.

**Interest expense.** Interest expense was \$113.8 million during the period December 30, 2011 through August 30, 2012.

**Equity in earnings of non-consolidated entities.** Equity in earnings of non-consolidated entities were \$18.2 million during the period December 30, 2011 through August 30, 2012 and was primarily due to equity in earnings from NCM of \$16.6 million and DCIP of \$7.1 million, partially offset by equity in losses from Open Road Releasing, LLC of \$6.7 million. See Note 4 Investments of the Notes to Consolidated Financial Statements in Item 1 of Part I hereof for further information.

**Investment income.** Investment income was \$66,000 during the period December 30, 2011 through August 30, 2012.

**Income tax provision.** The income tax provision from continuing operations was \$3.0 million for the period December 30, 2011 through August 30, 2012. See Note 7 Income Taxes of the Notes to Consolidated Financial Statements in Item 1 of Part I hereof for further information.

**Earnings from discontinued operations, net.** In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. In addition, on December 29, 2008, we sold our Cinemex operations in Mexico, including 44 theatres and 493 screens. The results of operations of the 7 Canada theatres, the one UK theatre, and the Cinemex theatres have been classified as discontinued operations for all periods presented. Gains, net of lease termination expense, on the sales and closure of these theatres of \$39.4 million were included in discontinued operations during the period December 30, 2011 through August 30, 2012.

**Net earnings.** Net earnings of \$88.7 million were driven by attendance and earnings from discontinued operations, for the period December 30, 2011 through August 30, 2012.

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**Operating Results for the period March 30, 2012 through August 30, 2012 (Predecessor) and the period August 31, 2012 through December 31, 2012 (Successor)**

As a result of the August 30, 2012 Merger described above, our Predecessor does not have financial results for the period March 30, 2012 through December 31, 2012. We have prepared separate discussion and analysis of our consolidated operating results for the period March 30, 2012 through August 30, 2012 (Predecessor) and August 31, 2012 through December 31, 2012 (Successor). In order to present Management's Discussion and Analysis in a way that offers investors a meaningful period to period comparison, we also have provided the operating information for the current year on an unaudited pro forma basis. See Unaudited Pro Forma Condensed Financial Information for additional information about how we determined our pro forma operating results for the Transition Period. The pro forma information for the period March 30, 2012 through December 31, 2012 does not purport to represent what our consolidated results of operations would have been if the Successor had actually been formed on March 30, 2012, nor have we made any attempt to either include or exclude expenses or income that would have resulted had the acquisition actually occurred on March 30, 2012.

**Results of Operations for the period March 30, 2012 through August 30, 2012 (Predecessor)**

**Revenues.** Admissions revenues were \$816.0 million, food and beverage revenues were \$342.1 million and other revenues were \$47.9 million during the period March 30, 2012 through August 30, 2012. Attendance at our theatres was 90.6 million patrons during the period March 30, 2012 through August 30, 2012.

**Operating costs and expenses.** Operating costs and expenses were \$1,085.2 million during the period March 30, 2012 through August 30, 2012. Film exhibition costs were \$436.5 million during the period March 30, 2012 through August 30, 2012. As a percentage of admissions revenues, film exhibition costs were 53.5% during the period March 30, 2012 through August 30, 2012. Food and beverage costs were \$47.3 million during the period March 30, 2012 through August 30, 2012. As a percentage of food and beverage revenues, food and beverage costs were 13.8% during the period March 30, 2012 through August 30, 2012. As a percentage of revenues, operating expense was 24.7% during the period March 30, 2012 through August 30, 2012. Rent expense was \$189.1 million during the period March 30, 2012 through August 30, 2012.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$4.4 million primarily due to the Merger.

**Management fees.** Management fees were \$2.5 million during the period March 30, 2012 through August 30, 2012. Management fees of \$1.3 million were paid quarterly, in advance, to the Former Sponsors in exchange for consulting and other services through the date of the Merger.

**Other.** Other general and administrative expense was \$27.0 million during the period March 30, 2012 through August 30, 2012.

**Depreciation and amortization.** Depreciation and amortization was \$81.0 million during the period March 30, 2012 through August 30, 2012.

**Other expense.** Other expense was \$1.0 million during the period March 30, 2012 through August 30, 2012 and is comprised primarily of expenses related to the redemption of our Notes due 2014 of \$1.3 million, partially offset by business interruption insurance recoveries of \$0.3 million.

**Interest expense.** Interest expense was \$70.0 million during the period March 30, 2012 through August 30, 2012.

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**Equity in earnings of non-consolidated entities.** Equity in earnings of non-consolidated entities were \$7.5 million during the period March 30, 2012 through August 30, 2012 and included earnings from NCM of \$7.5 million, earnings from DCIP of \$4.9 million partially offset by losses from Open Road Releasing, LLC of \$6.4 million.

**Investment income.** Investment income was \$41,000 during the period March 30, 2012 through August 30, 2012.

**Income tax provision.** Income tax provision was \$2.5 million during the period March 30, 2012 through August 30, 2012. See Note 11 Income Taxes of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

**Earnings from discontinued operations, net.** In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. In addition, on December 29, 2008, we sold our operations in Mexico, including 44 theatres and 493 screens. The results of operations of the 7 Canada theatres, the one UK theatre and the Cinemex theatres have been classified as discontinued operations for all periods presented. Gains, net of lease termination expense on the sales and closures of these theatres of approximately \$39.0 million are included in discontinued operations and reflect the write off of long-term lease liabilities extinguished in connection with the sales and closure. See Note 4 Discontinued Operations of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

**Net earnings.** Net earnings were \$90.2 million during the period March 30, 2012 through August 30, 2012.

**Results of Operations for the period from Inception August 31, 2012 through December 31, 2012 (Successor)**

**Revenues.** Admissions revenues were \$548.6 million, food and beverage revenues were \$229.7 million and other revenues were \$33.1 million from inception on August 31, 2012 through December 31, 2012. Attendance at our theatres was 60.3 million patrons from inception on August 31, 2012 through December 31, 2012.

**Operating costs and expenses.** Operating costs and expenses were \$800.0 million from inception on August 31, 2012 through December 31, 2012. Film exhibition costs were \$291.6 million from inception on August 31, 2012 through December 31, 2012. As a percentage of admissions revenues, film exhibition costs were 53.1% from inception on August 31, 2012 through December 31, 2012. Food and beverage costs were \$30.5 million from inception on August 31, 2012 through December 31, 2012. As a percentage of food and beverage revenues, food and beverage costs were 13.3% from inception on August 31, 2012 through December 31, 2012. As a percentage of revenues, operating expense was 28.4% from inception on August 31, 2012 through December 31, 2012. Rent expense was \$143.4 million from inception on August 31, 2012 through December 31, 2012.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$3.4 million primarily due to the Merger.

**Management fees.** Management fees were \$0 million from inception on August 31, 2012 through December 31, 2012. Management fees ceased subsequent to the Merger.

**Other.** Other general and administrative expense was \$29.1 million from inception on August 31, 2012 through December 31, 2012.

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**Depreciation and amortization.** Depreciation and amortization was \$71.6 million from inception on August 31, 2012 through December 31, 2012.

**Other expense.** Other expense was \$49,000 from inception on August 31, 2012 through December 31, 2012.

**Interest expense.** Interest expense was \$47.1 million from inception on August 31, 2012 through December 31, 2012.

**Equity in losses of non-consolidated entities.** Equity in losses of non-consolidated entities were \$2.5 million from inception on August 31, 2012 through December 31, 2012 and included losses from Open Road Releasing, LLC of \$10.7 million partially offset by earnings from NCM of \$4.2 million, earnings from DCIP of \$4.4 million.

**Investment income.** Investment expense was \$290,000 from inception on August 31, 2012 through December 31, 2012.

**Income tax provision.** Income tax provision was \$3.5 million from inception on August 31, 2012 through December 31, 2012. See Note 11 Income Taxes of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

**Earnings from discontinued operations, net.** In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. In addition, on December 29, 2008, we sold our operations in Mexico, including 44 theatres and 493 screens. The results of operations of the 7 Canada theatres, the one UK theatre and the Cinemex theatres have been classified as discontinued operations for all periods presented. See Note 4 Discontinued Operations of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

**Net loss.** Net loss was \$42.7 million from inception on August 31, 2012 through December 31, 2012.

Table of Contents**Operating Results for the Unaudited Pro Forma Transition Period ended December 31, 2012**

The following table sets forth our revenues, costs and expenses attributable to our operations. Reference is made to Note 17 Operating Segment of the Notes to Consolidated Financial Statements included elsewhere in this prospectus for further information.

(In thousands)	(Unaudited) Pro Forma Transition Period Ended December 31, 2012	(Unaudited) Thirty-nine Weeks Ended December 29, 2011 (Predecessor)	% Change
<b>Revenues</b>			
Theatrical exhibition			
Admissions	\$ 1,364,663	\$ 1,295,469	5.3%
Food and beverage	571,869	518,081	10.4%
Other theatre	72,574	71,984	0.8%
<b>Total revenues</b>	<b>2,009,106</b>	<b>1,885,534</b>	<b>6.6%</b>
<b>Operating Costs and Expenses</b>			
Theatrical exhibition			
Film exhibition costs	728,100	694,863	4.8%
Food and beverage costs	77,871	70,961	9.7%
Operating expense	529,235	525,431	0.7%
Rent	331,397	334,607	-1.0%
General and administrative expense:			
Merger, acquisition and transaction costs	7,783	1,705	*
Management Fee		3,750	100%
Other	55,594	35,874	55.0%
Depreciation and amortization	150,234	155,970	-3.7%
<b>Operating costs and expenses</b>	<b>1,880,214</b>	<b>1,823,161</b>	<b>3.1%</b>
<b>Operating income</b>	<b>128,892</b>	<b>62,373</b>	<b>*%</b>
Other expense (income)			
Other expense	1,009	429	*
Interest expense:			
Corporate borrowings	103,429	129,813	-20.3%
Capital and financing lease obligations	4,263	4,480	-4.8%
Equity in (earnings) losses of non-consolidated entities	(7,499)	(1,864)	*
Investment (income) expense	876	17,644	-95.0%
<b>Total other expense</b>	<b>102,078</b>	<b>150,502</b>	<b>-32.2%</b>
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>26,814</b>	<b>(88,129)</b>	<b>*%</b>
<b>Income tax provision (benefit)</b>	<b>8,900</b>	<b>1,510</b>	<b>*%</b>
<b>Earnings (loss) from continuing operations</b>	<b>\$ 17,914</b>	<b>\$ (89,639)</b>	<b>*%</b>

\*

Percentage change in excess of 100%

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We present Adjusted EBITDA as a supplemental measure of our performance that is commonly used in our industry. We define Adjusted EBITDA as earnings (loss) from continuing operations plus (i) income tax provisions (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

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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.

**Reconciliation of Adjusted EBITDA**  
(unaudited)

(In thousands)	Pro Forma Transition Period Ended December 31, 2012	Thirty-nine Weeks Ended December 29, 2011
Earnings (loss) from continuing operations	\$ 17,914	\$ (89,639)
Plus:		
Income tax provision	8,900	1,510
Interest expense	107,692	134,293
Depreciation and amortization	150,234	155,970
Certain operating expenses(1)	15,088	13,112
Equity in earnings of non-consolidated entities	(7,499)	(1,864)
Cash distributions from non-consolidated entities(2)	17,277	20,595
Investment expense	876	17,644
Other expense(3)	1,346	441
General and administrative expense unallocated:		
Merger, acquisition and transaction costs	7,783	1,705
Management fee		3,750
Stock-based compensation expense	830	1,471
<b>Adjusted EBITDA(2)(4)</b>	<b>\$ 320,441</b>	<b>\$ 258,988</b>

- 
- (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) Cash distributions from non-consolidated entities are included in our Adjusted EBITDA presentation with conforming reclassification made for the current and prior year presentation. The presentation reclassification reflects how our management evaluates our Adjusted EBITDA performance and is consistent with treatment in our various debt covenant calculations.
- (3) Other expense for the Transition Period is comprised primarily of expenses on extinguishment of indebtedness related to the redemption of our Notes due 2014 and modification of our former senior secured credit facility. Other expense for the thirty-nine weeks ended December 29, 2011 is primarily comprised of expenses related to the modification of our former senior secured credit facility and expenses on the extinguishment of indebtedness related to the redemption of our Notes due 2014.
- (4) The additional four days included in the Transition Period contributed approximately \$25.0 million in Adjusted EBITDA.

Table of Contents**Results of Operations for the Pro Forma Transition Period and the thirty-nine weeks ended December 29, 2011**

**Revenues.** Our results of operations were positively impacted by the inclusion of 4 additional days during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011. Total revenues increased 6.6%, or \$123.6 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011. Admissions revenues increased 5.3%, or \$69.2 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011, primarily due to a 1.9% increase in average ticket prices and a 3.3% increase in attendance. Total admissions revenues were increased by rewards redeemed, net of deferrals, of \$7.0 million during the Pro Forma Transition Period related to rewards accumulated under AMC Stubs, and admissions revenues were reduced by deferrals, net of rewards redeemed, of \$6.0 million during the thirty-nine weeks ended December 29, 2011 related to awards accumulated under AMC Stubs. The rewards accumulated under AMC Stubs are deferred and recognized in future periods upon redemption or expiration of customer rewards. The increase in average ticket price was primarily due to an increase in ticket prices for standard 2D film and the impact of the decrease in net deferral of admission revenue related to AMC Stubs, partially offset by a decrease in attendance for premium format film product. Admissions revenues at comparable theatres (theatres opened on or before the first quarter of fiscal 2012) before giving effect to the net deferral of admissions revenues due to the AMC Stubs customer frequency program increased 4.9%, or \$62.6 million, during the Pro Forma Transition Period from the comparable period last year, due to increases in average ticket prices, increases in attendance and the additional four days included in the Pro Forma Transition Period. Food and beverage revenues increased 10.4%, or \$53.8 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011, due to a 6.8% increase in average food and beverage per patron, the decrease in net deferral of food and beverage revenues related to the AMC Stubs customer frequency program and the increase in attendance. The increase in food and beverage per patron includes the impact of the decrease in net deferral of food and beverage revenue related to AMC Stubs, food and beverage price increases and the success of our food and beverage strategic initiatives. Total food and beverage revenues were decreased by a net amount of \$1.9 million during the Pro Forma Transition Period and were decreased by a net amount of \$11.9 million during the thirty-nine weeks ended December 29, 2011 related to rewards accumulated under AMC Stubs and deferred to be recognized in future periods upon redemption or expiration of customer rewards. Other theatre revenues increased by 0.8%, or \$0.6 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011, primarily due to increases in membership fees earned through the AMC Stubs customer frequency program, advertising revenue and internet ticket fees, partially offset by declines in gift card breakage income recognized under the Proportional Method and declines in package ticket breakage. We made pro forma adjustments to eliminate \$4.8 million of historical breakage income recorded for packaged tickets and to reduce amounts of breakage income for gift cards by \$3.7 million for the Pro Forma Transition Period. See Note 1 The Company and Significant Accounting Policies of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information regarding methods used to recognize gift card breakage income.

**Operating costs and expenses.** Operating costs and expenses increased 3.1%, or \$57.1 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011. Film exhibition costs increased 4.8%, or \$33.2 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011 primarily due to the increase in admissions revenues, partially offset by the decrease in film exhibition costs as a percentage of admission revenues. As a percentage of admissions revenues, film exhibition costs were 53.4% in the current period and 53.6% in the prior period. Food and beverage costs increased 9.7%, or \$6.9 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011, due to the increase in food and beverage revenues, partially offset by the decrease in food and



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beverage costs as a percentage of food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 13.6% in the current period compared with 13.7% in the prior period. As a percentage of revenues, operating expense was 26.3% in the current period as compared to 27.9% in the prior period, primarily due to decreases in theatre salary costs, RealD license fees, utilities and property taxes, partially offset by increases in IMAX expense. We made pro forma adjustments to increase straight line rent for digital projectors by \$1.6 million and to decrease license expense for our 3D agreement by \$0.08 million. Rent expense decreased 1.0%, or \$3.2 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011, primarily due to the closure of theatres. We made pro forma adjustments to increase straight line rent by \$4.0 million for theatre leases and to decrease deferred rent expense for unfavorable theatre leases by \$5.1 million for the Pro Forma Transition Period.

**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs were \$7.8 million during the Pro Forma Transition Period compared to \$1.7 million during the thirty-nine weeks ended December 29, 2011 primarily due to the Merger.

**Management fees.** Management fees decreased \$3.8 million during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011. Management fees of \$1.3 million were paid quarterly, in advance, to the Former Sponsors in exchange for consulting and other services through the date of the Merger. Subsequent to the Merger these management fees have ceased. We made pro forma adjustments to eliminate \$2.5 million of management fees during the Pro Forma Transition Period.

**Other.** Other general and administrative expense increased 55.0%, or \$19.7 million, during the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011 due primarily to increases in annual and long-term incentive compensation expense related to improvements in net earnings. We made pro forma adjustments to decrease net periodic benefit cost by \$0.5 million during the Pro Forma Transition Period.

**Depreciation and amortization.** Depreciation and amortization decreased 3.7%, or \$5.7 million, during the Pro Forma Transition Period compared to the prior period resulting from theatre closures and the declining net book value of theatre assets. We made pro forma adjustments of \$2.4 million to reduce amortization of intangible assets during the Pro Forma Transition Period.

**Other expense.** Other expense for the Transition Period is comprised of expenses on extinguishment of indebtedness related primarily to the redemption of our Notes due 2014 of \$1.3 million, partially offset by business interruption insurance recoveries of \$337,000. Other expense for the thirty-nine weeks ended December 29, 2011 of \$429,000 is comprised of expenses related to the modification of our former senior secured credit facility and expenses related to the extinguishment of indebtedness for the redemption of our Notes due 2016.

**Interest expense.** Interest expense declined by \$26.6 million for the Pro Forma Transition Period compared to the thirty-nine weeks ended December 29, 2011 primarily due to the redemptions of both the Notes due 2014 and the Parent Term Loan due 2012 during the Transition Period and the accretion of premiums recorded as a result of the Merger, partially offset by increases in indebtedness and the related interest expense due to the issuance of our Term Loan due 2018 on February 22, 2012. We made pro forma adjustments to reduce interest expense by \$9.4 million during the Pro Forma Transition Period to reflect accretion of premiums on debt and to remove amortization of deferred charges.

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**Equity in (earnings) losses of non-consolidated entities.** Equity in (earnings) losses of non-consolidated entities were \$ (7.5 million) for the Pro Forma Transition Period compared to equity in earnings of \$(1.9 million) for the thirty-nine weeks ended December 29, 2011. The increase in equity in earnings of non-consolidated entities was primarily due to increases in earnings from DCIP, partially offset by declines in earnings from NCM. We made pro forma adjustments to increase equity in earnings from NCM by \$3.4 million for our share of their earnings, to increase equity in earnings from DCIP by \$0.3 million for amortization of basis differences and to decrease equity in earnings from NCM by \$1.3 million for amortization of basis differences. See Note 7 Investments of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

**Investment expense.** Investment expense was \$876,000 for the Pro Forma Transition Period compared to a loss of \$17.6 million for the thirty-nine weeks ended December 29, 2011. During the thirty-nine weeks ended December 29, 2011, we recognized an impairment loss of \$17.8 million related to unrealized losses previously recorded in accumulated other comprehensive loss on marketable securities related to our investment in RealD Inc. common stock when we determined the decline in fair value below historical cost to be other-than-temporary. We made pro forma adjustments to increase amortization expense for the TRA intangible asset by \$627,000 during the Pro Forma Transition Period.

**Income tax provision.** The income tax provision from continuing operations was a provision of \$8.9 million for the Pro Forma Transition Period and \$1.5 million for the thirty-nine weeks ended December 29, 2011. See Note 11 Income Taxes of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information. We made pro forma adjustments to increase our income tax provision by \$2.9 million for the expected income tax impact of the pro forma adjustments during the Pro Forma Transition Period.

**Earnings (loss) from continuing operations.** Earnings (loss) from continuing operations from continuing operations were \$17.9 million and (\$89.6 million) for the Pro Forma Transition Period and thirty-nine weeks ended December, 29, 2011, respectively. Earnings from continuing operations during the Pro Forma Transition Period were positively impacted by lower interest expense and investment expense as well as the improvement in admissions and food and beverage revenues during the Transition Period from the thirty-nine weeks ended December 29, 2011 due to the success of our food and beverage strategic initiatives, the timing of rewards accumulated and redeemed related to AMC Stubs and the additional four days included in the Pro Forma Transition Period.

**Results of Operations for the Fiscal Years Ended March 29, 2012 and March 31, 2011**

**Revenues.** Total revenues increased 6.7%, or \$159.4 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011. The increase in total revenues included \$48.1 million resulting from the acquisition of Kerasotes. (Fiscal 2012 reflects 52 weeks of operations of Kerasotes compared with 44 weeks in fiscal 2011.) Admissions revenues increased \$76.5 million, during the fifty-two weeks ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to a 2.9% increase in attendance and a 1.7% increase in average ticket price. The increase in total admissions revenues included the additional attendance and admissions revenues resulting from the acquisition of Kerasotes of approximately \$32.1 million. Total admissions revenues were reduced by deferrals, net of rewards redeemed, of \$5.9 million during the year ended March 29, 2012, related to rewards accumulated under *AMC Stubs*. The rewards accumulated under *AMC Stubs* are deferred and recognized in future periods upon redemption or expiration of customer rewards. The increase in average ticket price was primarily due to an increase in ticket prices for standard 2D film. Admissions revenues at comparable theatres (theatres opened on or before fiscal 2011 and before giving effect to the net deferral of admissions revenues due to the new *AMC Stubs* customer frequency program) increased \$63.1 million, during the year ended March 29, 2012 from the comparable period last year,

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primarily due to an increase in attendance and an increase in average ticket prices. Food and beverage revenues increased 6.9%, or \$44.7 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011, due to a 3.8% increase in average food and beverage per patron and the increase in attendance, partially offset by the net deferral of food and beverage revenues due to the new *AMC Stubs* customer frequency program. The increase in food and beverage revenues included approximately \$15.4 million resulting from the acquisition of Kerasotes. The increase in food and beverage per patron includes the impact of food and beverage price and size increases placed in effect during the second and third quarters of fiscal 2011, and a shift in product mix to higher priced items, including our dine-in theatres and premium food and beverage products. Total food and beverage revenues were reduced by a net amount of \$14.4 million during the year ended March 29, 2012, related to rewards accumulated under *AMC Stubs* and deferred to be recognized in future periods upon redemption or expiration of customer rewards. Other theatre revenues increased 52.7%, or \$38.3 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to a change in accounting for gift card breakage of \$15.0 million (see Note 1 The Company and Significant Accounting Policies of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information), increases in membership fees earned through the *AMC Stubs* customer frequency program of \$14.6 million, advertising revenues, and breakage income from gift card and package ticket sales.

**Operating costs and expenses.** Operating costs and expenses increased 1.6%, or \$37.7 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011. The increase in operating costs and expenses included approximately \$36.1 million resulting from the acquisition of Kerasotes. Film exhibition costs increased 6.5%, or \$55.6 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011 primarily due the increase in admissions revenues and the increase in film exhibition costs as a percentage of admissions revenues. As a percentage of admissions revenues, film exhibition costs were 53.2% in the current period and 52.3% in the prior period. Film exhibition costs as a percentage of admissions revenues increased primarily due to the net deferral of admissions revenues of \$5.9 million during the year ended March 29, 2012, related to the new *AMC Stubs* customer frequency program. Food and beverage costs increased 17.3%, or \$13.8 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011 due the increase in food and beverage costs as a percentage of food and beverage revenues and the increase food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 13.6% in the current period compared with 12.4% in the prior period, primarily due to the food and beverage price and size increases, a shift in product mix to items that generate higher sales but lower percentage margins, and the net deferral of food and beverage revenues of \$14.4 million during the year ended March 29, 2012, related to the new *AMC Stubs* customer frequency program. As a percentage of revenues, operating expense was 27.6% in the current period as compared to 29.3% in the prior period. During the year ended March 31, 2011, we evaluated excess capacity and vacant and under-utilized retail space throughout our theatre circuit and recorded charges to theatre and other closure expense of \$60.8 million, which caused our operating expense to increase. See Note 15 Theatre and Other Closure and Disposition of Assets of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information. Gains were recorded on disposition of assets during the year ended March 31, 2011 which reduced operating expenses by approximately \$9.7 million, primarily due to the sale of a divested AMC theatre in conjunction with the acquisition of Kerasotes. Rent expense decreased 1.4%, or \$6.5 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to decreases in rent from the closure of screens and lower renewal rentals negotiated with landlords at the end of the base lease term, partially offset by increased rent as a result of the acquisition of Kerasotes on May 24, 2010.

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**General and Administrative Expense:**

**Merger, acquisition and transaction costs.** Merger, acquisition and transaction costs decreased \$12.9 million during the year ended March 29, 2012 compared to the year ended March 31, 2011. Prior year costs primarily consisted of costs related to the acquisition of Kerasotes.

**Management fees.** Management fees were unchanged during the year ended March 29, 2012. Management fees of \$1.3 million are paid quarterly, in advance, to the Former Sponsors in exchange for consulting and other services.

**Other.** Other general and administrative expense decreased 11.5%, or \$6.7 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011, due primarily to decreases related to a union-sponsored pension plan, professional and consulting expenses, and advertising expenses, partially offset by increases in incentive compensation expense related to improvements in operating performance. During the year ended March 31, 2011, we recorded \$3.0 million of expense related to our complete withdrawal from a union-sponsored pension plan.

**Depreciation and amortization.** Depreciation and amortization increased 0.6%, or \$1.4 million during the year ended March 29, 2012 compared to the year ended March 31, 2011.

**Other expense.** During the year ended March 29, 2012, other expense includes loss on extinguishment related to redemption of our Term Loan due 2013 of \$383,000 and Parent Term Loan due 2012 of \$510,000 and a loss of \$640,000 in connection with the cash tender offer and redemption of our Notes due 2014. During the year ended March 31, 2011, other expense includes a loss on extinguishment of indebtedness related to the redemption of our Notes due 2016 of \$24.3 million and our 12% Senior Discount Notes due 2014 of \$14.8 million and expense related to the modification of our former senior secured credit facility Term Loan due 2013 of \$3.3 million and of our former senior secured credit facility Revolver of \$367,000.

**Interest expense.** Interest expense decreased 3.0%, or \$5.5 million, during the year ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to the extinguishment and the related interest expense of our Parent Term Loan due 2012, our Discount Notes due 2014, and our Notes due 2016 redeemed with payments made on December 15, 2010 and February 1, 2011, partially offset by increases in indebtedness and the related interest expense due to the \$600.0 million issuance of our Notes due 2020 on December 15, 2010 and the increases in interest expense related to the modification of our former senior secured credit facility on December 15, 2010. The issuance of our \$300.0 million Term Loan due 2018 on February 22, 2012, the redemption of our \$140.7 million Term Loan due 2013 on February 22, 2012 and the purchase and redemptions of \$58.1 million of our Notes due 2014 on February 22, 2012, \$50.9 million of our Notes due 2014 on March 7, 2012 and \$51.0 million of our Notes due 2014 on April 6, 2012 did not significantly impact interest expense during the fiscal year ended March 29, 2012.

**Equity in earnings of non-consolidated entities.** Equity in earnings of non-consolidated entities were \$12.6 million in the current period compared to equity in earnings of \$17.2 million in the prior period. The decrease in equity in earnings of non-consolidated entities was primarily due to the equity in losses related to our investment in Open Road Releasing, LLC of \$14.7 million, due primarily to advertising expenses related to current and upcoming film releases and also the decrease in earnings and distributions received from NCM, partially offset by a decrease in equity in losses related to our investments in DCIP and Midland Empire Partners, LLC. We recognized an impairment loss of \$8.8 million related to an equity method investment through Midland Empire Partners, LLC during the year ended March 31, 2011. See Note 7 Investments of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

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**Gain on NCM transactions.** The gain on NCM, Inc. shares of common stock sold during the year ended March 31, 2011 was \$64.6 million. We also recorded a loss of \$207,000 from the surrender of 1,479,638 ownership units in NCM as part of the 2010 Common Unit Adjustment. See Note 7 Investments of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

**Investment (income) expense.** Investment (income) expense was an expense of \$17.6 million for the year ended March 29, 2012 compared to income of \$484,000 for the year ended March 31, 2011. During the year ended March 29, 2012, we recognized an impairment loss of \$17.8 million related to unrealized losses previously recorded in accumulated other comprehensive loss on marketable securities related to our investment in RealD Inc. common stock when we determined the decline in fair value below historical cost to be other-than-temporary.

**Income tax provision.** The income tax provision from continuing operations was \$2.0 million for the year ended March 29, 2012 and \$2.0 million for the year ended March 31, 2011. See Note 11 Income Taxes of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus for further information.

**Earnings from discontinued operations, Net.** On December 29, 2008, we sold our operations in Mexico, including 44 theatres and 493 screens. The results of operations of the Cinemex theatres have been classified as discontinued operations for all periods presented.

**Net loss.** Net loss was \$94.1 million and \$174.3 million for the year ended March 29, 2012 and March 31, 2011, respectively. Net loss during the year ended March 29, 2012 was impacted by the reduced admissions and food and beverage revenues of \$20.4 million during the year ended March 29, 2012 related to the new *AMC Stubs* customer frequency program, the impairment charge of \$17.8 million on RealD Inc. common stock and the \$4.6 million decline in equity in earnings, partially offset by the increase in attendance. Net loss during the year ended March 31, 2011 was primarily due to theatre and other closure expense of \$60.8 million, loss on extinguishment and modification of indebtedness of \$42.8 million, impairment charges of \$21.6 million, increased merger and acquisition costs primarily due to the acquisition of Kerasotes, and the decrease in attendance, partially offset by the gain on NCM transactions of \$64.4 million and a gain on disposition of assets of approximately \$9.7 million.

## **Liquidity and Capital Resources**

Our consolidated revenues are primarily collected in cash, principally through box office admissions and theatre 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 September 30, 2013 and December 31, 2012 of \$256.6 million and \$235.8 million, respectively. Working capital includes \$136.4 million and \$171.1 million of deferred revenues and income as of September 30, 2013 and December 31, 2012, respectively. We had working capital deficit as of March 29, 2012 of \$173.9 million and working capital surplus of \$74.1 million as of March 31, 2011. Working capital includes \$174.4 million and \$141.2 million of deferred revenue as of March 29, 2012 and March 31, 2011, respectively. We have the ability to borrow against the senior secured credit facility to meet obligations as they come due (subject to limitations on the incurrence of indebtedness in our various debt instruments) and could incur indebtedness of \$138.5 million on the senior secured credit facility to meet these obligations as of September 30, 2013.

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We believe that cash generated from operations and existing cash and equivalents will be sufficient to fund operations and planned capital expenditures and acquisitions currently and for at least the next 12 months and enable us to maintain compliance with covenants related to the senior secured credit facility, our Notes due 2019 and our Notes due 2020. We are considering various options with respect to the utilization of cash and equivalents on hand in excess of our anticipated operating needs. Such options might include, but are not limited to, acquisitions of theatres or theatre companies, retirement of our corporate borrowings and payment of dividends.

***Cash Flows from Operating Activities***

Cash flows provided by (used in) operating activities, as reflected in the Consolidated Statements of Cash Flows, were \$204.7 million, \$(32.1) million and \$76.5 million during the nine months ended September 30, 2013, the period August 31, 2012 through September 27, 2012, and the period December 30, 2011 through August 30, 2012, respectively.

Cash flows provided by (used in) operating activities, as reflected in the Consolidated Statements of Cash Flows, were \$73.9 million, \$76.3 million, \$137.0 million, and \$(16.2 million) during the period from inception August 31, 2012 through December 31, 2012, March 30, 2012 through August 30, 2012 and fiscal years ended March 29, 2012 and March 31, 2011, respectively.

***Cash Flows from Investing Activities***

Cash flows used in investing activities, as reflected in the Consolidated Statements of Cash Flows, were \$180.3 million, \$7.9 million and \$86.8 million, during the nine months ended September 30, 2013, the period August 31, 2012 through September 27, 2012, and the period December 30, 2011 through August 30, 2012, respectively. Cash outflows from investing activities include capital expenditures of \$175.4 million, \$10.6 million and \$94.4 million during the nine months ended September 30, 2013, the period August 31, 2012 through September 27, 2012, and the period December 30, 2011 through August 30, 2012, respectively. Our capital expenditures primarily consisted of strategic growth initiatives and remodels, maintaining our theatre circuit, and technology upgrades. We expect that our gross cash outflows for capital expenditures will be approximately \$260 million to \$290 million for 2013, before giving effect to expected landlord contributions of approximately \$25 million.

During the nine months ended September 30, 2013, we received \$4.7 million for a sales price adjustment from the sale of theatres located in Canada and paid \$20,000 related to other dispositions of long-term assets.

Cash used in investing activities, as reflected in the Consolidated Statement of Cash Flows, were \$158.9 million, \$31.0 million, \$163.7 million, and \$250.0 million during the period from inception August 31, 2012 through December 31, 2012, March 30, 2012 through August 30, 2012 and the fiscal years ended March 29, 2012 and March 31, 2011, respectively. Cash outflows from investing activities include capital expenditures during the period from inception August 31, 2012 through December 31, 2012, March 30, 2012 through August 30, 2012 and the fiscal years ended March 29, 2012 and March 31, 2011 of \$72.8 million, \$40.1 million, \$139.4 million, and \$129.3 million, respectively.

During the period from inception August 31, 2012 through December 31, 2012 we paid \$87.6 million for the purchase of the Rave theatres, net of cash acquired. The purchase included working capital and other purchase price adjustments.

We made partnership investments in non-consolidated entities accounted for under the equity method of approximately \$26.9 million during the year ended March 29, 2012.

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During the year ended March 31, 2011, we paid \$280.6 million for the purchase of Kerasotes theatres at closing, net of cash acquired. The purchase included working capital and other purchase price adjustments as described in the Unit Purchase Agreement.

During the year ended March 31, 2011, we received net proceeds of \$102.2 million from the sale of 6.7 million shares of common stock of NCM, Inc. for \$16.00 per share and reduced our related investment in NCM by \$37.6 million, the carrying amount of the shares sold.

We received \$57.4 million in cash proceeds from the sale of certain theatres required to be divested in connection with the Kerasotes acquisition during the year ended March 31, 2011 and received \$991,000 for the sale of real estate acquired from Kerasotes.

We have received an additional \$1.8 million of purchase price from Cinemex related to tax payments and refunds and a working capital calculation and post-closing adjustments during the fiscal year ended March 31, 2011.

We fund the costs of constructing, maintaining and remodeling new theatres through existing cash balances, cash generated from operations, capital contributions from Wanda 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***

On April 30, 2013, AMCE entered into a new \$925.0 million senior secured credit facility pursuant to which it borrowed the Term Loan due 2020, and used the proceeds to fund the redemption of both the former senior secured credit facility Term Loan due 2016 and the former senior secured credit facility Term Loan due 2018. The new senior secured credit facility is comprised of a \$150.0 million Revolving Credit Facility, which matures in 2018, and a \$775.0 million term loan, which matures in 2020. Proceeds from the issuance of Term Loan due 2020 were \$773.1 million and deferred financing costs paid related to the issuance of the new senior secured credit facility were \$9.1 million, during the nine months ended September 30, 2013. We repurchased the principal balance on both our Term Loan due 2016 of \$464.1 million and our Term Loan due 2018 of \$296.3 million during the nine months ended September 30, 2013. See Note 12 Corporate Borrowings of the Notes to the unaudited Consolidated Financial Statements included elsewhere in this prospectus for further information.

During the Predecessor period of December 30, 2011 through August 30, 2012, proceeds from the issuance of Term Loan due 2018 were \$297.0 million and deferred financing costs paid related to the Senior Secured Credit Facility were \$7.7 million. We repaid the remaining principal balance due on our Term Loan due 2013 of \$140.7 million and made payments to repurchase our Notes due 2014 of \$300.0 million during the period December 30, 2011 through August 30, 2012.

Cash flows provided by (used in) financing activities, as reflected in the Consolidated Statement of Cash Flows, were \$(26.8) million, \$98.5 million and \$(327.3) million during the nine months ended September 30, 2013, the period August 31, 2012 through September 27, 2012, and the period December 30, 2011 through August 30, 2012, respectively. Financing activities for the current period consist of repayments of the Term Loan due 2016 and Term Loan due 2018, payments related the Term Loan due 2020, and capital and financial lease obligations.

During the period December 30, 2011 through August 30, 2012, proceeds from the issuance of Term Loans due 2018 were \$297.0 million. We repaid \$140.7 million on the Term Loan due 2013 and repurchased \$300.0 million of our Notes due 2014.

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During the period from March 30, 2012 through August 30, 2012, we made principal payments of \$191.0 million related to our Notes due 2014. During the period from inception August 31, 2012 through December 31, 2012, we received \$100.0 million in additional capital contributions from Wanda subsequent to the Merger.

During the year ended March 29, 2012, proceeds from the issuance of Term Loans due 2018 were \$297.0 million and deferred financing costs paid related to the issuance of the Term Loans due 2018 were \$5.2 million.

During the year ended March 29, 2012, we redeemed the Parent Term Loan due 2012 of approximately \$159.4 million, repaid the remaining principal balance due on our Term Loans due 2013 of \$140.7 million and made payments to repurchase our Notes due 2014 of \$109.0 million.

Proceeds from the issuance of the Notes due 2020 were \$600.0 million and deferred financing costs paid related to the issuance of the Notes due 2020 were \$12.7 million during the year ended March 31, 2011. In addition, deferred financing costs paid related to the senior secured credit facility were \$1.9 million.

During the year ended March 31, 2011, AMCE made principal payments of \$325.0 million to repurchase its Notes due 2016. In addition, AMCE made payments for tender offer and consent consideration of \$5.8 million for its Notes due 2016. During the year ended March 31, 2011, we made payments of \$240.8 million to redeem our Discount Notes due 2014, of which \$169.9 million was classified as a financing activity and \$70.9 million was classified as operating activity because it was attributable to amounts historically accrued through interest expense as part of operating activities related to original issue discount.

During fiscal 2012, AMCE used cash on hand to make dividend distributions to Parent in an aggregate amount of \$109.6 million. Parent used the available funds to pay corporate overhead expenses incurred in the ordinary course of business and, on January 25, 2012, to redeem its Term Loan Facility due June 2012, plus accrued and unpaid interest. During fiscal 2011, AMCE used cash on hand to pay four dividend distributions to Parent in an aggregate amount of \$278.3 million. Parent used the available funds to make cash payments to extinguish the Discount Notes due 2014 and the related cash interest payments and to pay corporate overhead expenses incurred in the ordinary course of business and to pay a dividend to Parent.

Each indenture relating to our notes (Notes due 2019 and Notes due 2020) allows us to incur specified permitted indebtedness (as defined therein) without restriction. Each indenture also allows us to incur any amount of additional debt as long as we can satisfy the coverage ratio of each indenture, after giving effect to the event on a pro forma basis. Under the indenture for the Notes due 2019 (our more restrictive indenture), we could borrow approximately \$1,350.0 million (assuming an interest rate of 6.50% per annum on the additional indebtedness) in addition to specified permitted indebtedness at September 30, 2013. If we cannot satisfy the coverage ratios of the indentures, generally we can borrow an additional amount under the new senior secured credit facility.

As of September 30, 2013, we were in compliance with all financial covenants relating to the senior secured credit facility, the Notes due 2019, and the Notes due 2020.

**Contractual Obligations**

*Pro Forma.* Minimum annual cash payments required under existing capital and financing lease obligations, maturities of corporate borrowings, future minimum rental payments under existing operating leases, furniture, fixtures, and equipment and leasehold purchase provisions, and pension funding that have initial or remaining non-cancelable terms in excess of one year as of December 31,



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2012 on a pro forma basis to give effect to the Term Loan due 2020 as if it were consummated on December 31, 2012 are as follows:

(In thousands) Calendar Year	Minimum Capital and Financing Lease Payments	Principal Amount of Corporate Borrowings(1)	Interest Payments on Corporate Borrowings(2)	Minimum Operating Lease Payments	Acquisitions and Capital Related Betterments(3)	Pension Funding(4)	Pro Forma Total Commitments
2013	\$ 16,750	\$ 7,750	\$ 138,023	\$ 397,631	\$ 40,303	\$ 2,469	\$ 602,926
2014	16,839	7,750	137,752	408,209			570,550
2015	16,972	7,750	137,481	399,584			561,787
2016	16,983	7,750	137,210	382,745			544,688
2017	16,998	7,750	136,938	361,082			522,768
Thereafter	113,860	1,936,250	308,841	1,661,501			4,020,452
<b>Total</b>	<b>\$ 198,402</b>	<b>\$ 1,975,000</b>	<b>\$ 996,245</b>	<b>\$ 3,610,752</b>	<b>\$ 40,303</b>	<b>\$ 2,469</b>	<b>\$ 6,823,171</b>

- (1) For pro forma purposes, the financing for the Term Loan due 2020 was assumed to have been consummated as of December 31, 2012. Amounts represent the cash requirements for the payment of principal on corporate borrowings. Total amount does not equal carrying amount due to unamortized premiums and discounts.
- (2) Interest expense on the Term Loan due 2020 was estimated at 3.50% based upon the interest rate in effect as of December 31, 2012.
- (3) Includes committed capital expenditures, investments, and betterments to our circuit. Does not include planned, but non-committed capital expenditures.
- (4) We fund our pension plan such that the plan is in compliance with the Employee Retirement Income Security Act ("ERISA") and the plan is not considered "at risk" as defined by ERISA guidelines. The plan has been frozen effective December 31, 2006. The retiree health plan is not funded.

*Historical.* Minimum annual cash payments required under existing capital and financing lease obligations, maturities of corporate borrowings, future minimum rental payments under existing operating leases, furniture, fixtures, and equipment and leasehold purchase provisions, and pension funding that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2012 are as follows:

(In thousands) Fiscal Year	Minimum Capital and Financing Lease Payments	Principal Amount of Corporate Borrowings(1)	Interest Payments on Corporate Borrowings(2)	Minimum Operating Lease Payments	Capital Related Betterments(3)	Pension Funding(4)	Total Commitments
2013	\$ 16,750	\$ 8,004	\$ 144,751	\$ 397,631	\$ 40,303	\$ 2,469	\$ 609,908
2014	16,839	8,004	144,396	408,209			577,448
2015	16,972	8,004	144,041	399,584			568,601
2016	16,983	453,328	142,895	382,745			995,951
2017	16,998	3,000	124,484	361,082			505,564
Thereafter	113,860	1,481,999	252,445	1,661,501			3,509,805
<b>Total</b>	<b>\$ 198,402</b>	<b>\$ 1,962,339</b>	<b>\$ 953,012</b>	<b>\$ 3,610,752</b>	<b>\$ 40,303</b>	<b>\$ 2,469</b>	<b>\$ 6,767,277</b>

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Represents cash requirements for the payment of principal on corporate borrowings. Total amount does not equal carrying amount due to unamortized premiums.

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- (2) Interest expense on the term loan portion of our senior secured credit facility was estimated at 4.25% for the Term Loan due 2016 and 4.75% for the Term Loan due 2018 based upon the interest rate in effect as of December 31, 2012.
- (3) Includes committed capital expenditures, investments, and betterments to our circuit. Does not include planned, but non-committed capital expenditures.
- (4) We fund our pension plan such that the plan is in compliance with ERISA and the plan is not considered "at risk" as defined by ERISA guidelines. The plan has been frozen effective December 31, 2006. The retiree health plan is not funded.

As discussed in Note 11 Income Taxes of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus, we adopted accounting for uncertainty in income taxes per the guidance in ASC 740, Income Taxes, ("ASC 740"). As of December 31, 2012, our recorded obligation for unrecognized benefits is \$24.0 million. There are currently unrecognized tax benefits which we anticipate will be resolved in the next 12 months; however, we are unable at this time to estimate what the impact on our effective tax rate will be. Any amounts related to these items are not included in the table above.

**Investment in NCM**

We hold an investment of 15.44% in NCM accounted for following the equity method as of September 30, 2013. The fair market value of these units is approximately \$359.3 million as of September 30, 2013, based upon the closing price of NCM, Inc. common stock of \$18.86 per share. Because we have little tax basis in these units, the sale of all these units at September 30, 2013 would require us to report taxable income of approximately \$491.4 million 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.

**Impact of Inflation**

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

**New Accounting Pronouncements**

See Note 1 The Company and Significant Accounting Policies of the Notes to Consolidated Financial Statements included elsewhere in this prospectus for information regarding recently issued accounting standards.

**Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to various market risks.

**Market risk on variable-rate financial instruments.** At September 30, 2013, AMCE maintained a senior secured credit facility comprised of a \$150.0 million revolving credit facility and a \$775.0 million Senior Secured Term Loan due 2020. The senior secured credit facility permits borrowings at a rate equal to an applicable margin plus, at our option, either a base rate or LIBOR, with a minimum base

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rate of 1.75% and a minimum rate for LIBOR borrowings of 0.75%. The rate in effect at September 30, 2013 for the outstanding Senior Secured Term Loan due 2020 was a LIBOR-based rate and was 3.50% per annum. See Note 12 Corporate Borrowings of the Notes to the unaudited Consolidated Financial Statements included elsewhere in this prospectus for additional information. Increases in market interest rates would cause interest expense to increase and earnings before income taxes to decrease. The change in interest expense and earnings before income taxes would be dependent upon the weighted average outstanding borrowings during the reporting period following an increase in market interest rates. AMCE had no borrowings on our revolving credit facility as of September 30, 2013 and had an aggregate principal balance of \$771.1 million outstanding under the Senior Secured Term Loan due 2020 on September 30, 2013. A 100 basis point change in market interest rates would have increased or decreased interest expense on the senior secured credit facility by \$5.8 million during the nine months ended September 30, 2013 and \$5.9 million during the Transition Period ended December 31, 2012.

*Market risk on fixed-rate financial instruments.* Included in long-term corporate borrowings are principal amounts of \$600.0 million of our Notes due 2019 and \$600.0 million of our Notes due 2020. Increases in market interest rates would generally cause a decrease in the fair value of the Notes due 2019 and Notes due 2020 and a decrease in market interest rates would generally cause an increase in fair value of the Notes due 2019 and Notes due 2020.

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**BUSINESS**

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

As of September 30, 2013, we owned, operated or held interests in 343 theatres with a total of 4,950 screens primarily in North America. Our theatres are predominantly located in major metropolitan markets, which we believe give our circuit a unique profile and offer strategic and operational advantages. 40% of the U.S. population lives within 10 miles of one of our theatres. Our top five markets, in each of which we hold the #1 or #2 share position, are New York (42% share), Los Angeles (27%), Chicago (44%), Philadelphia (29%) and Dallas (28%). For the twelve months ended September 30, 2013, these five metro markets comprised 40% of our revenues and 38% of our attendance. Additionally we hold the #2 position by market share in the next five largest markets (San Francisco, Boston, Atlanta, Washington, D.C. and Houston). Strategically, these markets and our theatres in them are diverse, operationally complex, and, in many cases, for established locations, the scarcity of new theatre opportunities creates a significant competitive advantage against newcomers or alternative entertainment options.

Across our entire circuit, approximately 200 million customers visited our theatres during calendar year 2012 and during the twelve months ended September 30, 2013. For the nine months ended September 30, 2013, we had total revenues of approximately \$2.0 billion; Adjusted EBITDA of \$335.2 million, and earnings from continuing operations of \$80.5 million, and for the twelve months ended September 30, 2013, we generated total revenues of \$2.7 billion, Adjusted EBITDA of \$450.0 million and earnings from continuing operations of \$81.6 million. According to publicly available information for our peers, during the calendar year ended December 31, 2012, our circuit led in revenues per head (\$13.56), average ticket price (\$9.04) and food and beverage per head (\$3.92). For the same period, our attendance per screen (41,900) and admissions gross profit per screen (\$179,000) were among the highest of our peers. In the last two years ended September 30, 2013, we have deployed a total of \$182.2 million in growth-oriented capital, including \$21.2 million contributed by landlords, into our circuit and infrastructure to help generate those results. We believe that it is the quality of our theatre locations and our customer-focused innovation that continue to drive improved productivity per location (which we measure as increases in attendance per location and/or food and beverage revenues per customer), return on investment and shareholder value.

We believe that our size, reputation, financial performance, history of innovation, strong major market presence and highly productive theatre circuit position us well for the future. A future where, after more than nine decades of business models driven by *quantity* of theatres, screens and seats, we believe the *quality* of the movie going experience will determine long term, sustainable success. We are improving the quality of the movie-going experience in ways that extend stay and capture a greater proportion of total movie-going spending in order to maximize the economic potential of each customer visit, create sustainable growth and deliver shareholder value.

Our intention is to capitalize on this pivot towards quality by leveraging our extensive experience in best-in-class theatre operations, combined with the next wave of innovations in movie-going. We plan to continue investing in our theatres and upgrading the consumer experience to take greater advantage of incremental revenue-generating opportunities, primarily through an array of improved and differentiated customer experiences in (1) more comfort & convenience; (2) food & beverage; (3) engagement & loyalty; (4) sight & sound and (5) targeted programming.

For the nine months ended September 30, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal years ended March 29, 2012

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and March 31, 2011, we generated revenues of approximately \$2.0 billion, \$0.8 billion, \$1.2 billion, \$2.5 billion, and \$2.4 billion, respectively, Adjusted EBITDA (as defined on page 18) of \$335.2 million, \$104.4 million, \$222.8 million, \$370.1 million, and \$315.8 million, respectively, and earnings (loss) from continuing operations of \$80.5 million, \$(36.5) million, \$55.0 million, \$(90.5) million, and \$(171.2) million, respectively.

The following table provides detail with respect to digital delivery, 3D enabled projection, large screen formats, such as IMAX and our proprietary ETX, and deployment of our enhanced food and beverage offerings as deployed throughout our circuit on September 30, 2013 and total planned deployments by December 31, 2013.

<b>Format</b>	<b>Theatres</b>	<b>Screens</b>	<b>Planned Deployed Screens 2013</b>
Digital	333	4,835	4,892
3D enabled (including ETX)	333	2,234	2,388
IMAX (3D enabled)	136	136	143
ETX (3D enabled)	15	15	17
Dine-in theatres	11	182	198
Premium seating	28	327	428

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The following table provides detail with respect to the geographic location of our Theatrical Exhibition circuit as of September 30, 2013:

<b>Theatrical Exhibition</b>	<b>Theatres(1)</b>	<b>Screens(1)</b>
California	44	656
Illinois	39	478
Texas	21	394
Florida	21	380
New Jersey	21	282
New York	24	266
Indiana	21	258
Michigan	9	178
Georgia	11	167
Arizona	9	160
Colorado	12	154
Washington	11	137
Pennsylvania	10	126
Ohio	8	122
Missouri	9	119
Massachusetts	8	119
Maryland	10	113
Virginia	7	113
Louisiana	7	99
Minnesota	6	96
North Carolina	4	77
Oklahoma	4	70
Wisconsin	4	63
Kansas	2	48
Nebraska	2	38
Connecticut	2	36
Iowa	2	31
District of Columbia	4	28
Nevada	2	28
Kentucky	1	20
Alabama	1	16
Arkansas	1	16
South Carolina	1	14
Utah	1	6
Canada	1	13
China (Hong Kong)(2)	2	13
United Kingdom	1	16
<b>Total Theatrical Exhibition</b>	<b>343</b>	<b>4,950</b>

(1) Included in the above table are 7 theatres and 90 screens that we manage or in which we have a partial interest. We manage 3 theatres where we receive a fee from the owner and where we do not own any economic interest in the theatre. We manage and own 50% economic interests in 2 theatres accounted for following the equity method and own a 50% economic interest in 1 IMAX screen accounted for following the equity method.

(2) In Hong Kong, we maintain a partial interest represented by a license agreement for use of our trademark.

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We were founded in 1920 and since then have pioneered many of the theatrical exhibition industry's most important innovations, including the multiplex theatre format in the early 1960s and the North American megaplex theatre format in the mid-1990s. In addition, we have acquired some of the most respected companies in the theatrical exhibition industry, including Loews, General Cinema and Kerasotes. In December 2012, we acquired a total of ten theatres from Rave Reviews Cinemas, LLC and Rave Digital Media, LLC. Our historic growth has been driven by a combination of organic growth and acquisition strategies, in addition to strategic alliances and partnerships that highlight our ability to capture innovation and value beyond the traditional exhibition space. For example:

In March 2011, we announced the launch of an innovative distribution company called Open Road Films along with another major theatrical exhibition chain. Open Road Films is a dynamic acquisition-based domestic theatrical distribution company that concentrates on wide-release movies. Their first film, *Killer Elite*, was released in September 2011. Subsequent releases through September 30, 2013 include *The Grey*, *Silent House*, *Hit and Run*, *End of Watch*, *Silent Hill: Revelation*, *A Haunted House*, *Side Effects*, *the Host* and *Jobs*;

In October 2011, we entered into an agreement with Union Square Events (a division of Union Square Hospitality Group) to develop service concepts, menu offerings, recipes and throughput processes for our Enhanced Food and Beverage strategic initiative. In addition to expanding menu options, this collaborative arrangement conceived our emerging concept, DIT Express. DIT Express emphasizes freshness, speed and convenience. Customers place their orders at a central station and the order is delivered to our customer at their reserved seat. We believe DIT Express will become an important part of our food and beverage offerings.

In March 2005, we formed a joint venture with one of the major theatrical exhibition chains which combined our respective cinema screen advertising businesses into a company called NCM and in July 2005, another of the major theatrical exhibition chains joined NCM as one of the founding members. As of September 30, 2013, we owned 19,052,770 common units in NCM, or a 15.44% ownership interest in NCM. All of our NCM membership units are redeemable for, at the option of NCM, cash or shares of common stock of NCM, Inc. on a share-for-share basis. The estimated fair market value of our units in NCM was approximately \$359.3 million based on the closing price per share of NCM, Inc. on September 30, 2013 of \$18.86 per share, see Note 7 Investments to the audited Consolidated Financial Statements included elsewhere in this prospectus. NCM operates an in-theatre digital network in the United States. The digital network consists of projectors used to display advertising and other non-film events. NCM's primary activities that impact our theatres include:

advertising through its branded "First Look" pre-feature entertainment program, lobby promotions and displays,

live and pre-recorded concerts, sporting events and other non-film entertainment programming.

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

We hold a 29% interest in DCIP, a joint venture charged with implementing digital cinema in the Company's theatres. During fiscal 2010, DCIP completed its formation and \$660.0 million funding to facilitate the financing and deployment of digital technology in our theatres. During March of 2011, DCIP completed additional financing of \$220.0 million, which has allowed us to substantially complete our planned digital deployments. Future digital cinema developments will be managed by DCIP, subject to certain approvals



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

The following table sets forth our historical information, on a continuing operations basis, concerning new builds (including expansions), acquisitions and dispositions and end-of-period operated theatres and screens through September 30, 2013:

Fiscal Year	New Builds		Acquisitions		Closures/Dispositions		Total Theatres	
	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens
2007	7	107	2	32	26	243	311	4,524
2008	8	112			18	196	301	4,440
2009	6	83			8	77	299	4,446
2010	1	6			11	105	289	4,347
2011	4	55	95	960	36	400	352	4,962
2012	2	26			16	120	338	4,868
Transition period ended December 31, 2012	1	35	11	166	6	81	344	4,988
2013 through September 30, 2013			3	25	4	63	343	4,950
	29	424	111	1,183	125	1,285		

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

To complement our deployment of digital technology, in 2006 we partnered with RealD to install their 3D enabled systems in our theatres. As of September 30, 2013, we had 2,234 RealD screens, including 15 ETX screens. Additionally, we have 136 IMAX screens that are 3D enabled. During the nine months ended September 30, 2013, 3D films licensed by us in the U.S. have generated approximately 40% greater admissions revenue per person than the standard 2D versions of the same film, or approximately \$3.32 additional revenue per ticket.

We are the world's largest IMAX exhibitor with 136 screens (all 3D-enabled) as of September 30, 2013. With a 44% market share in the United States (as of September 30, 2013), our IMAX screen count is nearly twice the screen count of the second largest U.S. IMAX exhibitor. During June 2010, we announced an expansion of our IMAX relationship. Under this expanded agreement, we expect to increase our IMAX screen count to 141 by the end of calendar year 2013.

During fiscal 2010, we introduced our proprietary large-screen digital format, ETX, and as of September 30, 2013 we operated at 15 locations. ETX features wall-to-wall screens that are 20% larger than traditional screens, a custom sound system that is three times more powerful than a traditional auditorium, and 3D-enabled digital projection with twice the clarity of high definition. We charge a premium price for the ETX experience, which for the nine months ended September 30, 2013 produced approximately 61% greater admissions revenue than standard 2D versions of the same movie, or approximately \$5.23 additional revenue per ticket.

Our tickets are currently on sale over the Internet at Fandango®. During calendar year 2012, our Internet ticketing services sold approximately 17.2 million tickets for us. We believe there is additional upside in our future Internet ticketing service alliances which would provide

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consumers with mobile ticketing applications and integration with our digital marketing programs.

**Our Strategy: The Customer Experience Leader**

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

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

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

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

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

Recliner re-seats are the key feature of full theatre renovations. These exhaustive theatre 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 66% seating capacity. In the process of doing a re-seat, where three rows of seats may have existed in the past, only one will exist now and as the recliners are typically six to ten inches wider than a conventional seat, more seats are lost. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving, on average, an 91% increase in attendance at these locations. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. Starting with one 12-screen theatre a little over two years ago, as of September 30, 2013 we now feature recliner re-seats in 28 theatres or 327 screens with another 7 theatres or 65 screens under construction. Cash-on-cash returns for the five locations opened prior to October 1, 2012 have averaged over 100% and total revenues at these locations have increased by approximately 111%. We believe that approximately 1/4 of our circuit's re-seat potential has been addressed, leaving us with approximately 1,600 addressable screens to go in approximately 100 locations. Thus far, we have implemented only modest ticket pricing increases at these re-seated theatres, and we believe there is unrealized revenue potential at these theatres as we rebalance the supply-demand relationship created by added comfort from re-seats and our customers' willingness to pay for this improved experience. Over the next five years we intend to invest approximately \$600 million in recliner re-seat conversions.

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Rebalancing of the new supply-demand relationship created by recliner re-seats 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 (almost 950,000) in all our theatres and auditoriums for all our showtimes (approximately 22,000 per day), as available as possible, on as many websites as possible. This is a significant departure from the prior ten-year practice, when tickets to any one of our buildings were only available on one website. In the two years since we exercised our right to end exclusive contracts, internet tickets sold as a percentage of total tickets sold has increased significantly from approximately 5.5% to 8.5%. We believe increased online access is important because it captures customers' purchase intent more immediately and directly than if we had to wait until they showed up at the theatre box office to make a purchase. Once our customers buy a ticket, they are less likely to change their mind. Carefully monitoring internet pre-sales also lets us adjust capacity in real time, moving movies that are poised to overperform to larger capacity or more auditoriums, thereby maximizing yield.

Reserved seating, now fully implemented in 50 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 re-seats, coupled with the immediacy of demand captured from open-source internet ticketing and the anxiety removal of reserved seating make a powerful economic combination for us that none of our peer set is exploiting as aggressively as we are.

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

The most broadly deployed concept is Food & Beverage Kiosks, which supplements the traditional menu with made-to-order hot foods (i.e. chicken fingers, mozzarella sticks, single serve pizzas), made-to-order beverages (espresso drinks, smoothies), better-for-you products and an expanded range of candies and frozen novelty treats. Food & Beverage Kiosks capitalizes on food and beverage trends our customers have adopted in other quick-eat venues. To date, we have implemented 80 Food & Beverage Kiosks where we enjoy average, incremental food & beverage per head (FBPH) of \$0.04 and cash-on-cash returns for the 58 locations deployed prior to October 1, 2012 have averaged approximately 37%, and we have 30 new locations in the pipeline over the next 12 months.

At the next level, and designed for higher volume theatres, Marketplace vastly expands menu offerings as well as delivers a more customer engaging, post-pay shopping experience. Today we operate these flexible, highly popular concepts across a wide range of asset types and attendance levels. In addition to the expanded offerings found in Food & Beverage Kiosks, Marketplaces also feature grab-and-go and self-serve food and beverages, including Coke Freestyle®, which puts our customers in charge with over 120 drink flavor options in a compact footprint. AMC's

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operational excellence and history of innovation allowed us first-mover advantage on this new technology, which today is deployed in 47 of our theatres and we anticipate will be in all of our circuit by mid-2015. We find that when customers are allowed to browse and choose, overall satisfaction goes up and they spend more. Our FBPH metrics improve on average \$0.12 when a *Marketplace* is added to a theatre. We now operate 14 *Marketplaces* with plans to install as many as 12 more over the next 5 years, as our next generation food & beverage format.

Deployed alone or alongside our other food and beverage concepts are our *MacGuffins Bar & Lounges*, which give us a fresh opportunity to engage our over-21 customers. We believe that few innovations have won over the adult movie goer more decisively than our full service bars featuring premium beers, wines and liquors. Extremely versatile in design with a significant impact on theatre economics, *MacGuffins* are our fastest growing idea in the enhanced food and beverage space. As of September 30, 2013, we have deployed 45 *MacGuffins*, and with their impressive average, incremental FBPH of \$0.30, we are moving quickly to install an additional 23 within twelve months and believe the concept will be successful in an additional 75-100 theatres thereafter, especially when we consider our recent success with alcohol licensing in California and the potential to enter the New York market in 2014. The capital investment for a standalone *MacGuffins* is approximately \$150,000. *MacGuffins* have delivered average cash-on-cash returns for the twelve locations deployed prior to October 1, 2012 of over 100%. Due to our success in operating *MacGuffins*, we believe we can leverage our substantial experience when it comes to permitting, installing and commissioning these improvements.

At the top of the scale are our *Dine-In Theatres*. *Dine-In Theatres* are full restaurant operations, giving our customers the ultimate dinner-and-a-movie experience all at a single seat. Compressing by almost half what would otherwise be a four or five hour, multi-destination experience, young people and adults alike are afforded a huge convenience, which puts the idea of going to a movie much more in play. We currently operate 11 *Dine-In Theatres* in any combination of two formats: Cinema Suites, with a full chef-inspired menu and seat-side service in plush, mechanical recliners and Fork and Screens, with a casual menu in a more family-friendly atmosphere. Cash-on-cash returns for the eight locations deployed prior to October 1, 2012 averaged 11% in their first full year of operations. These increases in cash-on-cash returns were driven primarily by an increase in FBPH of \$4.83. At our eight locations that were open prior to October 1, 2011, FBPH grew by 172% and revenues grew by 79% producing cash-on-cash returns of 40% in the second full year of operations as consumer awareness increased. Today, *Dine-In Theatres* represent 3% of our total theatres but generated 9% of our circuit-wide food and beverage revenues. We expect that *Dine-In Theatres* and recliner re-seats will be deployed in approximately 17% of our theatres by the end of 2013. We plan to open 20 more *Dine-In Theatres* in the next 5 years.

Building on the success of our full-service *Dine-In Theatres*, we are under construction with an emerging concept, *DIT Express*. *DIT Express* emphasizes freshness, speed and convenience. Customers place their orders at a central station and the order is delivered to our customers at their reserved seat. *DIT Express* was developed in conjunction with Union Square Events (a division of Union Square Hospitality Group). Like our other food and beverage concepts, we believe that *DIT Express* will become an important part of our toolkit.

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

We believe significant financial opportunities exist as we have a substantial pipeline of investments to take advantage of incremental attendance-generating and revenue-generating prospects by deploying

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building-by-building solutions from a proprietary menu of proven, customer-approved food and beverage concepts. To date, although most of our buildings have had at least one of the above eight concepts installed, less than 1/4th of our screens have been benefitted from the much higher yielding Marketplaces, MacGuffins and Dine-In Theatres.

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

Our brand is the most recognizable in the business, with over 80% awareness in the United States according to an Ipsos Omnibus survey completed July 2013 far above any competitor. We build on that strength by seeking engagement and loyalty from our customers in four measurable, specific and inter-related ways. At the top of the pyramid is *AMC Stubs*®, the industry's most sophisticated loyalty program. At the base of the pyramid are our mobile apps, website (www.amctheatres.com) and social media outreach, which combined seek to drive engagement to levels unprecedented in the movie exhibition industry. We believe there is incremental attendance potential to be gained from avid movie-goers who generate a disproportionate share of industry revenues and who state that the quality of the movie-going experience directly influences their movie-going habits.

*AMC Stubs*® is the industry's first program of its kind. Fee-based (consumers pay \$12/year to belong), it rewards loyalists with in-theatre value (\$10 for every \$100 spent) instead of hard to track "points". The program is fully automated and user-friendly from a customer perspective. As of September 2013 we had 2.5 million member households, which represent approximately 20% of our total weekly box office revenues. Transaction data from this loyal customer base are mined for consumer insights that are used to develop targeted, relevant customer offers, leading to increased attendance and sales. The program increases switching costs (the negative monetary (annual fee) and psychological (lost reward potential) costs associated with choosing a competitive theatre exhibitor) especially for those patrons located near competitors' theatres. We believe that increased switching costs dissuade customers from choosing a competitor's theatre and lead to higher loyalty.

Our www.amctheatres.com state-of-the-art website, leverages adaptive technology that optimizes the users' experience regardless of platform (phone, tablet, laptop, etc.) and has nearly 9 million visits per month, with peak months over 12 million, generating up to almost 300 million page visits per year. The website generates ticket sales and higher conversion rates by simplifying customers' purchasing decision and process.

The *AMC mobile apps*, available for iOS, Android and Windows devices have been downloaded nearly 2.1 million times since launch, generating almost a half million sessions per week. This convenient way to purchase tickets also features *Enhanced Maps*, which allows customers to browse for their nearest AMC theatre or favorite AMC theatre amenity, and *My AMC*, which allows customers to generate a personalized movie queue of coming releases.

On the social media front, our Facebook 'Likes', recently at 4 million and growing, are more than all our peer competitors counts combined. We are similarly engaged on Twitter (over 215,000 followers), Pinterest, Instagram and YouTube. Our participation in these social networks keeps movie-going top of mind and allows targeted campaigns and offers with clear 'calls to action' that generate incremental attendance and incremental revenues per patron.

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

**4) Premium Sight & Sound** At its core, our business is a visual and aural medium. The quality of projection and sound is therefore mission critical, and has improved significantly with the advent of digital systems. Today, our conversion to these digital systems is substantially complete and 4,835 or 98% of our screens employ state-of-the-art Sony 4K or similar digital projectors. Importantly, the digital conversions enabled 3D exhibition, and today 2,370 screens (48% of total) are so enabled. We have at least one 3D enabled screen in 98% of our locations.

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In sight and sound, we believe that size is critical in our customers' decision-making. Consistent with this belief, we are the world's largest IMAX exhibitor, with 136 screens, all 3D-enabled, with nearly twice the screen count of our closest competitor and representing a 44% market share in the United States (as of September 30, 2013). In addition, we currently have our own private label large format, marketed as ETX, in 15 locations (also all 3D enabled). Combined, these 151 screens represent only 3% of our total screens and 7% of our total box office revenues, yet on the weekends when big movies open, as much as 19% of our box office flows from them.

The premium sight and sound experiences 3D, ETX and IMAX give our customers more options and earn incremental pricing from our customers. On average, pricing premiums currently amount to \$4.09 per patron, driving better economics for us and the Hollywood studios while also delivering our audience a superior experience. For context, box office gross profit for patron on premium formats averages 12% more than gross profit per patron for conventional 2D formats. We anticipate increasing our premium large-format screen count by 34 screens.

Further, we do not expect technology advances to cease. Sound quality, for example, continues to improve, as our recent tests of Dolby ATMOS demonstrate (AMC theatres were among the very few selected for pilot tests). And, laser projection technology, the next level in clarity, brightness and sharpness, is evolving as well. While all of these will require some level of capital investments, the promise of strong customer relevance is significant.

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

Increasingly, we are playing movies and other content originating from more sources. We believe that as diversity grows in the United States, the ability to adapt and target programming for a fragmented audience will grow increasingly critical. We believe this is something we already do very well. As measured by an Insight Strategy Group survey conducted November 2011, approximately 51% of our audience was Latino or African American. Latino families are Hollywood's, and our, best customers. They go to the movies 6.4x per year (56% more than average), and 65% of Latinos live within 20 miles of an AMC theatre. For movies targeted at these diverse audiences, we frequently experience attendance levels greater than our average, national market share. For example, AMC recently captured 28% market share of the 2013 Spanish-titled movie *Instructions Not Included*. Tyler Perry's latest three films, which are targeted towards African American audiences, have produced industry box office of over \$125 million and an average market share for AMC of over 23% during the twelve months ended September 30, 2013. Additionally, during the twelve months ended September 30, 2013, we exhibited 80 Bollywood movies in 31 theatres capturing an above average 30% market share and generating nearly \$11 million in box office revenues. Given the population growth patterns from the last US census, we believe that our ability to effectively serve these communities will help strengthen our competitive position.

Through AMC Independent, we have also reached into the independent (or "indie") production and distribution community. Growing quickly, from its inception three years ago, we played 263 films during the twelve months ended September 30, 2013 from this very creative community, generating \$31 million in U.S. box office revenue.

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

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We believe AMC is a vital exhibitor for Hollywood studios and for independent distributors because we generate more box office revenue per theatre and provide stronger in-theatre and online promotional exposure for movies. Theatres are a content owner's highest quality revenue stream because every customer pays every time they watch the content. Among all theatres, AMC's venues are the most valuable to content owners. Due to the studios' fixed distribution cost per licensed film, their product is never more productive than at an AMC theatre. When our scale and Wanda's growth are taken into account, AMC is the most efficient and effective partner a content owner has.

**Our Competitive Strengths**

We believe we have the following competitive strengths:

**Leading Market Share in Important, Affluent & Diverse Markets** Across the country's three biggest metropolitan markets New York, Los Angeles and Chicago, representing 20% of the country's total box office we hold a 36% combined market share. We have theatres located in 24 of the top 25 U.S. markets, holding the #1 or #2 position in 20 of those markets based on box office revenue. On any given weekend, half of the top ten theatres for the #1 opening movie title in the United States are AMC theatres. We believe our strong presence in these top markets makes our theatres highly visible and therefore strategically more important to content providers, who rely on the large audiences and marketing momentum provided by major markets to drive opinion-making and deliver a movie's overall box office results.

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

**Well Located, Highly Productive Theatres** Our theatres are generally located in the top retail centers across the United States. We believe this provides for long-term visibility and higher productivity, and is a key element in the success of our Enhanced Food & Beverage and More Comfort & Convenience initiatives. Our location strategy, combined with our strong major market presence and our focus on a superior customer experience, enable us to deliver industry-leading theatre-level productivity. During the twelve months ended September 30, 2013, seven of the ten highest grossing theatres in the United States were AMC theatres. During the same period our average total revenues per theatre were \$8.1 million. This per unit productivity is important not only to content providers, but also to developers and landlords, for whom per location and per square foot sales numbers are critical measures. The net effect is a close relationship with the commercial real estate community, which gives us first-look and preferred tenant status on emerging opportunities.

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

Additionally, our focus on improving the customer experience and our strong relationships with landlords and developers have provided opportunities to expand our footprint in existing markets by acquiring competitors' existing theatres at the end of their lease term at little or no cost. We believe

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that our More Comfort & Convenience and Enhanced Food & Beverage concepts have high appeal to landlords wanting to increase traffic and sales in their retail centers. These "spot acquisitions" have given us the ability to bolster our presence in existing markets at relatively low cost and more quickly (weeks, months) as compared to new builds (months, years).

**Substantial Operating Cash Flow** For the nine months ended September 30, 2013, the period from August 31, 2012 to December 31, 2012, the period from March 30, 2012 through August 30, 2012 and the fiscal year ended March 29, 2012 our net cash provided by operating activities totaled \$204.7 million, \$73.9 million, \$76.4 million and \$137.0 million, respectively. We believe that our strategic initiatives, highly productive theatre circuit and continued focus on cost control will enable us to generate sufficient cash flow provided by operating activities to fund the deployment of capital to execute our strategy to grow our revenues, maintain our facilities, service our indebtedness and pay dividends to our stockholders. We expect that our capital expenditures will be approximately \$245 million in each of the next three calendar years.

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

We anticipate that, in connection with this offering we will implement a significant equity based compensation plan that will align management's interests with those of our shareholders.

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

Furthermore, we believe that our people, the nearly 19,000 AMC associates, constitute an essential strength of our Company. They strive to make movie-going experiences at AMC always a treat. Our auditoriums offer clear and bright projection, our food is hot and our drinks are cold. Our doors, lobbies, hallways and bathrooms are clean and we select and train our people to make smiles happen. We create events and want our customers to always feel special at an AMC theatre. This is an experience delivered almost 200 million times a year.

Over the past three years together, this group has enhanced quality and increased variety at our food & beverage stands, introduced in-theatre dining options in many markets, revitalized over 40 theatres, launched our industry-leading loyalty program, *AMC Stubs*, and achieved our Company's highest ever ratings for top-box overall customer satisfaction. We feel like this is only the beginning.

**Key Strategic Shareholder** In August 2012, AMC was acquired by the Wanda Group ("Wanda"), one of the largest, privately-held conglomerates in China. In addition to its core business as a prominent developer and owner of commercial real estate, Wanda also owns related businesses in entertainment, hospitality and retail. Wanda is the largest theatre exhibition operator in China through its controlling ownership interest in Wanda Cinema Line. The combined ownership and scale of AMC and Wanda Cinema Line, has enabled us to enhance relationships and obtain better terms from important food & beverage, lighting and theatre supply vendors, and to expand our strategic partnership with IMAX. Wanda and AMC are also working together to offer Hollywood studios and other production companies valuable access to our industry-leading promotion and distribution platforms, with the goal of gaining greater access to content and playing a more important role in the industry going forward. Wanda is controlled by its chairman, Mr. Jianlin Wang.



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**Film Licensing**

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

During the period from 1990 to 2012, the annual number of first-run motion pictures released by distributors in the United States ranged from a low of 370 in 1995 to a high of 677 in 2012, according to the Motion Picture Association of America 2012 Theatrical Market Statistics and prior reports.

North American film distributors typically establish geographic film licensing zones and generally allocate available films to one theatre within each zone. Film zones generally encompass a radius of three to five miles in metropolitan and suburban markets, depending primarily upon population density. In film zones where we are the sole exhibitor, we obtain film licenses by selecting a film from among those offered and negotiating directly with the distributor. As of September 30, 2013, approximately 93% of our screens in the United States were located in film licensing zones where we are the sole exhibitor.

Our licenses typically state that rental fees are based on either aggregate terms established prior to the opening of the picture or on a mutually agreed settlement upon the conclusion of the picture run. Under an aggregate terms formula, we pay the distributor a specified percentage of box office receipts or pay based on a scale of percentages tied to different amounts of box office gross. The settlement process allows for negotiation based upon how a film actually performs.

There are several distributors which provide a substantial portion of quality first-run motion pictures to the exhibition industry. These include Paramount Pictures, Twentieth Century Fox, Warner Bros. Distribution, Buena Vista Pictures (Disney), Sony Pictures Releasing, Universal Pictures, and Lionsgate. Films licensed from these distributors accounted for approximately 90% of our U.S. admissions revenues during calendar 2012. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's motion pictures in any given year. In calendar 2012, no single distributor accounted for more than 18% of our box office admissions.

**Food & Beverage**

Food & beverage sales are our second largest source of revenue after box office admissions. Food & beverage items include popcorn, soft drinks, candy, hot dogs, premium food & beverage items, specialty drinks (including premium beers, wine and mixed drinks), healthy choice items and made to order hot foods including menu choices such as curly fries, chicken tenders and mozzarella sticks. Different varieties of food & beverage items are offered at our theatres based on preferences in that particular geographic region. As of September 30, 2013, we have implemented dine-in theatre concepts at 11 locations, which feature full kitchen facilities, seat-side servers and a separate bar and lounge area.

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

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

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

**Properties**

The following table sets forth the general character and ownership classification of our theatre circuit, excluding unconsolidated joint ventures and managed theatres, as of September 30, 2013:

<b>Property Holding Classification</b>	<b>Theatres</b>	<b>Screens</b>
Owned	18	169
Leased pursuant to ground leases	6	73
Leased pursuant to building leases	312	4,618
Total	336	4,860

Our theatre leases generally have initial terms ranging from 15 to 20 years, with options to extend the leases for up to 20 additional years. The leases typically require escalating minimum annual rent payments and additional rent payments based on a percentage of the leased theatre's revenue above a base amount and require us to pay for property taxes, maintenance, insurance and certain other property-related expenses. In some instances, our escalating minimum annual rent payments are contingent upon increases in the consumer price index. In some cases, our rights as tenant are subject and subordinate to the mortgage loans of lenders to our lessors, so that if a mortgage were to be foreclosed, we could lose our lease. Historically, this has never occurred.

We lease our corporate headquarters in Leawood, Kansas.

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

**Employees**

As of September 30, 2013, we employed approximately 900 full-time and 18,100 part-time employees. Approximately 45% of our U.S. theatre associates were paid the minimum wage.

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

**Theatrical Exhibition Industry and Competition**

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

In the United States, the movie exhibition business is large, stable and mature. While in any given calendar quarter the quantity and quality of movies can drive volatile results, box office revenues have advanced from 2011 to 2012. Calendar year 2012 was, in fact, the industry's best ever, with box office revenues of \$10.8 billion, (6.5% growth over 2011) and with over 1.3 billion admissions in the U.S. and Canada.

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

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We believe the exhibition business is in the early stages of a transition. After decades of economic models driven by *quantity* (number of theatres, screens and seats), it is the *quality* of the movie going experience that will define future success. Whether in enhanced food and beverage options (*Food & Beverage Kiosks, Marketplaces, Coke Freestyle, MacGuffins* or *Dine-in Theatres*); more comfort and convenience (recliner re-seats, open-source internet ticketing, reserved seating); engagement and loyalty (*AMC Stubs*, open-source internet ticketing, mobile apps, social media) or sight and sound (digital projectors, 3D, our own ETX format or IMAX); it is the ease of use and the amenities that these innovations bring to customers that will drive sustained profitability in the years ahead. As this transition accelerates, we believe movie exhibition's attraction as an investment will grow.

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

Calendar Year	Box Office Revenues (in millions)	Attendance (in millions)	Average Ticket Price	Number of Theatres	Indoor Screens	Screens Per Theatre
2012	\$ 10,836	1,361	\$ 7.96	5,317	39,056	7.3
2011	10,174	1,283	7.93	5,331	38,974	7.3
2010	10,566	1,339	7.89	5,399	38,902	7.2
2009	10,596	1,413	7.50	5,561	38,605	6.9
2008	9,631	1,341	7.18	5,403	38,201	7.1
2007	9,664	1,405	6.88	5,545	38,159	6.9
2006	9,210	1,406	6.55	5,543	37,765	6.8
2005	8,841	1,379	6.41	5,713	37,040	6.5

According to the most recently available information from NATO, there are approximately 1,089 companies competing in the U.S./Canada theatrical exhibition industry, approximately 597 of which operate four or more screens. Industry participants vary substantially in size, from small independent operators to large international chains. Based on information obtained from Rentrak, we believe that the four largest exhibitors (in terms of box office revenue) generated approximately 62% of the box office revenues in 2012. This statistic is up from 35% in 2000 and is evidence that the theatrical exhibition business in the United States has been consolidating. According to NATO, average screens per theatre have increased from 6.5 in 2005 to 7.3 in 2012, which we believe is indicative of the industry's development of megaplex theatres.

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

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

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

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

**Regulatory Environment**

The distribution of motion pictures is, in large part, regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. The consent decrees, resulting from one of those cases to which we were not a party, have a material impact on the industry and us. Those consent decrees bind certain major motion picture distributors and require the motion pictures of such distributors to be offered and licensed to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis.

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

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

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

**Significant Acquisitions and Dispositions**

In December 2012, we completed the acquisition of 4 theatres and 61 screens from Rave Review Cinemas, LLC and 6 theatres and 95 screens from Rave Digital Media, LLC. On May 24, 2010, we completed the acquisition of 92 theatres and 928 screens from Kerasotes. Additionally, during the fourth quarter of our fiscal year ended March 31, 2011, management decided to permanently close 73 underperforming screens and auditoriums. For more information on both of these acquisitions and the screen closures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Significant Events."

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

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**Seasonality**

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

**Legal Proceedings**

In the normal course of business, we are party to various ordinary course claims from vendors (including an online ticketing vendor, food & beverage suppliers and film distributors), landlords 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 our financial position or overall trends in results of operations. However, litigation and claims are subject to inherent uncertainties and unfavorable outcomes could occur. An unfavorable outcome could 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.

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**MANAGEMENT**

Our business and affairs are managed by our board of directors currently consisting of five members. Within one year after the consummation of this offering, we intend to appoint enough additional independent persons to our board of directors to meet SEC and NYSE guidelines. The full composition of the board of directors will be determined at that time. Gerardo I. Lopez, our Chief Executive Officer, is a director, and Lin Zhang is our Chairman of the board of directors and a non-employee director.

We intend to avail ourselves of the "controlled company" exception under the NYSE rules, which eliminates the requirement that we have a majority of independent directors on our board of directors and that we have compensation and nominating committees composed entirely of independent directors, but retains the requirement that we have an audit committee composed entirely of independent members. Our board of directors currently consists of five directors. Following the offering, we expect that our board will ultimately consist of nine directors, including Mr. Lopez, Mr. Zhang, the three other current members of our board, Mr. Anthony J. Saich, Mr. Chaohui Liu and Mr. Ning Ye, the two director nominees identified herein, Mr. Lloyd Hill and Mr. Jian Wang, and two other directors. Three of our directors will be independent. We intend to have two independent directors, Mr. Hill and Mr. Saich, at the time we consummate this offering. We will add a third independent director to our board within one year after the consummation of this offering.

Pursuant to our amended and restated certificate of incorporation, our board of directors will be divided into three classes. The members of each class will serve for a staggered, three-year term. Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. The classes will be composed as follows:

Mr. Saich and Mr. Wang will be Class I directors, whose terms will expire at the 2014 annual meeting of stockholders;

Mr. Hill, Mr. Ye and the one additional independent director we expect to be designated to our board of directors within one year after the closing of this offering will be Class II directors, whose terms will expire at the 2015 annual meeting of stockholders; and

Mr. Liu, Mr. Lopez and Mr. Zhang will be Class III directors, whose terms will expire at the 2016 annual meeting of stockholders.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

If at any time we cease to be a "controlled company" under the NYSE rules, the board of directors will take all action necessary to comply with NYSE rules, including appointing a majority of independent directors to the board and establishing certain committees composed entirely of independent directors.

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The following table sets forth certain information regarding our current directors and executive officers as of November 1, 2013:

Name	Age	Position(s) Held
Lin Zhang	41	Chairman of the Board and Director (Parent and AMCE)
Gerardo I. Lopez	54	Chief Executive Officer, President and Director (Parent, AMCE and American Multi-Cinema, Inc.)
Anthony J. Saich	60	Director (Parent and AMCE)
Chaohui Liu	40	Director (Parent and AMCE)
Ning Ye	40	Director (Parent and AMCE)
Lloyd Hill	69	Director Nominee (Parent and AMCE)
Jian Wang	42	Director Nominee (Parent and AMCE)
Craig R. Ramsey	62	Executive Vice President and Chief Financial Officer (Parent, AMCE and American Multi-Cinema, Inc.); Director (American Multi-Cinema, Inc.)
Elizabeth Frank	44	Executive Vice President, Chief Content & Programming Officer (Parent, AMCE and American Multi-Cinema, Inc.)
John D. McDonald	56	Executive Vice President, U.S. Operations (Parent, AMCE and American Multi-Cinema, Inc.); Director (American Multi-Cinema, Inc.)
Mark A. McDonald	55	Executive Vice President, Global Development (Parent, AMCE and American Multi-Cinema, Inc.)
Stephen A. Colanero	47	Executive Vice President and Chief Marketing Officer (Parent, AMCE and American Multi-Cinema, Inc.)
Kevin M. Connor	50	Senior Vice President, General Counsel and Secretary (Parent, AMCE and American Multi-Cinema, Inc.)
Chris A. Cox	47	Senior Vice President and Chief Accounting Officer (Parent, AMCE and American Multi-Cinema, Inc.)
Christina Sternberg	41	Senior Vice President, Corporate Strategy (AMCE)
Keith P. Wiedenkiller	53	Senior Vice President, Chief People Officer (Parent, AMCE and American Multi-Cinema, Inc.)

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

*Mr. Lin Zhang* has served as Chairman and a Director of Parent and AMCE since Wanda acquired Parent in August 2012. Mr. Zhang also serves as Chairman of Sunseeker International (Holding) Limited, a board member of Wanda Group, Wanda Commercial Properties (Group) Co., Ltd. and Wanda Cinema Line Co., Ltd and Executive President of Beijing Wanda Culture Industry Group with \$5 billion in assets. Since March 2000, Mr. Zhang had been assigned in the positions of General Manager of Nanjing Wanda Project Company, General Manager of Shenyang Wanda Project Company, General Manager of Chengdu Wanda Project Company, Financial Director of Wanda, consecutively. Prior to joining Wanda, Mr. Zhang served as Vice President of Dalian Tax Exempt-zone Accounting Firm and Vice President of Dalian North Tax Agency. Mr. Zhang has over 15 years of experience in financial management and operation management of large companies, especially in corporate strategy and investment. Mr. Zhang received a MBA from Peking University and a bachelor degree in Accounting from Dongbei University of Finance and Economics. Mr. Zhang is a non-practicing member of the Chinese Institute of Certified Public Accountant ("CICPA") and non-practicing member of the Chinese Chartered Tax Agent Association ("CCTAA").

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*Mr. Gerardo I. Lopez* has served as Chief Executive Officer, President and a Director of Parent and AMCE since March 2009. Prior to joining the Company, Mr. Lopez served as Executive Vice President of Starbucks Coffee Company and President of its Global Consumer Products, Seattle's Best Coffee and Foodservice divisions from September 2004 to March 2009. Prior thereto, Mr. Lopez served as President of the Handleman Entertainment Resources division of Handleman Company from November 2001 to September 2004. Mr. Lopez also serves on the boards of directors of Recreational Equipment, Inc., Brinker International, DCIP and Open Road Films. Mr. Lopez holds a B.S. degree in Marketing from George Washington University and a M.B.A. in Finance from Harvard Business School. Mr. Lopez has over 28 years of experience in marketing, sales and operations and management in public and private companies. His prior experience includes management of multi-billion-dollar operations and groups of over 2,500 associates.

*Mr. Anthony J. Saich* has served as a Director of Parent and AMCE since December 2012. Mr. Saich currently serves as the Director of the Ash Center for Democratic Governance and Innovation and Daewoo Professor of International Affairs at Harvard University. In his capacity as Ash Center Director, Mr. Saich also serves as the director of the Rajawali Foundation Institute for Asia and the faculty chair of the China Public Policy Program, the Asia Energy Leaders Program and the Leadership Transformation in Indonesia Program. Mr. Saich also serves on the board of the China Medical Board, and International Bridges to Justice and is also the US Secretary-General of the China United States Strategic Philanthropy. Mr. Saich sits on the executive committees of the John King Fairbank Center for Chinese Studies and the Asia Center, both at Harvard University, and serves as the Harvard representative of the Kennedy Memorial Trust. Mr. Saich previously served as the representative for the Ford Foundations China Office from 1994 to 1999. Prior to this, he was director of the Sinological Institute at Leiden University in the Netherlands. Mr. Saich holds a bachelor's degree in politics and geography from the University of Newcastle, UK, a master's degree in politics with special reference to China from the School of Oriental and African Studies, London University, and has a Ph.D. from the Faculty of Letters, University of Leiden, the Netherlands. Mr. Saich has over 25 years of experience in international affairs.

*Mr. Chaohui Liu* has served as a Director of Parent and AMCE since Wanda acquired Parent in August 2012. Mr. Liu also serves as Senior Assistant to the President and General Manager of Investment Management Center of Wanda Group, and serves on the board of directors of Wanda Cinema Line Co., Ltd. and Sunseeker International (Holding) Limited, and as executive board director of Wanda Commercial Properties (Group) Co., Ltd. Since October 2002, Mr. Liu had been assigned in the positions of Financial Manager, and subsequently Financial Director, of Dalian Wanda Commercial Development Co. and, General Manger of the Investment and Securities Department of Dalian Wanda Commercial Properties Co., consecutively. Prior to joining Wanda, Mr. Liu worked at China Construction Bank, Xiamen Branch, from 1996-2001. Mr. Liu has over 10 years of experience in financial analysis and investment in public and private companies and led the due diligence and transition of Wanda's acquisition of AMC, and he provides our board with insight into strategic and financial matters of interest to AMC's management and shareholders. Mr. Liu holds a PhD degree in management from Xiamen University. He is also a non-practicing member of Chinese Institute of Certified Public Accountants.

*Mr. Ning Ye* has served as a Director of Parent and AMCE since Wanda acquired Parent in August 2012. Mr. Ye also serves as Vice President of Beijing Wanda Culture Industry Group and has sat on the board of directors of Wanda Cinema Line Co., Ltd since 2008. Since he joined Wanda in 2001, Mr. Ye had been assigned in the positions of General Manager of the Development Department in Dalian Wanda Commercial Development Co. and General Manager of Wanda Cinema Company. Prior to that, Mr. Ye served at Shenzhen Nanyou Real Estate Company since 1998. Mr. Ye has extensive experience with corporate operation and management, market insights and industry judgment, and has led Wanda Cinema Line Co., Ltd to become the No. 1 movie exhibitor in China. Mr. Ye obtained a Master's



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degree in Economics and Management from Chongqing University of Architecture and he is also a Registered Cost Engineer.

*Mr. Lloyd Hill* has agreed to serve as a Director of Parent and AMCE effective upon the consummation of this offering. Prior to his retirement in 2006, Mr. Hill served as the CEO and Chairman of Applebee's International, Inc. Mr. Hill currently serves on the board of directors of Saint Luke's South Hospital, the audit committee for the Saint Luke's Health System and the development board for the University of Texas Medical Branch. Mr. Hill also serves on the board of directors and as chairman of the compensation committee of Red Robin Gourmet Burgers, Inc and on the board of directors of E.E. Newcomer Enterprises, Inc. Mr. Hill holds a Masters degree in Business Administration from Rockhurst University in Kansas City, Missouri.

*Mr. Jian Wang* has agreed to serve as a Director of Parent and AMCE effective upon the consummation of this offering. Mr. Wang also serves as the General Manager of the Capital Markets Department of the Investment Management Center of Wanda. Prior to joining Wanda, Mr. Wang held positions at Bank of America Merrill Lynch and CITIC Securities International in Hong Kong from 2008 to 2012. From 1999 to 2006, Mr. Wang worked in the mainland China's Capital Markets at CITIC Securities and as the Secretary of the board for Central Brilliance S&T Co., Ltd. Mr. Wang has over ten years of experience in cross border capital market transactions and public company operations. Mr. Wang holds an M.B.A from the Schulich School of Business at York University in Toronto, Canada.

*Mr. Craig R. Ramsey* has served as Executive Vice President and Chief Financial Officer of Parent since June 2007. Mr. Ramsey has served as Executive Vice President and Chief Financial Officer of AMCE and American Multi-Cinema, Inc. since April 2003. Previously, Mr. Ramsey served as Executive Vice President, Chief Financial Officer and Secretary of AMCE and American Multi-Cinema, Inc. since April 2002. Mr. Ramsey served as Senior Vice President, Finance, Chief Financial Officer and Chief Accounting Officer, of AMCE and American Multi-Cinema, Inc. from August 1998 until May 2002. Mr. Ramsey has served as a Director of American Multi-Cinema, Inc. since September 1999. Mr. Ramsey was elected Chief Accounting Officer of AMCE and American Multi-Cinema, Inc. in February 2000. Mr. Ramsey served as Vice President, Finance from January 1997 to October 1999 and prior thereto, Mr. Ramsey served as Director of Information Systems and Director of Financial Reporting since joining American Multi-Cinema, Inc. in February 1995. Mr. Ramsey has over 30 years of experience in finance in public and private companies. Mr. Ramsey serves on the board of directors for Open Road Films and NCM. Mr. Ramsey holds a B.S. degree in Accounting and Business Administration from the University of Kansas.

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

*Mr. John D. McDonald* has served as Executive Vice President, U.S. Operations of Parent and AMCE since July 2009. Mr. McDonald has served as Director of American Multi-Cinema, Inc. since November 2007 and has served as Executive Vice President, U.S. Operations of American Multi-Cinema, Inc. since July 2009. Prior to July 2009, Mr. McDonald served as Executive Vice President, U.S. and Canada Operations of American Multi-Cinema, Inc. effective October 1998. Mr. McDonald served as Senior Vice President, Corporate Operations from November 1995 to October 1998. Mr. McDonald is a member of the National Association of Theatre Owners Advisory board of

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directors, Chairman of the Technology Committee for the National Association of Theatre Owners, and member of the board of directors for DCIP. Mr. McDonald has successfully managed the integration for the Gulf States, General Cinema, Loews, and Kerasotes mergers and acquisitions. Mr. McDonald attended California State Polytechnic University where he studied economics and history.

*Mr. Mark A. McDonald* has served as Executive Vice President, Global Development since July 2009 of Parent and AMCE. Prior thereto, Mr. McDonald served as Executive Vice President, International Operations of Parent, Holdings and AMCE from October 2008 to July 2009. Mr. McDonald has served as Executive Vice President, International Operations of American Multi-Cinema, Inc., and AMC Entertainment International, Inc. ("AMCEI"), a former subsidiary of American Multi-Cinema, Inc., since March 2007 and December 1998, respectively. Prior thereto, Mr. McDonald served as Senior Vice President, Asia Operations from November 1995 until his appointment as Executive Vice President, International Operations and Film in December 1998. Mr. McDonald served on the board of directors of AMCEI from March 2007 to May 2010. Mr. McDonald holds a B.A. degree from the University of Southern California and a M.B.A. from the Anderson School at University of California Los Angeles.

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

*Mr. Kevin M. Connor* has served as Senior Vice President, General Counsel and Secretary of Parent since June 2007. Mr. Connor has served as Senior Vice President, General Counsel and Secretary of AMCE and American Multi-Cinema, Inc. since April 2003. Prior to April 2003, Mr. Connor served as Senior Vice President, Legal of AMCE and American Multi-Cinema, Inc. beginning November 2002. Prior thereto, Mr. Connor was in private practice in Kansas City, Missouri as a partner with the firm Seigfreid, Bingham, Levy, Selzer and Gee from October 1995. Mr. Connor holds a Bachelor of Arts degree in English and History from Vanderbilt University, a Juris Doctorate degree from the University of Kansas School of Law and a LLM in Taxation from the University of Missouri Kansas City.

*Mr. Chris A. Cox* has served as Senior Vice President and Chief Accounting Officer of Parent since June 2010. Prior thereto Mr. Cox served as Vice President and Chief Accounting Officer of Parent and Holdings since June 2007 and December 2004, respectively. Mr. Cox has served as Vice President and Chief Accounting Officer of AMCE and American Multi-Cinema, Inc. since May 2002. Prior to May 2002, Mr. Cox served as Vice President and Controller of American Multi-Cinema, Inc. since November 2000. Previously, Mr. Cox served as Director of Corporate Accounting for the Dial Corporation from December 1999 until November 2000. Mr. Cox holds a Bachelor's of Business Administration in Accounting and Finance degree from the University of Iowa.

*Ms. Christina Sternberg* has served as Senior Vice President, Corporate Strategy of Parent, AMCE and AMC since August 2012. Previously, Ms. Sternberg served as Senior Vice President, Design, Construction and Development of Parent, AMCE and AMC from December 2009 to August 2012. Ms. Sternberg served as Senior Vice President, Domestic Development of Parent and AMCE from December 2009 to August 2012 and AMC from July 2009 to August 2012. Ms. Sternberg served as Senior Vice President, Design, Construction and Facilities of AMC from April 2009 to July 2009. Ms. Sternberg served as Vice President, Design, Construction and Facilities of AMC from April 2005 to April 2009. Ms. Sternberg began her career at AMC in 1998 as a controller. Ms. Sternberg is a member of the International Council of Shopping Centers and the Urban Land Institute. Ms. Sternberg holds a

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B.S. from the University of California-Davis and an MBA from the Kellogg School of Management at Northwestern University. Ms. Sternberg is a member of the National Association of Theatre Owners.

*Mr. Keith P. Wiedenkeller* has served as Senior Vice President and Chief People Officer of Parent and AMCE since July 2009. Prior thereto, Mr. Wiedenkeller served as Senior Vice President, Human Resources of Parent and AMCE from October 2002 to July 2009. Mr. Wiedenkeller started in "the movie business" as an usher in 1975. Mr. Wiedenkeller began his career with AMC as a manager in 1985, working his way up through various operations, training and human resources roles before being named to his current role in 2002. Mr. Wiedenkeller holds a Bachelor of Arts degree from the University of Missouri Kansas City.

**Committees of the Board of Directors**

*Audit Committee*

Upon consummation of this offering, our audit committee will consist of Mr. Hill, Mr. Saich and Mr. Zhang (the "Audit Committee"). The board of directors has determined that Mr. Hill qualifies as an Audit Committee financial expert as defined in Item 401(h) of Regulation S-K. Mr. Hill and Mr. Saich are independent as independence is defined in Rule 10A-3(b)(i) under the Exchange Act or under the applicable section of the NYSE rules. Within one year of the closing of this offering, we will nominate one additional independent director to replace Mr. Zhang on the Audit Committee so that our Audit Committee will be comprised of three independent members, all of whom will be financially literate.

The principal duties and responsibilities of our Audit Committee are as follows:

to monitor our financial reporting process and internal control system;

to appoint and replace our independent registered public accounting firm from time to time, determine their compensation and other terms of engagement and oversee their work;

to oversee the performance of our internal audit function; and

to oversee our compliance with legal, ethical and regulatory matters.

The Audit Committee will have the power to investigate any matter brought to its attention within the scope of its duties. It will also have the authority to retain counsel and advisors to fulfill its responsibilities and duties.

*Compensation Committee*

Upon consummation of this offering, our compensation committee will consist of Mr. Liu, Mr. Ye and Mr. Hill (the "Compensation Committee").

The principal duties and responsibilities of our Compensation Committee are as follows:

to provide oversight on the development and implementation of the compensation policies, strategies, plans and programs for our key employees and outside directors and disclosure relating to these matters;

to review and approve the compensation of our chief executive officer and the other executive officers of us and our subsidiaries; and

to provide oversight concerning the compensation of our chief executive officer, succession planning, performance of the chief executive officer and related matters.



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*Nominating & Corporate Governance Committee*

Upon consummation of this offering, our nominating committee will consist of Mr. Saich, Mr. Wang and Mr. Zhang.

The principal duties and responsibilities of the nominating committee will be as follows:

to establish criteria for board and committee membership and recommend to our board of directors proposed nominees for election to the board of directors and for membership on committees of the board of directors; and

to make recommendations to our board of directors regarding board governance matters and practices.

**Code of Business Conduct and Ethics**

We have a Code of Business Conduct and Ethics that applies to all of our associates, including our principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. These standards are designed to deter wrongdoing and to promote honest and ethical conduct. The Code of Business Conduct and Ethics, which address the subject areas covered by the SEC's rules, may be obtained free of charge through our website: [www.amctheatres.com](http://www.amctheatres.com) under "Investor Relations Corporate Governance." Any substantive amendment to, or waiver from, any provision of the Code of Business Conduct and Ethics with respect to any senior executive or financial officer shall be posted on this website. **The information contained on our website is not part of this prospectus.**

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**COMPENSATION DISCUSSION AND ANALYSIS**

This section discusses the material elements of compensation awarded to, earned by or paid to our principal executive officer, our principal financial officer and our three other most highly compensated executive officers. These individuals are referred to as the "Named Executive Officers."

Our executive compensation programs are determined and approved by our Compensation Committee. None of the Named Executive Officers are members of the Compensation Committee or otherwise had any role in determining the compensation of other Named Executive Officers, although the Compensation Committee does consider the recommendations of our Chief Executive Officer in setting compensation levels and bonuses for our executive officers other than the Chief Executive Officer.

**Executive Compensation Program Objectives and Overview**

The goals of the Compensation Committee with respect to executive compensation are to attract, retain, motivate and reward talented executives, to tie annual and long-term compensation incentives to the achievement of specified performance objectives, and to achieve long-term creation of value for our stockholders by aligning the interests of these executives with those of our stockholders. To achieve these goals, we endeavor to maintain compensation plans that are intended to tie a substantial portion of executives' overall compensation to key strategic, operational and financial goals such as achievement of budgeted levels of net income, and other non-financial goals that the Compensation Committee deems important. From time to time, the Compensation Committee evaluates individual executive performance with a goal of setting compensation at levels they believe, based on industry comparables and their general business and industry knowledge and experience, are comparable with executives in other companies of similar size and stage of development operating in the retail, entertainment and food service industries, while taking into account our relative performance and our own strategic goals.

We conduct a periodic review of the aggregate level of our executive compensation as part of the annual budget review and annual performance review processes, which includes determining the operating metrics and non-financial elements used to measure our performance and to compensate our executive officers. This review is based on our knowledge of how other theatrical exhibition industry and similar retail type businesses measure their executive performance and on the key operating metrics that are critical in our effort to increase the value of our company.

**Current Executive Compensation Program Elements**

Our executive compensation program consists of the elements described in the following sections. The Compensation Committee determines the portion of compensation allocated to each element for each individual Named Executive Officer. Our Compensation Committee expects to continue these policies in the short term but will reevaluate the current policies and practices as it considers advisable.

The Compensation Committee believes, based on general business and industry experience and knowledge of its members, that the use of the combination of base salary, annual performance bonuses, and long-term incentives offers the best approach to achieving our compensation goals, including attracting and retaining talented and capable executives and motivating our executives and other officers to expend maximum effort to improve the business results, earnings and overall value of our business.

***Base Salaries***

Base salaries for our Named Executive Officers are established based on the scope of their responsibilities, taking into account competitive market compensation for similar positions, as well as

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seniority of the individual, our ability to replace the individual and other primarily judgmental factors deemed relevant by the Compensation Committee. Periodically, the Company obtains information regarding the salaries of employees at companies of similar size with which we compete for employees, including approximately 150 multi-unit businesses in the retail, entertainment and food service industries. Following the offering, we plan to adopt a new peer group of companies as a reference to provide a broad perspective on competitive pay levels. See " Post-offering Compensation Adoption of a New Peer Group." Generally, we believe that executive base salaries should be targeted at a level that is competitive with salaries for executives in similar positions with similar responsibilities at companies of similar size with which we compete for employees, in line with our compensation philosophy, but we do not make any determinations or changes in compensation in reaction to market data alone. However, the Compensation Committee retains flexibility within the compensation program to respond to and adjust for specific circumstances and our evolving business environment. Base salaries for our Named Executive Officers are reviewed from time to time by the Compensation Committee and adjusted based in part on this review after taking into account individual responsibilities, performance and experience. Base salaries for our Named Executive Officers increased between 3.0% and 4.93% from March 29, 2012 to December 31, 2012, and one Named Executive Officer received a 44.2% increase due to a promotion.

***Annual Performance Bonus***

The Compensation Committee has the authority to award annual performance bonuses to our Named Executive Officers. Under the current employment agreements, each Named Executive Officer is eligible for an annual bonus based on our annual incentive compensation program ("AIP"), as it may exist from time to time. We believe that annual bonuses based on performance serve to align the interests of management and stockholders, and our annual bonus program is primarily designed to reward increases in net income (as described below). Individual bonuses are performance based and, as such, can be highly variable from year to year. The annual incentive bonuses for our Named Executive Officers are determined by our Compensation Committee and, except with respect to his own bonus, our Chief Executive Officer, based on our annual incentive compensation program as it may exist from time to time. For the Transition Period, the annual incentive compensation program was based on a company component and an individual component. The company component was based on attainment of a net income target of at least \$1.0 million during the twelve months ended December 31, 2012. The plan guideline was that no company performance component of the bonus would be paid below attainment of 100% of targeted net income and that upon attainment of 100% of targeted net income, each Named Executive Officer would receive 100% of his/her assigned bonus target. For each \$1.0 million of additional net income generated in the calendar year (amounts in excess of \$1.0 million of net income but not exceeding \$21.0 million of net income), 5% of additional AIP payout would be awarded up to a maximum award of 200% of the target payout. The individual component of the bonus does not have a net income threshold but is based on achievement of key performance measures and overall performance and contribution to our strategic and financial goals. Under the annual incentive compensation program, our Compensation Committee and, except with respect to his/her own bonus, Chief Executive Officer, retain certain discretion to decrease or increase bonuses relative to the guidelines based on qualitative or other subjective factors deemed relevant by the Compensation Committee.

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The following table summarizes the company component upon attainment of 100% of targeted net income and the individual component of the annual performance bonus plan at the target level for calendar 2012:

	<b>Company Component at 100% Target</b>	<b>Individual Component</b>
Gerardo I. Lopez	\$ 434,600	\$ 108,650
Craig R. Ramsey	231,400	57,850
Elizabeth Frank	162,000	108,000
John D. McDonald	226,200	56,550
Mark A. McDonald	117,000	78,000

Our annual bonuses have historically been paid in cash and traditionally have been paid in a single installment in the first quarter following the completion of a given year following issuance of our annual audit report. Pursuant to current employment agreements, each Named Executive officer is eligible for an annual bonus pursuant to the annual incentive plan in place at the time. The Compensation Committee has discretion to increase the annual bonus paid to our Named Executive Officers using its judgment if the Company exceeds certain financial goals, or to reward for achievement of individual annual performance objectives. Our Compensation Committee and the Board of Directors have approved bonus amounts to be paid in calendar 2013 for the performance during calendar 2012. The Company obtained a net income of over 200% of target for calendar 2012, which is equivalent to a 200% payout of the assigned bonus target. The individual component of the bonus, which was subject to the approval by the Compensation Committee and the Board of Directors, was determined following a review of each Named Executive Officer's individual performance and contribution to our strategic and financial goals. The individual performance review has been conducted during the first quarter of calendar 2013 and the individual component bonuses were finalized and approved by the Compensation Committee and the Board of Directors. Following the offering, we expect to make certain changes to the AIP, including with respect to bonus targets and how we determine the company component described above. See " Post-offering Compensation Changes to Our Annual Incentive Compensation Program."

***Special Incentive Bonuses***

Pursuant to his employment agreement, Mr. Gerardo Lopez is entitled to a one-time Special Incentive Bonus of \$2.0 million that vests at the rate of \$400,000 per year over five years, effective March 2009, provided that he remains employed on each vesting date. The first four installments of the Special Incentive Bonus were paid as of March 2013 and the fifth installment is payable upon vesting. The remaining unpaid Special Incentive Bonus of \$800,000 shall immediately vest in full upon Mr. Lopez's involuntary termination within twelve months after a change of control, as defined in his employment agreement.

Pursuant to the Merger agreement, the Named Executive Officers received a one-time special incentive bonus ("Management Bonus") which was paid in cash at the closing of the Merger. The Management Bonus provided to each Named Executive Officer is reported in the Bonus column of the "Summary Compensation Table" below.

***Long Term Incentive Equity Awards***

The Company has no stock-based compensation arrangements of its own, but prior to the Merger, Parent had approved an amended and restated 2004 Stock Option Plan ("2004 Stock Option Plan") and a 2010 Equity Incentive Plan ("2010 Equity Incentive Plan"). On July 23, 2010, the Board of Directors determined that the Company would no longer grant any additional awards of shares of



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common stock of the Company under the 2004 Stock Option Plan. The 2004 Stock Option Plan provided for the grant of incentive stock options (within the meaning of Section 422 of the Internal Revenue Code) and non-qualified stock options to acquire Parent common stock. Options granted under the plan were to vest in equal installments over three to five years from the grant date, subject to the optionee's continued service with Parent or one of its subsidiaries. As a result of the Merger and change of control on August 30, 2012, Holders of such vested and unvested options received payments for each option equal to the difference (if any) between the \$9.88 per share consideration received in the Merger and the exercise price of their options. Amounts received are reflected in the "Option Exercises and Stock Vested Transition Period" table below.

Prior to the Merger, the 2010 Equity Incentive Plan provided for grants of non-qualified stock options, restricted stock awards, other stock-based awards and performance-based compensation awards. During fiscal 2011, the Compensation Committee approved grants of stock options, restricted stock (time vesting), and restricted stock (performance vesting) to the Named Executive Officers, which generally had the following features:

*Non-Qualified Stock Option Award Agreement:* Twenty-five percent of the options were to vest on each of the first four anniversaries of the date of grant. The stock options had a ten year term from the date of grant. The vested and unvested stock options were cancelled immediately prior to the closing of the Merger on August 30, 2012. Holders of such options received payments for each option equal to the difference (if any) between the \$9.88 per share consideration received in the Merger and the exercise price of their options. Amounts received for these options in connection with the Merger are reflected in the "Option Exercises and Stock Vested Transition Period" table below. The grant date fair value for the options granted in fiscal 2011 was included in the Summary Compensation Table in fiscal 2011.

*Restricted Stock Award Agreement (Time Vesting):* The restricted shares were to vest on the fourth anniversary of the date of grant. The restricted stock (time vesting) awards were cancelled immediately prior to the closing of the Merger. Holders of such restricted stock (time vesting) received payments for each restricted share equal to the \$9.88 per share consideration received in the Merger. Amounts received for these restricted shares are reflected in the "Option Exercises and Stock Vested Transition Period" table below. The grant date fair value for the restricted stock (time vesting) awards granted in fiscal 2011 was included in the Summary Compensation Table in fiscal 2011.

*Restricted Stock Award Agreement (Performance Vesting):* The award agreements for the restricted shares (performance vesting) generally provided that 25% of the restricted shares awarded would become vested in each year over a four-year period upon the Company meeting certain pre-established annual performance targets. Because each annual performance target was set at the start of each respective single-fiscal year performance period, only twenty-five percent of the total restricted shares (performance vesting) awarded are deemed granted each year over the four-year period in accordance with Accounting Standards Codification 718-10-55-95. Grants of the restricted stock (performance vesting) made in fiscal 2012 and fiscal 2011 did not vest as the Company did not meet the adjusted EBITDA target established by the Compensation Committee.

The fiscal 2013 and fiscal 2014 restricted stock (performance vesting) had not been granted per ASC 718-10-55-95 as the Compensation Committee did not approve the performance target for the restricted stock due to the Merger. The unvested restricted stock (performance vesting) awards for fiscal 2013 and fiscal 2014 were cancelled immediately prior to the closing of the Merger. Holders of unvested restricted stock awards (performance vesting) received payments for each restricted share equal to the \$9.88 per share consideration received in the Merger. The fair value of the settlement for each of the fiscal 2013 and fiscal 2014 shares were included in the Summary Compensation Table

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during the current Transition Period. The grant date fair value for the first year's performance period, fiscal 2011, and the second year's performance period, fiscal 2012, was included in the Summary Compensation Table during fiscal 2011 and fiscal 2012, respectively. Following the offering, we expect to adopt a new equity incentive plan, see " Post-offering Compensation 2013 Equity Incentive Plan."

*Payment and Release of Escrowed Funds.* In connection with the closing of the Merger and as defined in the Merger Agreement, \$35.0 million of consideration otherwise payable to equity holders was deposited in an Indemnity Escrow Fund and \$2.0 million otherwise payable to equity holders was deposited in an account designated by the Stockholder Representative. On or following the Indemnity Escrow Termination Date and the release of all amounts remaining in the Indemnity Escrow Fund and the release of any portion of the Stockholder Representative Reserve the Named Executive Officers would receive a maximum settlement in the future year as follows:

	2004 Stock Option Plan(1)	2004 Stock Option Plan(1)	Restricted Stock (Time Vesting)(1)	Restricted Stock (Performance Vesting)(2)
Gerry Lopez	\$ 269,635	\$ 179,757	\$ 29,471	\$ 14,749
Craig Ramsey	106,536		17,689	8,844
Elizabeth Frank			5,906	2,938
John McDonald	53,268		17,689	8,844
Mark McDonald	53,268		5,906	2,938

(1) The value of the shares shown in these columns were included in the "Stock Awards" and "Option Awards" column of the Summary Compensation Table in prior years based on grant date fair values.

(2) The amount in this column represents the maximum amount that will be included in the "All Other Compensation" column of the Summary Compensation Table in the year the Named Executive Officer receives payment.

***Management Profit Sharing Plan***

Pursuant to the Merger agreement, Wanda and Parent entered into a management profit sharing plan, ("MPSP"). The long term incentive plan awards are payable in cash (or such other form as may be determined by the Board of Directors with the consent of designated participant representatives) on an annual basis and are subject to the Company achieving a predetermined adjusted net income target (as defined in the plan) for each plan year ending on December 31, 2012, 2013, 2014, and 2015. Wanda and Parent agreed to increase or decrease the calculation of net income, as described in the plan, for certain predefined exclusions and transactions ("adjusted net income"). (As described in the plan, adjusted net income is calculated by adjusting net income for any increases or decreases resulting from any capital contributions, interest reductions, disposition of certain equity method investments or strategic assets, push down accounting adjustments directly related to the Merger, MPSP bonuses, and increased by 20% of dividends paid by the Company.) The MPSP was based on attainment of an adjusted net income target of \$10.0 million during the twelve months ended December 31, 2012. The plan guideline provides that no MPSP incentive bonus would be paid below attainment of 100% of targeted adjusted net income (unless it qualifies as a Catch-Up Payment as described below) and that upon attainment of 100% of targeted adjusted net income target, each Named Executive Officer would receive 100% of his/her assigned bonus target. If the adjusted net income is equal to or exceeds 100% of targeted adjusted net income, the Company will pay 10% of the adjusted net income and each Named Executive Officer will receive a pro rata amount of the total award based on the proportion of his/her targeted bonus amount to the aggregate of the targeted bonus amounts for all participants. The MPSP bonus for each plan year shall be unlimited.

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The following table shows the potential lump-sum cash MPSP bonus for each Named Executive Officer assuming attainment of 100% of the targeted adjusted net income for the plan year ended December 31, 2012:

	<b>MPSP Incentive Bonus at 100% Target</b>
Gerardo I. Lopez	\$ 204,128
Craig R. Ramsey	79,156
Elizabeth Frank	79,156
John D. McDonald	79,156
Mark A. McDonald	79,156

If the Company fails to achieve the applicable adjusted net income target for one or more plan years, each Named Executive Officer shall be eligible to receive a Catch-Up Payment. A Catch-Up Payment shall be paid in addition to the MPSP bonus for such plan years when the Company obtains an adjusted net income in excess of 100% of target and the surplus is applied to a plan year(s) for which the adjusted net income target was less than 100%, in order to obtain an adjusted net income target of 100% for that prior plan year. Also, in order to be eligible to receive a MPSP bonus or a Catch-Up Payment, a Named Executive Officer must remain employed by the Company through the first business day following the end of the plan year to which the MPSP bonus relates or through the first business day following the end of the plan year in which the Catch-Up Payment is earned, as applicable.

If the Company achieves at least 80% of the adjusted net income target for each of the 5 plan years and the total amount of the MPSP bonuses and Catch-Up payments paid for such plan years are less than \$50.0 million for all participants per the plan, then each participant or Named Executive Officer who has been continuously employed by the Company from the Merger date at August 30, 2012 through the first business day of calendar 2016 shall be entitled to receive an additional incentive bonus award equal to his/her pro rata share for the difference between the \$50.0 million for all participants less the total for all MPSP bonuses and Catch-up payments made.

The Chief Executive Officer can make proposals on who is eligible to participate in the management profit sharing plan and the participant's pro rata allocation or assigned bonus target, subject to the recommendation of the Compensation Committee and the approval by the Board of Directors. The management profit sharing plan is administered by the Board of Directors and any action of the Board of Directors shall be final and binding. The Compensation Committee believes the long-term incentive bonus awards allow the Company to attract, retain and provide incentives to a talented management team, which together with the Company stock actually owned by its executives, appropriately links the long-term interests of executives and stockholders. For the plan year ended December 31, 2012, the Company obtained an adjusted net income of \$25.5 million. The Compensation Committee approved the MPSP bonus of 10% for the Transition Period and each Named Executive Officer received a pro rata amount of the total award based on the proportion of his/her targeted bonus amount to the aggregate of the targeted bonus amounts for all participants. Following the offering, and in connection with our expected adoption of a new equity incentive plan, we plan to terminate the MPSP with respect to the Named Executive Officers and other MPSP participants who consent to such termination. See "Post-offering Compensation Termination of Management Profit Sharing Plan."

**Retirement Benefits**

We provide retirement benefits to the Named Executive Officers under both qualified and non-qualified defined-benefit and defined-contribution retirement plans. The Defined Benefit

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Retirement Income Plan for Certain Employees of American Multi-Cinema, Inc. ("AMC Defined Benefit Retirement Income Plan") and the AMC 401(k) Savings Plan are both tax-qualified retirement plans in which the Named Executive Officers participate on substantially the same terms as our other participating employees. However, due to maximum limitations imposed by the Employee Retirement Income Security Act of 1974 ("ERISA") and the Internal Revenue Code on the annual amount of a pension which may be paid under a qualified defined-benefit plan and on the maximum amount that may be contributed to a qualified defined-contribution plan, the benefits that would otherwise be payable to the Named Executive Officers under the Defined Benefit Retirement Income Plan are limited. Because we did not believe that it was appropriate for the Named Executive Officers' retirement benefits to be reduced because of limits under ERISA and the Internal Revenue Code, we had established non-qualified supplemental defined-benefit plans that permit the Named Executive Officers to receive the same benefit that would be paid under our qualified defined-benefit plan up to the old IRS limit, as indexed, as if the Omnibus Budget Reconciliation Act of 1993 had not been in effect. On November 7, 2006, our Board of Directors approved a proposal to freeze the AMC Defined Benefit Retirement Income Plan and the AMC Supplemental Executive Retirement Plan, effective as of December 31, 2006. The Compensation Committee determined that this type of plan is not as effective as other elements of compensation in aligning executives' interests with the interests of stockholders. As a result, the Compensation Committee determined to freeze these plans. Benefits no longer accrue under the AMC Defined Benefit Retirement Income Plan or the AMC Supplemental Executive Retirement Plan for our Named Executive Officers or for other participants.

Effective January 1, 2011, under the Company's 401(k) Savings Plan, the Company began to match 100% of each eligible employee's elective contributions up to 3% and 50% of contributions up to 5% of the employee's eligible compensation. During fiscal 2010 and the first three quarters of fiscal 2011, the Company matched 50% of each eligible employee's elective contributions up to 6% of the employee's eligible compensation.

The "Pension Benefits" table and related narrative section "Pension and Other Retirement Plans" below describes our qualified and non-qualified defined-benefit plans in which our Named Executive Officers participate.

***Non-Qualified Deferred Compensation Program***

Named Executive Officers are permitted to elect to defer base salaries and their annual bonuses and MPSP under the AMC Non-Qualified Deferred Compensation Plan. Amounts deferred under the plans are credited with an investment return determined as if the participant's account were invested in one or more investment funds made available by the Committee and selected by the participant. The Company may, but need not, credit the deferred compensation account of any participant with a discretionary or profit sharing credit as determined by the Company. We believe that providing the Named Executive Officers with deferred compensation opportunities is a cost-effective way to permit officers to receive the tax benefits associated with delaying the income tax event on the compensation deferred, even though the related deduction for the Companies is also deferred.

The "Non-Qualified Deferred Compensation" table and related narrative section "Non-Qualified Deferred Compensation Plan" below describe the non-qualified deferred compensation plan and the benefits thereunder.

***Severance and Other Benefits Upon Termination of Employment***

We believe that severance protections, particularly in the context of a change of control transaction, can play a valuable role in attracting and retaining key executive officers. Accordingly, we provide such protections for each of the Named Executive Officers and for other of our senior officers in their respective employment agreements. The Compensation Committee evaluates the level of

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severance benefits provided to Named Executive Officers on a case-by-case basis. We consider these severance protections consistent with competitive practices.

As described in more detail below under "Potential Payments Upon Termination or Change of Control" pursuant to their employment agreements, each of the Named Executive Officers would be entitled to severance benefits in the event of termination of employment by AMCE without cause and certain Named Executive Officers would be entitled to severance benefits due to death or disability. In the case of Mr. Lopez, resignation for good reason would also entitle the employee to severance benefits. We have determined that it is appropriate to provide these executives with severance benefits under these circumstances in light of their positions with AMCE and as part of their overall compensation package.

We believe that the occurrence, or potential occurrence, of a change of control transaction will create uncertainty regarding the continued employment of our executive officers. This uncertainty results from the fact that many change of control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage certain of our executive officers to remain employed with us during an important time when their prospects for continued employment following the transaction are often uncertain, we provide the executives with severance benefits if they terminate their employment within a certain number of days following specified changes in their compensation, responsibilities or benefits following a change of control. The severance benefits for these executives are generally determined as if they continued to remain employed by us for two years following their actual termination date.

***All Other Compensation***

The other compensation provided to each Named Executive Officer is reported in the All Other Compensation column of the "Summary Compensation Table" below, and is further described in footnote (9) to that table. All other compensation during the period March 30, 2012 through December 31, 2012 consists of Company matching contributions under our 401(k) savings plan, which is a qualified defined contribution plan, life insurance premiums, amusement park passes, and amounts received upon cancellation of unvested restricted stock (performance vesting) awards in connection with the Merger. All other compensation is benchmarked and reviewed, revised and approved by the Compensation Committee every year.

***Policy with Respect to Section 162(m)***

Section 162(m) of the Internal Revenue Code generally disallows publicly held companies a tax deduction for compensation in excess of \$1.0 million paid to their chief executive officers and the four other most highly compensated executive officers unless certain performance and other requirements are met. Our intent generally is to design and administer executive compensation programs in a manner that will preserve the deductibility of compensation paid to our executive officers, and we believe that a substantial portion of our current executive compensation program satisfies the requirements for exemption from the \$1.0 million deduction limitation. However, we reserve the right to design programs that recognize a full range of performance criteria important to our success, even where the compensation paid under such programs may not be deductible. The Compensation Committee will continue to monitor the tax and other consequences of our executive compensation program as part of its primary objective of ensuring that compensation paid to our executive officers is reasonable, performance-based and consistent with the goals of the Company and its stockholders.

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**Post-offering Compensation**

We anticipate that at the time of, or shortly after, completion of this offering, we will make changes to certain of our compensation arrangements, including those covering our Named Executive Officers and members of our Board of Directors.

In developing these changes, we retained Pay Governance, LLC ("Pay Governance") to advise management and provide recommendations for a compensation program designed to retain and motivate management following this offering.

***Adoption of a Peer Group***

We expect to adopt a peer group of companies as a reference group to provide a broad perspective on competitive pay levels and practices. Based on recommendations from Pay Governance, we anticipate that our peer group will contain the following companies: Brinker International, Inc., Carmike Cinemas Inc., The Cheesecake Factory Incorporated, Chipotle Mexican Grill, Inc., Cinemark Holdings Inc., DreamWorks Animation SKG Inc., IMAX Corporation, Lions Gate Entertainment Corp., Netflix, Inc., Panera Bread Co., Regal Entertainment Group, SIRIUS XM Radio Inc. and Wynn Resorts Ltd.

***2013 Equity Incentive Plan***

We expect to adopt a 2013 Equity Incentive Plan (the "2013 Plan"). The following is a summary of certain features of the 2013 Plan.

***Reservation of Shares.*** Subject to adjustments as described below, the maximum aggregate number of shares of Class A common stock that may be issued pursuant to awards granted under the 2013 Plan will be equal to 10% of the total number of shares of the Company (i.e. shares of Class A common stock and shares of Class B common stock) outstanding immediately following consummation of this offering. Any shares of Class A common stock delivered under the 2013 Plan will consist of authorized and unissued shares, or treasury shares. In the event of any recapitalization, reclassification, stock dividend, extraordinary dividend, stock split, reverse stock split, or other distribution with respect to common stock, or any merger, reorganization, consolidation, combination, spin-off or other similar corporate change, or any other change affecting common stock, appropriate and equitable adjustments will be made to the number and kind of shares of common stock available for grant, as well as to other maximum limitations under the 2013 Plan, and the number and kind of shares of common stock or other terms of the awards that are affected by the event.

***Share Counting.*** Awards that are required to be paid in cash pursuant to their terms will not reduce the share reserve. To the extent that an award granted under the 2013 Plan is canceled, expired, forfeited, surrendered, settled by delivery of fewer shares than the number underlying the award or otherwise terminated without delivery of the shares to the participant, the shares of common stock retained by or returned to the Company will become available for future awards under the 2013 Plan. In addition, shares that are withheld or separately surrendered in payment of the exercise or purchase price or taxes relating to such an award or are not issued or delivered as a result of the net settlement of an outstanding stock option or stock appreciation right will become available for future awards under the 2013 Plan. Awards assumed or substituted for in a merger, consolidation, acquisition of property or stock or reorganization will not reduce the share reserve.

***Administration.*** The 2013 Plan will be administered by the Compensation Committee. Subject to the limitations set forth in the 2013 Plan, the Compensation Committee has the authority to determine the persons to whom awards are to be granted, prescribe the restrictions, terms and conditions of all awards, interpret the 2013 Plan and adopt rules for the administration, interpretation and application of the 2013 Plan.

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*Eligibility.* Awards under the 2013 Plan may be granted to any employees, directors, consultants or other personal service providers of Company.

*Stock Options.* Stock options granted under the 2013 Plan may be issued as either incentive stock options, within the meaning of Section 422 of the Internal Revenue Code, or as nonqualified stock options. The exercise price of an option will be not less than 100% of the fair market value of a share of Class A common stock on the date of the grant of the option. The Compensation Committee will determine the vesting and/or exercisability requirements and the term of exercise of each option, including the effect of termination of service of a participant or a change in control. The vesting requirements may be based on the continued employment or service of the participant for a specified time period or on the attainment of specified business performance goals established by the Compensation Committee. The maximum term of an option will be ten years from the date of grant. To exercise an option, the participant must pay the exercise price, subject to specified conditions, (i) in cash, (ii) in shares of common stock, (iii) through an open-market broker-assisted transaction, (iv) by reducing the number of shares of common stock otherwise deliverable upon the exercise of the stock option, (v) by combination of any of the above methods, or (vi) by such other method approved by the Compensation Committee, and must pay any required tax withholding amounts. All options generally are nontransferable. Dividends may not be paid and dividend equivalent rights may not be granted with respect to the shares of stock subject to stock options.

*Stock Appreciation Rights.* A stock appreciation right may be granted either in tandem with an option or without a related option. A stock appreciation right entitles the participant, upon settlement or exercise, to receive a payment based on the excess of the fair market value of a share of common stock on the date of settlement or exercise over the base price of the right, multiplied by the number of shares of common stock as to which the right is being settled or exercised. Stock appreciation rights may be granted on a basis that allows for the exercise of the right by the participant or that provides for the automatic payment of the right upon a specified date or event. The base price of a stock appreciation right may not be less than the fair market value of a share of common stock on the date of grant. The Compensation Committee will determine the vesting requirements and the term of exercise of each stock appreciation right, including the effect of termination of service of a participant or a change in control. The vesting requirements may be based on the continued employment or service of the participant for a specified time period or on the attainment of specified business performance goals established by the Compensation Committee. The maximum term of a stock appreciation right will be ten years from the date of grant. Stock appreciation rights may be payable in cash or in shares of common stock or in a combination of both. Dividends may not be paid and dividend equivalent rights may not be granted with respect to the shares of stock subject to Stock Appreciation Rights.

*Restricted Stock Awards.* A restricted stock award represents shares of common stock that are issued subject to restrictions on transfer and vesting requirements. The vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of specified performance goals established by the Compensation Committee, and vesting may be accelerated in certain circumstances, as determined by the Compensation Committee. Unless otherwise set forth in an award agreement, restricted stock award holders will have all of the rights of a stockholder of the Company, other than the right to receive dividends, during the restricted period. Any dividends with respect to a restricted stock award that is subject to performance-based vesting will be subject to the same restrictions on transfer and vesting requirements as the underlying restricted stock award.

*Restricted Stock Units and Performance Stock Units.* An award of restricted stock units, or "RSUs", and an award of performance stock units, or "PSUs", provides the participant the right to receive a payment based on the value of a share of common stock. RSUs and PSUs may be subject to

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vesting requirements, restrictions and conditions to payment. RSUs may vest based solely on the continued service of the participant for a specified time period. PSUs may vest in whole or in part based on the attainment of specified performance goals established by the Compensation Committee. The vesting of RSUs and PSUs may be accelerated in certain circumstances, as determined by the Compensation Committee. RSU and PSU awards will become payable to a participant at the time or times determined by the Compensation Committee and set forth in the award agreement, which may be upon or following the vesting of the award. RSU and PSU awards are payable in cash or in shares of Class A common stock or in a combination of both. RSUs and PSUs may be granted together with a dividend equivalent right with respect to the shares of common stock subject to the award. Dividend equivalent rights will be subject to vesting conditions that apply to the underlying RSUs or PSUs.

*Stock Awards.* A stock award represents shares of common stock that are issued free of restrictions on transfer and free of forfeiture conditions and to which the participant is entitled all incidents of ownership. A stock award may be granted for past services, in lieu of bonus or other cash compensation, directors' fees or for any other valid purpose as determined by the Compensation Committee. The Compensation Committee will determine the terms and conditions of stock awards, and such stock awards may be made without vesting requirements. Upon the issuance of shares of common stock under a stock award, the participant will have all rights of a shareholder with respect to such shares of common stock, including the right to vote the shares and receive all dividends and other distributions on the shares.

*Cash Performance Awards.* A performance award is denominated in a cash amount (rather than in shares) and is payable based on the attainment of pre-established business and/or individual performance goals. The requirements for vesting may be also based upon the continued service of the participant during the performance period, and vesting may be accelerated in certain circumstances, as determined by the Compensation Committee. The maximum amount of cash compensation that may be paid to a participant during any one calendar year under all cash performance awards is \$3.0 million.

*Performance Criteria.* For purposes of cash performance awards, as well as for any other awards under the 2013 Plan intended to qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code, the performance criteria will be one or any combination of the following, for the Company or any identified Subsidiary or business unit, as determined by the Compensation Committee at the time of the award: (i) total stockholder return; (ii) such total stockholder return as compared to total return (on a comparable basis) of a publicly available index such as, but not limited to, the Standard & Poor's 500 Stock Index; (iii) net income; (iv) pretax earnings; (v) adjusted earnings before interest expense, taxes, depreciation and amortization ("*EBITDA*"); (vi) pretax operating earnings after interest expense and before bonuses, service fees, and extraordinary or special items; (vii) operating margin; (viii) earnings per share; (ix) return on equity; (x) return on capital; (xi) return on investment; (xii) operating earnings; (xiii) working capital; (xiv) ratio of debt to stockholders' equity; (xv) revenue; (xvi) free cash flow (generally defined as adjusted EBITDA, less cash taxes, cash interest net capital expenditures, mandatory payments of principal under any credit facility, and payments under collateralized lease obligations and financing lease obligations); (xvii) industry attendance metrics; (xviii) cash flow from operating activities; and (xix) any combination of or a specified increase in any of the foregoing. Each of the performance criteria will be applied and interpreted in accordance with an objective formula or standard established by the Compensation Committee at the time of grant of the award including, without limitation, GAAP. The performance criteria may be applied on an absolute basis or relative to an identified index, peer group, or one or more competitors or other companies (including particular business segments or divisions of such companies), or may be applied after adjustment for non-controllable industry performance (such as industry attendance), as specified by the Compensation Committee.



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At the time that an award is granted, the Compensation Committee may provide that performance will be measured in such objective manner as it deems appropriate, including, without limitation, adjustments to reflect charges for restructurings, non-operating income, the impact of corporate transactions or discontinued operations, extraordinary and other unusual or non-recurring items and the cumulative effects of accounting or tax law changes.

Further, the Compensation Committee shall, to the extent provided in an award agreement, have the right, in its discretion, to reduce or eliminate the amount otherwise payable to any participant under an award and to establish rules or procedures that have the effect of limiting the amount payable to any participant to an amount that is less than the amount that is otherwise payable under an award.

Following the conclusion of the performance period, the Compensation Committee shall certify in writing whether the applicable performance goals have been achieved.

*Award Limitations.* For purposes of complying with the requirements of Section 162(m) of the Internal Revenue Code, the maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, performance-based restricted stock awards, performance-based RSUs and performance-based stock awards granted to any participant other than a non-employee director during any calendar year will be limited to 10% of the maximum aggregate number of shares of common stock that may be issued pursuant to awards granted under the 2013 Plan.

Further, the maximum number of shares of common stock that may be subject to stock options, stock appreciation rights, restricted stock awards, RSUs, PSUs and stock awards granted to any non-employee director during any calendar year will be limited to 10% of the maximum aggregate number of shares of common stock that may be issued pursuant to awards granted under the 2013 Plan.

*Effect of Change in Control.* Upon the occurrence of a change in control, unless otherwise specifically prohibited under applicable law, or unless otherwise provided in the applicable award agreement, the Compensation Committee is authorized to make adjustments in the terms and conditions of outstanding awards, including without limitation the following (or any combination thereof): (i) continuation or assumption of such outstanding awards by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of awards with substantially the same terms as such outstanding awards (excluding the consideration payable upon settlement of the awards); (iii) accelerated exercisability, vesting and/or payment; and (iv) if all or substantially all of the Company's outstanding shares of common stock transferred in exchange for cash consideration in connection with such change in control: (A) upon written notice, provide that any outstanding stock options and stock appreciation rights are exercisable during a reasonable period of time immediately prior to the scheduled consummation of the event or such other reasonable period as determined by the Compensation Committee (contingent upon the consummation of the event), and at the end of such period, such stock options and stock appreciation rights will terminate to the extent not so exercised within the relevant period; and (B) cancellation of all or any portion of outstanding awards for fair value, as determined in the sole discretion of the Compensation Committee.

*Forfeiture.* The Compensation Committee may specify in an award agreement that an award will be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, including termination of service for "cause" (as defined in the 2013 Plan), violation of material Company policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the participant, or other conduct by the participant that is detrimental to the business or reputation of the Company. Unless otherwise provided by the Compensation Committee and set forth in an award agreement, if (i) a participant's service is terminated for "cause" or (ii) after termination of service for any other reason, the Compensation Committee determines in its discretion either that,

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(A) during the participant's period of service, the participant engaged in an act which would have warranted termination from service for "cause" or (B) after termination, the participant engaged in conduct that violates any continuing obligation or duty of the participant in respect of the Company or any of its subsidiaries, such participant's rights, payments and benefits with respect to such award may be subject to cancellation, forfeiture and/or recoupment.

*Right of Recapture.* If a participant receives compensation pursuant to an award based on financial statements that are subsequently required to be restated in a way that would decrease the value of such compensation, the participant will, upon the written request of the Company, forfeit and repay to the Company the difference between what the participant received and what the participant should have received based on the accounting restatement, in accordance with (i) the Company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time and (ii) any compensation recovery, "clawback" or similar policy made applicable by law including the Dodd-Frank Wall Street Reform and Consumer Protection Act.

*Tax Withholding.* Participants in the 2013 Plan are responsible for the payment of any taxes or similar charges required by law to be paid or withheld from an award or an amount paid in satisfaction of an award.

*Deferrals of Payment.* The Compensation Committee may in its discretion permit participants in the 2013 Plan to defer the receipt of payment of cash or delivery of shares of common stock that would otherwise be due by virtue of the exercise of a right or the satisfaction of vesting or other conditions with respect to an award; provided, however, that such discretion shall not apply in the case of a stock option or stock appreciation right.

*Term, Amendment and Termination.* The term of the 2013 Plan is ten years from the date it was approved by the Board of Directors. The Board of Directors may amend, modify, suspend or terminate the 2013 Plan at any time. However, no termination or amendment of the 2013 Plan will adversely affect any award theretofore granted without the consent of the participant or the permitted transferee of the award. The Board of Directors may seek the approval of any amendment by the Company's shareholders to the extent it deems necessary or advisable for purposes of compliance with Section 162(m) or Section 422 of the Internal Revenue Code, the listing requirements of the New York Stock Exchange, or for any other purpose.

***Anticipated Awards under the 2013 Plan***

We anticipate that we will make the following grants under the 2013 Plan to our Named Executive Officers:

*Awards in Connection with this Offering.* In connection with this offering, participants in the MPSP, including our Named Executive Officers, will receive grants of fully vested shares of our Class A common stock (subject to the lock-up agreements with Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated described under "Underwriting" and shares withheld in order to satisfy withholding tax liability) in an aggregate amount of 666,675 shares. Each MPSP participant will be allocated a percentage of the pool of shares of our Class A common stock equal to such participant's percentage allocation under the MPSP. In addition, our Chief Executive Officer has discretion to allocate approximate 10% of the number of Offering Bonus Shares. The Named Executive

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Officers will receive the following grants of shares of our Class A common stock in connection with this offering:

	Number of Shares
Gerardo I. Lopez	120,000
Craig R. Ramsey	55,978
Elizabeth Frank	46,534
John D. McDonald	46,534
Mark A. McDonald	46,534

The number of shares shown in the above table has not been reduced by shares withheld to satisfy withholding tax liability.

**Annual Equity Awards.** In connection with this offering, we will adopt an equity-based long-term incentive program, pursuant to which we will make annual grants of RSUs and PSUs under the 2013 Plan to eligible employees, including our Named Executive Officers. With respect to our Named Executive Officers, 50% of each annual grant will consist of fully vested RSUs that will be settled on, and will be non-transferrable until, the third anniversary of the grant date (except that RSUs granted to our Named Executive Officers may be subject to forfeiture if the Company fails to achieve cash flow from operating activities of \$100.0 million during the first fiscal year following the date of grant). The remaining 50% of the annual grant with respect to our Named Executive Officers will consist of PSUs. The PSUs will vest on the first anniversary of the grant date, subject to the holder's continuous service for the Company through such vesting date. The number of PSUs that will vest on the vesting date will range from 0% to 150% of the PSUs subject to the grant, with such percentage determined based on the free cash flow achieved by the Company, as measured against pre-established targets, during the one-year period following the grant of the PSUs. The PSUs will be settled and will be non-transferrable until the third anniversary of the grant date.

***Termination of Management Profit Sharing Plan***

The new equity-based long-term incentive program, as described above, is designed to replace the MPSP. Therefore, in connection with this offering, MPSP participants will be entitled to bonuses in respect of the plan year ending December 31, 2013 calculated as described above under "Management Profit Sharing Plan" and, subject to their consent, we will terminate the MPSP following such bonus payments.

***Changes to Our Annual Incentive Compensation Program***

Commencing in 2014, we will increase the target incentive under the AIP for certain employees, including certain Named Executive Officers. In the case of Mr. Lopez, his target incentive under the AIP will be increased from 70% of his base salary to 90% of his base salary. With respect to each of Mr. Ramsey and Mr. John McDonald, the target incentive under the AIP will be increased from 65% of base salary to 70% of base salary.

In addition, commencing in 2014, we will adjust how we measure performance for purposes of the AIP. We will change the company component of the performance measures from net income targets to Adjusted EBITDA targets, and we will include an annual industry attendance adjustment so that participants will not be penalized or rewarded for non-controllable industry results.

***Changes to Executive Stock Ownership Guidelines***

In connection with this offering, we will adopt new stock ownership guidelines for our executives, including our Named Executive Officers. Our chief executive officer will be required to acquire and hold shares of our common stock with a fair value at least equal to three times his base salary, and the

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other Named Executive Officers will be required to acquire and hold shares of our common stock with a fair value at least equal to two times their respective base salaries. Each Named Executive Officer will be required to achieve the applicable guideline ownership amount within three years following this offering.

***Changes to Compensation for Members of Our Board of Directors***

In connection with this offering, we will modify the compensation program for members of our Board of Directors. With respect to each member of our Board of Directors, we will reduce the annual cash retainer from \$100,000 to \$50,000, and we will eliminate all cash meeting fees. Each member of our Board of Directors will receive an annual RSU grant under the 2013 Plan with a value of \$100,000. We will reduce the annual cash retainer for members of our Audit Committee and our Compensation Committee from \$20,000 to \$5,000, and members of our Nominating & Corporate Governance Committee will receive an annual cash retainer of \$5,000. The chair of our Audit Committee will receive an annual cash retainer of \$15,000, and the chairs of our Compensation Committee and our Nominating & Corporate Governance Committee each will receive an annual cash retainer of \$10,000.

***Changes to Stock Ownership Guidelines for Members of Our Board of Directors***

In connection with this offering, we will adopt new stock ownership guidelines for members of our Board of Directors. Members of our Board of Directors will be required to hold at least the same number of shares of our common stock as they are granted during their first year of service.

***New Employment Agreement for Mr. Lopez***

In connection with the offering, we will enter into a new employment agreement with Mr. Lopez that will be effective upon consummation of the offering. The new employment agreement will contain terms similar to those under Mr. Lopez's current employment agreement, described below under "Description of Employment Agreements Salary and Bonus Amounts." Mr. Lopez's new employment agreement will include a three-year initial term, with automatic one-year extensions each year unless we or Mr. Lopez provides notice not to extend. The agreement also will continue his current annual base salary of \$835,000, but will increase his target incentive bonus for fiscal year 2014 to 90% of his base salary. In addition, Mr. Lopez's agreement will provide for a special incentive bonus of \$1.2 million that vests at the rate of \$400,000 per year over three years, provided he remains employed on each applicable vesting date.

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The following table presents information regarding compensation of our principal executive officer, our principal financial officer, and our three other most highly compensated executive officers for services rendered during the Transition Period of March 30, 2012 through December 31, 2012. These individuals are referred to as "Named Executive Officers."

Name and Principal Position(1)	Year(2)	Salary (\$)	Bonus \$(3)	Stock Awards \$(4)	Option Awards \$(5)	Change in Pension Value and Non-Equity Nonqualified Incentive Deferred Plan Compensation		All Other Compensation \$(9)	Total (\$)
						Earnings \$(6)	\$(7)(8)		
Gerardo I. Lopez Chief Executive Officer, President and Director (Parent, AMCE and American Multi-Cinema, Inc.)	T2012 FY2012 FY2011	\$ 567,150 753,480 728,000	\$ 1,750,000 400,000 400,000	\$ 198,151 985,845	\$  307,819	\$ 1,520,698 358,670 203,800	\$ 7,387	\$ 257,793 31,304 41,903	\$ 4,103,028 1,741,605 2,667,367
Craig R. Ramsey Executive Vice President and Chief Financial Officer (Parent, AMCE and American Multi-Cinema, Inc.)	T2012 FY2012 FY2011	325,192 428,505 408,100	1,500,000	118,815 591,582	184,750	734,298 203,335 106,100	32,771	163,682 17,177 14,662	2,755,943 829,016 1,350,890
Elizabeth Frank Executive Vice President and Chief Content and Programming Officer (Parent, AMCE and American Multi-Cinema, Inc.)	T2012	328,846	1,000,000			655,678		60,286	2,044,810
John D. McDonald Executive Vice President U.S. Operations (Parent, AMCE and American Multi-Cinema, Inc.)	T2012 FY2012 FY2011	317,885 422,384 408,100	350,000	118,815 591,582	184,750	722,338 186,690 66,313	131,409	161,784 15,156 14,536	1,683,416 890,796 1,351,044
Mark A. McDonald Executive Vice President, Global Development (Parent, AMCE and American Multi-Cinema, Inc.)	T2012	237,500	350,000			529,678	87,794	59,020	1,263,992

- (1) The principal positions shown are at December 31, 2012. Compensation amounts for Ms. Elizabeth Frank and Mr. Mark McDonald are only provided for years where they were a Named Executive Officer.
- (2) The Transition Period ("T2012") reflects the compensation earned from March 30, 2012 through December 31, 2012. FY2012 and FY2011 represents the time period of the fifty-two weeks ended March 29, 2012 and March 31, 2011, respectively.
- (3) The bonus activity in this column for T2012 reflects the one-time special incentive received by the Named Executive Officers for the Management Bonus. For fiscal 2012 and fiscal 2011, the bonus activity for Mr. Lopez reflects the vested portion of his Special Incentive Bonus.
- (4) As required by SEC Rules, amounts shown in the column, "Stock Awards," for fiscal 2012 and fiscal 2011 presents the aggregate grant date fair value of restricted stock awards granted in the fiscal year in accordance with accounting rules ASC 718, *Compensation Stock Compensation*. The estimated fair value of the stock at the grant date was approximately \$15.25 per share in fiscal 2012 and \$752 per share in fiscal 2011 and was based upon a contemporaneous valuation reflecting market conditions. The valuation assumptions used for the restricted stock awards are provided in Note 10 Stockholders' Equity to the Company's audited Consolidated Financial Statements contained elsewhere in this prospectus. The restricted share (time vesting) grants, which were made in fiscal 2011, were to have vested on the fourth anniversary of the date of grant, subject to the Named Executive Officer's continued service with the Company. These awards were cancelled in connection with the Merger and holders received payments for each restricted share (time vesting) and fiscal 2013 and fiscal 2014 restricted stock (performance vesting) equal to the per share consideration received in the Merger. Amounts received for these restricted shares are reflected in the "Option Exercises and Stock Vested Transition Period" table

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below. Of the total restricted share (performance vesting) awards approved by the Compensation Committee, approximately twenty-five percent of the total awards were to have been granted each year over a four-year period in accordance with ASC 718-10-55-95. The restricted share (performance vesting) grants for fiscal 2012 and fiscal 2011 had a vesting term of approximately one year upon the Company meeting a pre-established annual adjusted EBITDA target of \$340.0 million and \$387.8 million, respectively. The Named Executive Officers did not vest in the restricted share (performance vesting) grants for either fiscal 2012 or fiscal 2011 as the Company did not meet the adjusted EBITDA target established by the Compensation Committee.

(5)

As required by SEC Rules, amounts shown in the column, "Option Awards," presents the aggregate grant date fair value of option awards granted in the fiscal year in accordance with accounting rules ASC 718, *Compensation Stock Compensation*. These amounts reflect the Company's cumulative accounting expense over the vesting period and do not correspond to the actual values that were to be realized by the Named Executive Officers. Options were to acquire shares of Parent common stock. The valuation assumptions used for the stock option awards are provided in Note 10 Stockholders' Equity to the audited Company's Consolidated Financial Statements contained elsewhere in this prospectus.

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In July 2010, the Named Executive Officers received a grant of non-qualified stock options under the 2010 Equity Incentive Plan. The options were to vest in four equal annual installments, subject to continued employment. The stock options were to expire after ten years from the date of the grant. The estimated grant date fair value of the options was \$5.93 per share and was determined using the Black-Scholes option-pricing model. The option exercise price was \$15.19 per share.

No option awards granted to Named Executive Officers in the above table were forfeited in fiscal 2012 or fiscal 2011. All vested and unvested stock options were cancelled in connection with the Merger and holders received payments for each option equal to the difference (if any) between the per share consideration received in the Merger and the exercise price of the options. Amounts received for these options in connection with the Merger are reflected in the "Option Exercises and Stock Vested Transition Period" table below.

(6)

For the Transition Period, bonus amounts were approved for both the company component bonus and the individual component bonus of the annual incentive compensation plan. The Company attained a net income of over 200% of target, which is equivalent to a 200% payout of the assigned bonus target for the company component. The individual component bonus of the AIP was approved during the first quarter of calendar 2013 following a review of each Named Executive Officer's individual performance and contribution to the Company's strategic and financial goals. For the MPSP plan year ended December 31, 2012, the Company obtained an adjusted net income of \$25.5 million. The Compensation Committee approved the MPSP bonus of 10% for the Transition Period and each Named Executive Officer received a pro rata amount of the total award based on the proportion of his/her targeted bonus amount to the aggregate of the targeted bonus amounts for all participants. The following table shows the Non-Equity Incentive Plan Compensation provided to the Named Executive Officers for T2012:

	AIP Company Component	AIP Individual Component	MPSP	Total Non-Equity Incentive Plan Compensation
Gerardo I. Lopez	\$ 869,200	\$ 130,380	\$ 521,118	\$ 1,520,698
Craig R. Ramsey	462,800	69,420	202,078	734,298
Elizabeth Frank	324,000	129,600	202,078	655,678
John D. McDonald	452,400	67,860	202,078	722,338
Mark A. McDonald	234,000	93,600	202,078	529,678

For fiscal 2012, bonus amounts were approved for both the company component bonus and the individual component bonus of the AIP. The Company attained an adjusted EBITDA of 96% of target, which is equivalent to a 60% payout of the assigned bonus target for the company component. The individual component bonus of the annual incentive compensation plan was approved during the first quarter of fiscal 2013 following a review of each Named Executive Officer's individual performance and contribution to the Company's strategic and financial goals.

For fiscal 2011, the individual component bonus of the annual incentive compensation plan was approved during the first quarter of fiscal 2012 following a review of each Named Executive Officer's individual performance and contribution to the Company's strategic and financial goals. No company component bonuses were earned for fiscal 2011 under the annual incentive compensation program because the Company did not meet the minimum 90% of targeted adjusted EBITDA threshold. Further discussion on the annual incentive bonus program for the Named Executive Officers can be found in the Compensation Discussion and Analysis Annual Performance Bonus section.

(7)

This column includes the aggregate increases and decreases in actuarial present value of each officer's accumulated benefit amounts:

		Defined Benefit Plan	Supplemental Executive Retirement Plan
Craig R. Ramsey	T2012	\$ 21,581	\$ 11,190
	FY2012	39,071	20,258
	FY2011	17,441	9,043
John D. McDonald	T2012	84,072	43,591
	FY2012	97,301	50,450
	FY2011	44,869	23,264
Mark A. McDonald	T2012	53,717	26,053

(8)

This column also includes the nonqualified deferred compensation above market earnings for the difference between market interest rates determined pursuant to SEC rules and the interest contingently credited by the Company on salary deferred by the Named Executive Officers. For the Transition Period, the above market earnings of 4.9% to 7.8% for Mr. John McDonald, Mr. Mark McDonald, and Mr. Gerardo Lopez were \$3,746, \$8,024, and \$7,387, respectively. For fiscal 2012, the above market earnings of 4.1% for Mr. Craig Ramsey were \$1,855. For fiscal 2011, above market earnings of 17.6% to 23.8% for Mr. Craig Ramsey and Mr. John McDonald were \$19,212 and \$17,630, respectively. Further discussion on the nonqualified deferred compensation for the Named Executive Officers can be found in the *Compensation Discussion and Analysis* Nonqualified Deferred

Compensation section.

(9)

All Other Compensation is comprised of Company matching contributions under our 401(k) savings plan which is a qualified defined contribution plan, life insurance premiums, amusement park passes, and amounts received upon cancellation of unvested restricted stock



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(performance vesting) awards in connection with the Merger. The following table summarizes "All Other Compensation" provided to the Named Executive Officers for the Transition Period:

	Company Matching Contributions to 401(k) Plan	Life Insurance Premiums	Amusement Park Pass	Imputed Earnings for Gift Card	Settlement of Restricted Stock (performance vesting)	Total
Gerardo I. Lopez	\$	\$ 1,311	\$	\$	\$ 256,482	\$ 257,793
Craig R. Ramsey	6,124	3,762		5	153,791	163,682
Elizabeth Frank	6,640	545	2,000		51,101	60,286
John D. McDonald	5,542	2,451			153,791	161,784
Mark A. McDonald	6,731	1,188			51,101	59,020

In connection with the change of control, this column also includes the fair value settlement of the fiscal 2013 and fiscal 2014 restricted stock (performance vesting) for T2012. The fiscal 2013 and fiscal 2014 restricted stock (performance vesting) had not been granted per ASC 718-10-55-95 as the Compensation Committee did not approved the performance target for the restricted stock (performance vesting) due to the Merger. The unvested restricted stock (performance vesting) awards for fiscal 2013 and fiscal 2014 were cancelled immediately prior to the closing of the Merger. Holders of unvested restricted stock (performance vesting) awards received payments for each restricted share equal to the per share consideration received in the Merger.

**Compensation of Named Executive Officers**

The Summary Compensation Table above quantifies the value of the different forms of compensation earned by or awarded to our Named Executive Officers during the Transition Period. The primary elements of each Named Executive Officer's total compensation reported in the table generally are base salary and annual bonus, although for the 2012 Transition Period the Management Bonus was a significant component of the Named Executive Officers' total compensation.

The Summary Compensation Table should be read in conjunction with the tables and narrative descriptions that follow. A description of the material terms of each Named Executive Officer's base salary and annual bonus is provided below.

The "Pension Benefits" table and related description of the material terms of our pension plans describe each Named Executive Officer's retirement benefits under the Companies' defined-benefit pension plans to provide context to the amounts listed in the Summary Compensation Table. The "Grant of Plan-based Awards" table and related footnotes provides material terms of the Company's annual incentive plan and MPSP plan. The discussion in the section "Potential Payments Upon Termination or Change of Control" explains the potential future payments that may become payable to our Named Executive Officers. The Management Bonus is discussed in "Current Executive Compensation Program Elements Special Incentive Bonuses" under "Compensation Discussion and Analysis".

**Description of Employment Agreements Salary and Bonus Amounts**

We have entered into employment agreements with each of Mr. Gerardo Lopez, Mr. Craig Ramsey, Ms. Elizabeth Frank, Mr. John McDonald, and Mr. Mark McDonald. Provisions of these agreements relating to an outstanding incentive award and post-termination of employment benefits are discussed below.

*Gerardo I. Lopez.* On February 23, 2009, AMC Entertainment Inc. entered into an employment agreement with Gerardo I. Lopez to serve as its Chief Executive Officer. The term of the agreement is for three years, with automatic one-year extensions each year. The agreement provides that Mr. Lopez will receive an initial annualized base salary of \$700,000. The Board of Directors or Compensation Committee, based on its review, has discretion to increase (but not reduce) the base salary each year. The agreement also provides for annual bonuses for Mr. Lopez determined by the Board or Compensation Committee based on performance objectives established with respect to that particular year. In addition, Mr. Lopez is receiving a one-time special incentive bonus that vests at the rate of \$400,000 per year over five years, effective March 2009, provided he remains employed on each vesting date. The first four installments of the special incentive bonus were paid as of March 2013 and the fifth

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installment is payable upon vesting. In making its determination with respect to salary and bonus levels, the Compensation Committee considers the factors discussed in the "Current Executive Compensation Program Elements" of the Compensation Discussion and Analysis above. The agreement also provides that Mr. Lopez will be eligible for benefits offered by the Company to other executive officers and will be entitled to reimbursements for expenses reasonably incurred in connection with related business expenses and travel. Change of control, severance arrangements and restrictive covenants in Mr. Lopez's employment agreement are discussed in detail below in the narrative section "Potential Payments Upon Termination or Change of Control." Following the offering, we plan to enter into a new employment agreement with Mr. Lopez. See "Post-offering Compensation New Employment Agreement for Mr. Lopez."

*Craig R. Ramsey.* On July 1, 2001, AMC and AMCE entered into an employment agreement with Craig R. Ramsey, who serves as the Executive Vice President and Chief Financial Officer of the Company and reports directly to AMCE's Chairman of the Board, President and Chief Executive Officer. The term of the agreement is for two years, with automatic one-year extensions each year. The agreement provides that Mr. Ramsey will receive an initial annualized base salary of \$275,000. Subject to their review, the Chairman of the Board, President and Chief Executive Officer of AMCE and, if applicable, the Compensation Committee has discretion to increase the base salary each year. The agreement also provides for annual bonuses for Mr. Ramsey based on the applicable incentive compensation program of the Company and consistent with the determination of the Chairman of the Board, President and Chief Executive Officer of AMCE and, if applicable, the Compensation Committee. In making its determination with respect to salary and bonus levels, the Compensation Committee considers the factors discussed in the "Current Executive Compensation Program Elements" of the Compensation Discussion and Analysis above. In addition, the agreement provides that Mr. Ramsey will be eligible for benefits offered by the Company to other executive officers and will be entitled to reimbursements for expenses reasonably incurred in connection with business travel and entertainment. Change of control and severance arrangements in Mr. Ramsey's employment agreement are discussed in detail below in the narrative section "Potential Payments Upon Termination or Change of Control."

*Elizabeth Frank.* On August 18, 2010, AMC Entertainment Inc. entered into an employment agreement with Elizabeth Frank, who currently serves as the Executive Vice President and Chief Content and Programming Officer. The term of the agreement is for two years, with automatic one-year extensions each year. The agreement provides that Ms. Frank will receive an initial annualized base salary of \$300,000. Subject to their review, the Board or the Compensation Committee has discretion to increase (but not reduce) the base salary each year. The agreement also provides for annual bonuses for Ms. Frank and the target incentive for a particular fiscal year of the Company shall be determined by the Board of Directors or the Compensation Committee, in its sole discretion, based on performance objectives. The target incentive bonus for each fiscal year during the period of employment shall equal 60% of the base salary. In making its determination with respect to salary and bonus levels, the Committee considers the factors discussed in the "Current Executive Compensation Program Elements" of the Compensation Discussion and Analysis above. In addition, the agreement provides that Ms. Frank will be eligible for benefits offered by the Company to other executive officers and will be entitled to reimbursements for expenses reasonably incurred in connection with carrying out the Executive's duties for the Company. Severance arrangements in Ms. Frank's employment agreement are discussed in detail below in the narrative section "Potential Payments Upon Termination or Change of Control."

*John D. McDonald.* On July 1, 2001, AMC and AMC Entertainment Inc. entered into an employment agreement with John D. McDonald, who serves as an Executive Vice President, U.S. Operations. Mr. McDonald reports directly to AMC's President and Chief Operating Officer or such officer's designee. The term of the agreement is for two years, with automatic one-year extensions each

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year. The agreement provides that Mr. McDonald will receive an initial annualized base salary of \$275,000. Subject to their review, the President and Chief Operating Officer of AMC with the approval of AMC Entertainment's Chairman of the Board, President and Chief Executive Officer and, if applicable, the Compensation Committee have discretion to increase the base salary each year. The agreement also provides for annual bonuses for Mr. McDonald based on the applicable incentive compensation program of the Company and consistent with the determination of the President and Chief Operating Officer of AMC with the approval of AMC Entertainment's Chairman of the Board, President and Chief Executive Officer and, if applicable, the Compensation Committee. In making its determination with respect to salary and bonus levels, the Compensation Committee considers the factors discussed in the "Current Executive Compensation Program Elements" of the Compensation Discussion and Analysis above. In addition, the agreement provides that Mr. McDonald will be eligible for benefits offered by the Company to other executive officers and will be entitled to reimbursements for expenses reasonably incurred in connection with business travel and entertainment. Change of control and severance arrangements in Mr. McDonalds' employment agreements are discussed in detail below in the narrative section "Potential Payments Upon Termination or Change of Control."

*Mark A. McDonald.* On July 1, 2001, AMC Entertainment Inc. entered into an employment agreement with Mark A. McDonald who currently serves as the Executive Vice President of Global Development. The term of the agreement is for two years, with automatic one-year extensions each year. The agreement provides that Mr. McDonald will receive an initial annualized base salary of \$225,000 subject to review by the Chairman of the Board, President and Chief Executive Officer of AMCE and, if applicable, the Compensation Committee. The agreement also provides for annual bonuses for Mr. McDonald based on the applicable incentive compensation program of the Company and consistent with the determination of the Chairman of the Board, President and Chief Executive Officer of AMCE and, if applicable, the Compensation Committee. In making its determination with respect to salary and bonus levels, the Committee considers the factors discussed in the "Current Executive Compensation Program Elements" of the Compensation Discussion and Analysis above. In addition, the agreement provides that Mr. McDonald will be eligible for benefits offered by the Company to other executive officers and will be entitled to reimbursements for expenses reasonably incurred in connection with business travel and entertainment. Change in control and severance arrangements in Mr. McDonald's employment agreement are discussed in detail below in the narrative section "Potential Payments Upon Termination or Change in Control."

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**Grants of Plan-based Awards Transition Period**

The following table summarizes plan-based awards granted to Named Executive Officers during the Transition Period of March 30, 2012 through December 31, 2012:

Name	Grant Date	Approval Date	Threshold (\$)	Target (\$)	Maximum Threshold (\$)	Target (#)	Maximum (#)	Estimated Possible Payouts Under Equity Incentive Plan Awards	Estimated Possible Future Payouts Under Non-Equity Incentive Plan Awards	All Other Stock Awards: Other Shares of Stock or Underlying Securities	All Stock Awards: Other Shares of Stock or Underlying Securities	Exercise Price (\$/Sh)	Date of Award	Fair Value of Stock or Underlying Securities at Date of Award
<b>Gerardo I. Lopez</b>														
AIP Company(1)	N/A	N/A	\$	\$ 434,600	\$ 869,200							\$	\$	
AIP Individual(2)	N/A	N/A		108,650	162,975									
MPSP(3)	N/A	N/A		204,128	521,118(4)									
<b>Craig R. Ramsey</b>														
AIP Company(1)	N/A	N/A		231,400	462,800									
AIP Individual(2)	N/A	N/A		57,850	86,775									
MPSP(3)	N/A	N/A		79,156	202,078(4)									
<b>Elizabeth Frank</b>														
AIP Company(1)	N/A	N/A		162,000	324,000									
AIP Individual(2)	N/A	N/A		108,000	162,000									
MPSP(3)	N/A	N/A		79,156	202,078(4)									
<b>John D. McDonald</b>														
AIP Company(1)	N/A	N/A		226,200	452,400									
AIP Individual(2)	N/A	N/A		56,550	84,825									
MPSP(3)	N/A	N/A		79,156	202,078(4)									
<b>Mark A. McDonald</b>														
AIP Company(1)	N/A	N/A		117,000	234,000									
AIP Individual(2)	N/A	N/A		78,000	117,000									
MPSP(3)	N/A	N/A		79,156	202,078(4)									

(1) The company component bonus of the annual incentive compensation program was based primarily on attainment of a net income target of \$1.0 million for the 12 months ended December 31, 2012. The plan guideline was that no company performance component of the bonus would be paid below attainment of 100% of targeted net income and that upon attainment of 100% of targeted net income, each Named Executive Officer would receive 100% of his/her assigned bonus target. For each \$1.0 million of additional net income generated in the calendar year (amounts in excess of \$1.0 million of net income but not exceeding \$21.0 million of net income), 5% of additional AIP payout would be awarded up to a maximum award of 200% of the target payout. The Compensation Committee approved the company component bonus of 200% for the Transition Period under the annual incentive compensation program.

(2) The individual component bonus of the annual incentive compensation plan for the Transition Period was determined during the first quarter of calendar 2013 following a review of each Named Executive Officer's individual performance and contribution to the Company's strategic and financial goals.

(3) The amounts shown in this row presents the management profit sharing plan, also known as MPSP, which was based on attainment of an adjusted net income target of \$10.0 million for the plan year ended December 31, 2012. Upon attainment of 100% of targeted adjusted net income, each Named Executive Officer would receive 100% of his/her assigned bonus target. If the adjusted net income is equal to or exceeds 100% of targeted adjusted net income, the Company will pay 10% of the adjusted net income and each Named Executive Officer will receive a pro rata amount of the total award based on the proportion of his/her targeted bonus amount to the aggregate of the targeted bonus amounts for all participants. The MPSP bonus for each plan year is unlimited. For the plan year ended December 31, 2012, the Company obtained an adjusted net income of \$25.5 million. The Compensation Committee approved the MPSP bonus of 10% for the Transition Period and each Named Executive Officer received his/her assigned pro rata bonus amount.

(4)

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Amounts shown represent actual award as MPSP is based on 10% of adjusted net profit.

### **Outstanding Equity Awards at end of December 31, 2012**

There were no outstanding equity awards of Parent's common stock held by our Named Executive Officers as of December 31, 2012.

### **Option Exercises and Stock Vested Transition Period**

None of our Named Executive Officers exercised options during the Transition Period. Upon the change of control as a result of the Merger, all of the stock options and restricted stock interests under both the amended and restated 2004 Stock Option Plan and the 2010 Equity Incentive Plan were cancelled immediately prior to the closing of the Merger on August 30, 2012. Named Executive

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Officers who held such options received payments for each option equal to the difference (if any) between the per share consideration received in the Merger and the exercise price of their options. Named Executive Officers who held the unvested restricted stock awards received payments for each restricted share equal to the per share consideration received in the Merger. The following table summarizes the settlement payments made to the Named Executive Officers during the Transition Period:

	2004 Stock Option Settlement		2010 Stock Option Settlement Value		2010 Restricted Stock Settlement (Time Vesting)		2010 Restricted Stock Settlement (Performance Vesting)	
	Number of Shares Cancelled	Value Realized on Settlement	Number of Shares Cancelled	Realized on Settlement	Number of Shares Cancelled	Value Realized on Settlement	Number of Shares Cancelled	Value Realized on Settlement
	(#)	\$(1)	(#)	\$(1)	(#)	\$(1)	(#)	\$(2)
Gerardo I. Lopez	15,980.5	\$ 2,637,605	51,890.67	51,890.67	51,890.67	\$ 512,474	25,970.09	\$ 256,482
Craig R. Ramsey	4,092.3		31,144.31	31,144.31	31,144.31	307,582	15,572.15	153,791
Elizabeth Frank			10,397.94	10,397.94	10,397.94	102,690	5,174.21	51,101
John D. McDonald	2,046.1		31,144.31	31,144.31	31,144.31	307,582	15,572.15	153,791
Mark A. McDonald	2,046.1		10,397.94	10,397.94	10,397.94	102,690	5,174.21	51,101

(1) The value of the shares shown in these columns were included in the "Stock Awards" and "Option Awards" column of the Summary Compensation Table in prior years based on grant date fair values.

(2) The amount in this column is included in the All Other Compensation column of the Summary Compensation Table for T2012.

*Payment and Release of Escrowed Funds.* In connection with the closing of the Merger and as defined in the Merger Agreement, \$35.0 million of consideration otherwise payable to equity holders was deposited in an Indemnity Escrow Fund and \$2.0 million otherwise payable to equity holders was deposited in an account designated by the Stockholder Representative. On or following the Indemnity Escrow Termination Date and the release of all amounts remaining in the Indemnity Escrow Fund and the release of any portion of the Stockholder Representative Reserve, the Named Executive Officers would receive a maximum settlement in the future year as follows:

	2004 Stock Option Plan(1)	2004 Stock Option Plan	Restricted Stock (Time Vesting)(1)	Restricted Stock (Performance Vesting)(2)
Gerardo I. Lopez	\$ 269,635	\$ 179,757	\$ 29,471	\$ 14,749
Craig R. Ramsey	106,536		17,689	8,844
Elizabeth Frank			5,906	2,938
John D. McDonald	53,268		17,689	8,844
Mark A. McDonald	53,268		5,906	2,938

(1) The value of the shares shown in these columns were included in the "Stock Awards" and "Option Awards" column of the Summary Compensation Table in prior years based on grant date fair values.

(2) The amount in this column represents the maximum amount that will be included in the "All Other Compensation" column of the Summary Compensation Table in the year the Named Executive Officer receives payment.

Table of Contents**Pension Benefits**

The following table presents information regarding the present value of accumulated benefits that may become payable to the Named Executive Officers under our qualified and nonqualified defined-benefit pension plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit(1) (\$)	Payments During Transition Period (\$)
Gerardo I. Lopez			\$	
	Defined Benefit Retirement			
Craig R. Ramsey	Income Plan	12.00	257,942	
	Supplemental Executive Retirement Plan	12.00	133,741	
Elizabeth Frank				
	Defined Benefit Retirement			
John D. McDonald	Income Plan	31.05	544,113	
	Supplemental Executive Retirement Plan	31.05	282,118	
	Defined Benefit Retirement			
Mark A. McDonald	Income Plan	26.60	429,560	
	Supplemental Executive Retirement Plan	26.60	208,342	

(1)

The accumulated benefit is based on service and earnings considered by the plans for the period through December 31, 2012. The present value has been calculated assuming the Named Executive Officers will remain in service until age 65, the age at which retirement may occur without any reduction in benefits, and that the benefit is payable under the available forms of annuity consistent with the plans. The interest assumption is 4.17%. The post-retirement mortality assumption is based on the 2012 IRS Prescribed Mortality-Static Annuitant, male and female mortality table. See Note 12 Employee Benefit Plans of the Notes to the Company's audited Consolidated Financial Statements contained elsewhere in this prospectus for more information.

**Pension and Other Retirement Plans**

We provide retirement benefits to the Named Executive Officers under the terms of qualified and non-qualified defined-benefit plans. The AMC Defined Benefit Retirement Income Plan is a tax-qualified retirement plan in which the Named Executive Officers participate on substantially the same terms as our other participating employees. However, due to maximum limitations imposed by ERISA and the Internal Revenue Code on the annual amount of a pension which may be paid under a qualified defined-benefit plan, the benefits that would otherwise be payable to the Named Executive Officers under the Defined Benefit Retirement Income Plan are limited. Because we did not believe that it was appropriate for the Named Executive Officers' retirement benefits to be reduced because of limits under ERISA and the Internal Revenue Code, we have non-qualified supplemental defined-benefit plans that permit the Named Executive Officers to receive the same benefit that would be paid under our qualified defined-benefit plan up to the old IRS limit, as indexed, as if the Omnibus Budget Reconciliation Act of 1993 had not been in effect. On November 7, 2006, our Board of Directors approved a proposal to freeze the AMC Defined Benefit Retirement Income Plan and the AMC Supplemental Executive Retirement Plan, effective as of December 31, 2006. As amended, benefits do not accrue after December 31, 2006, but vesting continues for associates with less than five years of vesting service. The material terms of the AMC Defined Benefit Retirement Income Plan and the AMC Supplemental Executive Retirement Plan are described below.

*AMC Defined Benefit Retirement Income Plan.* The AMC Defined Benefit Retirement Income Plan is a non-contributory defined-benefit pension plan subject to the provisions of ERISA. As mentioned above, the plan was frozen effective December 31, 2006.

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The plan provides benefits to certain of our employees based upon years of credited service and the highest consecutive five-year average annual remuneration for each participant. For purposes of calculating benefits, average annual compensation is limited by Section 401(a)(17) of the Internal Revenue Code, and is based upon wages, salaries and other amounts paid to the employee for personal services, excluding certain special compensation. Under the defined benefit plan, a participant earns a vested right to an accrued benefit upon completion of five years of vesting service.

*AMC Supplemental Executive Retirement Plan.* AMC also sponsors a Supplemental Executive Retirement Plan to provide the same level of retirement benefits that would have been provided under the retirement plan had the federal tax law not been changed in the Omnibus Budget Reconciliation Act of 1993 to reduce the amount of compensation which can be taken into account in a qualified retirement plan. The plan was frozen, effective December 31, 2006, and no new participants can enter the plan and no additional benefits can accrue thereafter.

Subject to the forgoing, any individual who is eligible to receive a benefit from the AMC Defined Benefit Retirement Income Plan after qualifying for early, normal or late retirement benefits thereunder, the amount of which is reduced by application of the maximum limitations imposed by the Internal Revenue Code, is eligible to participate in the Supplemental Executive Retirement Plan.

The benefit payable to a participant equals the monthly amount the participant would receive under the AMC Defined Benefit Retirement Income Plan without giving effect to the maximum recognizable compensation for qualified retirement plan purposes imposed by the Internal Revenue Code, as amended by Omnibus Budget Reconciliation Act of 1993, less the monthly amount of the retirement benefit actually payable to the participant under the AMC Defined Benefit Retirement Income Plan, each as calculated as of December 31, 2006. The benefit is an amount equal to the actuarial equivalent of his/her benefit, computed by the formula above, payable in either a lump sum (in certain limited circumstances, specified in the plan) or equal semi-annual installments over a period of two to ten years, with such form, and, if applicable, period, having been irrevocably elected by the participant.

If a participant's employment with AMC terminates for any reason (or no reason) before the earliest date he/she qualifies for early, normal or late retirement benefits under the AMC Defined Benefit Retirement Income Plan, no benefit is payable under the Supplemental Executive Retirement Plan.



Table of Contents**Nonqualified Deferred Compensation**

The following table presents information regarding the contributions to and earnings on the Named Executive Officers' deferred compensation balances during the Transition Period of March 30, 2012 through December 31, 2012:

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)(2)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)(3)
Gerardo I. Lopez	\$ 131,347	\$	\$ 11,695	\$	\$ 160,773
Craig R. Ramsey	21,801		6,242		236,865
Elizabeth Frank					
John D. McDonald	44,021		9,237		199,237
Mark A. McDonald	36,956		19,387	(4,358)	412,581

(1) These amounts represent payroll deductions for the applicable executive and are therefore included in the Summary Compensation Table.

(2) Of the amounts shown in this column, the following amounts are reported as above-market earnings on deferred compensation in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table: Mr. Gerardo Lopez \$7,387 and Mr. John McDonald \$3,746, and Mr. Mark McDonald \$8,024.

(3) The amounts reported include amounts included in Summary Compensation Table for current and prior years.

**Non-Qualified Deferred Compensation Plan**

AMC permits the Named Executive Officers and other key employees to elect to receive a portion of their compensation reported in the Summary Compensation Table on a deferred basis. Deferrals of compensation during the Transition Period and in recent years have been made under the AMC Non-Qualified Deferred Compensation Plan. Participants of the plan are able to defer annual salary and bonus (excluding commissions, expense reimbursement or allowances, cash and non-cash fringe benefits and any stock-based incentive compensation). Amounts deferred under the plans are credited with an investment return determined as if the participant's account were invested in one or more investment funds made available by the Committee and selected by the participant. AMC may, but need not, credit the deferred compensation account of any participant with a discretionary or profit sharing credit as determined by AMC. The deferred compensation account will be distributed either in a lump sum payment or in equal annual installments over a term not to exceed 10 years as elected by the participant and may be distributed pursuant to in-service withdrawals pursuant to certain circumstances. Any such payment shall commence upon the date of a "Qualifying Distribution Event" (as such term is defined in the Non-Qualified Deferred Compensation Plan). The Qualifying Distribution Events are designed to be compliant with Section 409A of the Internal Revenue Code.

Pursuant to his employment agreement, Mr. Gerardo Lopez is entitled to a one-time special incentive bonus of \$2.0 million that vests at the rate of \$400,000 per year over five years, effective March 2009, provided that he remains employed on each vesting date. The first four installments of the special incentive bonus were paid as of March 2013 and the fifth installment is payable upon vesting.

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**Potential Payments Upon Termination or Change of Control**

The following section describes the benefits that may become payable to certain Named Executive Officers in connection with a termination of their employment with Parent and/or a change of control of Parent, changes in responsibilities, salary or benefits.

*Assumptions.* As prescribed by the SEC's disclosure rules, in calculating the amount of any potential payments to the Named Executive Officers under the arrangements described below, we have assumed that the applicable triggering event (i.e., termination of employment and/or change of control) occurred on the last day of the Transition Period.

***Gerardo I. Lopez***

Mr. Lopez's employment agreement, described above under "Employment Agreements Salary and Bonus Payments," provides for certain benefits to be paid to Mr. Lopez in connection with a termination of his employment with AMC Entertainment Inc. under the circumstances described below.

*Severance Benefits.* In the event Mr. Lopez's employment is terminated during the employment term by AMC Entertainment without cause (other than due to death or "Disability"), or by Mr. Lopez pursuant to a termination for "Good Reason" or after a "Change of Control" (as those terms are defined in the employment agreement), Mr. Lopez will be entitled to severance pay equal to two times the sum of his base salary plus the average of each Annual Incentive Plan bonus paid to him during the 24 months preceding the severance date to be paid in equal installments over a period of twenty-four consecutive months. The remaining unpaid Special Incentive Bonus of \$800,000 shall immediately vest in full upon Mr. Lopez's involuntary termination within twelve months after a change of control, as defined in the employment agreement.

If Mr. Lopez had his employment terminated with us on December 31, 2012 pursuant to his employment agreement under the circumstances described in the preceding paragraph, we estimate that he would have been entitled to a cash payment equal to \$1.6 million. This amount is derived by multiplying two by the sum of \$776,100, which represents Mr. Lopez's annualized base salary rate in effect on December 31, 2012. Mr. Lopez also would have been entitled to a cash payment equal to the average of each Annual Incentive Plan bonus paid during the past 24 months. Mr. Lopez received an Annual Incentive Plan bonus for the Transition Period, based on calendar 2012 results, and for fiscal 2012 of \$999,580 and \$358,670, respectively, which would entitle him to receive an average Annual Incentive Plan cash payment of \$679,125. The remaining two-fifths of the Special Incentive Bonus of \$2.0 million, or \$800,000, shall immediately vest and be paid in full upon Mr. Lopez's involuntary termination within twelve months after a change of control.

***Other Named Executive Officers***

The employment agreements for each of the other Named Executive Officers, described above under "Employment Agreements Salary and Bonus Payments," provide for certain benefits to be paid to the executive in connection with a termination of his/her employment with AMC or AMC Entertainment under the circumstances described below and/or a change of control of AMC or AMC Entertainment.

*Severance Benefits.* In the event the executive's employment is terminated during the employment term as a result of the executive's death or "Disability" or by AMC or AMC Entertainment pursuant to a "Termination Without Cause" or by the executive following certain changes in his/her responsibilities, annual base salary or benefits, the executive (or his/her personal representative) will be entitled to a lump cash severance payment equal to two years of his/her base salary then in effect. Ms. Frank will be entitled to receive cash severance payments equal to two years of her individual base salary in equal installments over a period of twenty-four consecutive months and, pursuant to her

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employment agreement, is not entitled to severance benefits for an employment termination resulting from death or "Disability".

Upon a termination of employment with us on December 31, 2012 under the circumstances described in the preceding paragraph, we estimate that each Named Executive Officer (other than Mr. Lopez) would have been entitled to a lump sum cash payment as follows: Mr. Craig Ramsey \$890,000; Ms. Elizabeth Frank \$900,000; Mr. John McDonald \$870,000; and Mr. Mark McDonald \$650,000. These amounts are derived by multiplying the respective executive's annualized base salary rate in effect on December 31, 2012 by two.

*Restrictive Covenants.* Pursuant to each Named Executive Officer's employment agreement, the executive has agreed not to disclose any confidential information of AMC or AMC Entertainment at any time during or after his/her employment with AMC/AMC Entertainment.

**Director Compensation Transition Period**

The following section presents information regarding the compensation paid during Transition Period to members of our Board of Directors who are not our employees (referred to herein as "Non-Employee Directors"). The compensation paid to Mr. Gerardo I. Lopez, who is also an employee, is presented above in the Summary Compensation Table and the related explanatory tables. Mr. Lopez did not receive additional compensation for his service as a director.

***Non-Employee Directors***

One of our non-employee directors, Anthony J. Saich, receives an annual cash retainer of \$100,000, plus an annual cash retainer of \$20,000 for serving on an audit committee and an annual cash retainer of \$20,000 for serving on a compensation committee, plus \$2,500 for each board meeting or committee meeting. The other three non-employee directors do not receive any compensation from the Company. Prior to the Merger, we paid our directors an annual cash retainer of \$50,000, plus \$1,500 for each meeting of the board of directors they attended in person or by phone, plus \$1,000 for each committee meeting they attended. We also reimbursed all directors for any out-of-pocket expenses incurred by them in connection with their services provided in such capacity. In connection with the offering, we will modify the compensation program for our directors, see " Post-offering Compensation Changes to Compensation for Members of our Board of Directors."

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The following table presents information regarding the compensation of our non-employee Directors from March 30, 2012 through December 31, 2012:

Name	Fees earned or paid in cash (\$)	Stock Awards (\$)	Option Award (\$)	Non-equity Incentive Plan Compensation (\$)	Changes in Pension Value and Nonqualified Deferred All other Compensation (\$)		Total (\$)
Aaron J. Stone(1)	\$ 1,500	\$	\$	\$	\$	\$	\$ 1,500
Dr. Dana B. Ardi(1)	1,500						1,500
Stephen P. Murray(1)	1,500						1,500
Philip H. Loughlin(1)	1,500						1,500
Eliot P. S. Merrill(1)	3,500						3,500
Brion B. Applegate(1)	3,500						3,500
Lee Solomon(1)	3,500						3,500
Lin Zhang(2)							
Chaohui Liu(2)							
Ning Ye(2)							
Anthony J. Saich(2)	91,666						91,666

- (1) On August 30, 2012, in connection with the consummation of the Merger, Aaron J. Stone, Dana B. Ardi, Stephen P. Murray, Philip H. Loughlin, Eliot P.S. Merrill, Brion B. Applegate, and Lee Solomon resigned as members of the Boards of Directors.
- (2) As a result of the Merger on August 30, 2012, Lin Zhang, Chaohui Liu, Ning Ye, and Anthony J. Saich were elected as members of the Company's Board of Directors.

**Compensation Committee Interlocks and Insider Participation**

The Compensation Committee members whose names appear on the Compensation Committee Report were committee members during the period August 31, 2012 through December 31, 2012. Prior to the Merger, Stephen P. Murray, Aaron J. Stone, Eliot P.S. Merrill, and Philip Loughlin were Compensation Committee members during the period of March 30, 2012 through August 30, 2012. No member of the Compensation Committee who served at any time during the Transition Period is or has been a former or current executive officer of the Company or has had any relationships requiring disclosure by the Company under the SEC's rules requiring disclosure of certain relationships and related-party transactions. None of the Company's executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity that has one or more executive officers serving on our Board of Directors or on the Compensation Committee during the period March 30, 2012 through December 31, 2012.

**Risk Oversight**

The Board of Directors executes its oversight responsibility for risk management directly and through its Committees, as follows:

The Audit Committee has primary oversight responsibility with respect to financial and accounting risks. The Audit Committee discusses with management the Company's major financial risk exposures and the Company's risk assessment and risk management policies. Management provides to the Audit Committee periodic assessments of the Company's risk management processes and systems of internal control. The Chairman of the Audit Committee reports to the full Board regarding material risks as deemed appropriate.

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The Board's other Committees oversee risks associated with their respective areas of responsibility. For example, the Compensation Committee considers the risks associated with our compensation policies and practices, with respect to both executive compensation and compensation generally. The Board of Directors is kept abreast of its Committees' risk oversight and other activities via reports of the Committee Chairmen to the full Board. These reports are presented at every regular Board of Directors meeting and include discussions of Committee agenda topics, including matters involving risk oversight.

The Board of Directors considers specific risk topics, including risks associated with our Annual Operating Plan and our capital structure. In addition, the Board of Directors receives detailed regular reports from the members of our SLT that include discussions of the risks and exposures involved in their respective areas of responsibility. Further, the Board of Directors is routinely informed of developments that could affect our risk profile or other aspects of our business.

***Policies and Practices as They Relate to Risk Management***

The Compensation Committee believes the elements of the Company's executive compensation program effectively link performance-based compensation to financial goals and stockholders' interests without encouraging executives to take unnecessary or excessive risks in the pursuit of those objectives. The Compensation Committee believes that the overall mix of compensation elements is appropriately balanced and does not encourage the taking of short-term risks at the expense of long-term results. The long term incentive plan awards are payable in cash on an annual basis and are subject to the Company achieving a predetermined adjusted net profit target (as defined in the plan) for each plan year ending on December 31, 2012, 2013, 2014, and 2015. The Compensation Committee believes the long-term incentive bonus awards allow the Company to attract, retain and provide incentives to a talented management team, together with the Company stock owned by its executives, appropriately links the long-term interests of executives and stockholders, and balances the short-term nature of annual incentive cash bonuses and any incentives for undue risk-taking in our other compensation arrangements. Following the offering, we expect to adopt a new equity incentive plan. See " Post-offering Compensation 2013 Equity Incentive Plan."

Table of Contents**PRINCIPAL STOCKHOLDERS**

The following table sets forth certain information regarding beneficial ownership of our capital stock as of November 1, 2013 after giving effect to the Reclassification, with respect to:

each person or group of affiliated persons known by us to own beneficially more than 5% of the outstanding shares of any class of its capital stock, together with their addresses;

each of our directors and director nominees;

each of our Named Executive Officers; and

all directors and nominees and executive officers as a group.

Name and Address	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before Offering	After Offering
<b>5% Beneficial Owners:</b>			
Wanda America Investment Holding Co. Ltd., a wholly-owned indirect subsidiary of Dalian Wanda Group Co., Ltd.(1)	75,826,927	99.77%	80.03%(4)
<b>Directors, Director Nominees and Named Executive Officers:</b>			
Gerardo I. Lopez(2)	102,692	*	*
Craig R. Ramsey(2)	15,646	*	*
Elizabeth Frank(2)	4,258	*	*
John D. McDonald(2)	14,210	*	*
Mark A. McDonald(2)	5,644	*	*
Lin Zhang(3)		*	*
Anthony J. Saich		*	*
Chaohui Liu(3)		*	*
Lloyd Hill		*	*
Ning Ye(3)		*	*
Jian Wang(3)		*	*
All directors, director nominees and executive officers as a group (16 persons)	142,450	*	*

\*

less than 1%

(1)

Wanda is beneficially owned by Mr. Jianlin Wang.

The address of Wanda America Investment Holding Co. Ltd. is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801.

(2)

The address of such person is c/o AMC Entertainment Holdings, Inc., 11500 Ash Street, Leawood, Kansas 66211.

(3)

Mr. Zhang, Mr. Liu, Mr. Ye and Mr. Wang are employees of Dalian Wanda Group Co., Ltd., an affiliate of Wanda America Investment Holding Co. Ltd. None of them have the power to dispose or vote any of our capital stock held by Wanda America Investment Holding Co. Ltd. Wanda America Investment Holding Co. Ltd.'s ownership of our shares is set forth in the table above

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under the caption "Principal Stockholders." The address of each of Mr. Zhang, Mr. Liu, Mr. Ye and Mr. Wang is c/o Wanda America Investment Holding Co. Ltd. c/o the Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

(4)

Includes 360,172 shares of Class A common stock that we anticipate will be issued to members of management upon the consummation of this offering. See "Compensation Discussion & Analysis Post-offering Compensation Anticipated Awards under the 2013 Plan."

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**DESCRIPTION OF CERTAIN INDEBTEDNESS**

As of September 30, 2013 we had \$2.2 billion of outstanding indebtedness. The following is a summary of provisions relating to our indebtedness.

**Senior Secured Credit Facility**

On April 30, 2013, AMCE entered into a new \$925.0 million senior secured credit facility, the proceeds of which were used to repay its prior credit facility, for the payment of related fees and expenses and for working capital and general corporate purposes including acquisitions. The senior secured credit facility is comprised of:

a \$775.0 million term loan, maturing on April 30, 2020; and

a \$150.0 million revolving credit facility maturing on April 30, 2018.

As of September 30, 2013, \$771.1 million of principal was outstanding on the term loan and approximately \$11.5 million in letters of credit issued under the senior secured credit facility were outstanding, leaving \$138.5 million available under our revolving credit facility.

***Interest Rate and Fees***

The borrowings under the senior secured credit facility bear interest at a rate equal to an applicable margin plus, at our option, either (a) a base rate determined by reference to the highest of (and subject to a 1.75% base rate floor) (1) the base rate of Citibank, N.A., (2) the federal funds rate plus  $\frac{1}{2}$  of 1% and (3) the LIBOR rate described below for an interest period of one month plus 1.00% or (b) a LIBOR rate (subject to a 0.75% LIBOR floor) determined by reference to the offered rate for deposits in U.S. dollars appearing on the applicable Reuters screen for the interest period relevant to such borrowing adjusted for certain additional reserves. The current applicable margin for borrowings under the revolving credit facility is 1.50% with respect to base rate borrowings and 2.50% with respect to LIBOR borrowings (which margins may be reduced subject to our attaining certain net senior secured leverage ratios), the applicable margin for borrowings under the term loan is 1.75% with respect to base rate borrowings and 2.75% with respect to LIBOR borrowings.

In addition to paying interest on outstanding principal under the senior secured credit facility, AMCE is required to pay a quarterly unused commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder at a rate equal to 0.50% per annum.

***Prepayments***

The senior secured credit facility requires AMCE to prepay outstanding term loans, subject to certain exceptions, with:

Commencing with the fiscal year ended on or about December 31, 2014, 50% of AMCE's excess cash flow for each fiscal year if AMCE's net senior secured leverage ratio is greater than a certain threshold as of the last day of such fiscal year, if and to the extent excess cash flow exceeds \$20.0 million for such fiscal year;

100% of the net cash proceeds of all non-ordinary course asset sales and casualty and condemnation events, subject to certain reinvestment rights, exceptions and limitations; and

100% of the net proceeds of any incurrence of debt other than debt permitted under the senior secured credit facility.

Subject to a 101% "soft call" with respect to any prepayment or refinancing of the term loans prior to October 30, 2010, AMCE may voluntarily repay outstanding loans under the senior secured





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credit facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

***Amortization***

Balances under the term loan amortize each year in amounts equal to 1.00% of the initial principal balance of the term loans, payable in equal quarterly installments, with the remaining balance payable at maturity.

***Guarantee and Security***

All obligations under the senior secured credit facility are unconditionally guaranteed by, subject to certain exceptions, each of AMCE's existing and future direct and indirect wholly-owned domestic subsidiaries.

All obligations under the senior secured credit facility, and the guarantees of those obligations (as well as cash management obligations and any interest hedging or other swap agreements with lenders and their affiliates), are secured by a pledge of substantially all of AMCE's assets as well as those of each subsidiary guarantor, including, but not limited to, the following, and subject to certain exceptions:

a pledge of 100% of the equity interests of substantially all of AMCE's domestic subsidiaries and 65% of the voting (and 100% of the non-voting) equity interests of AMCE's "first-tier" foreign subsidiaries; and

a security interest in substantially all of AMCE's tangible and intangible assets as well as those of each subsidiary guarantor.

***Certain Covenants and Events of Default***

The senior secured credit facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, AMCE's ability, and the ability of AMCE's subsidiaries, to:

sell assets;

incur additional indebtedness;

prepay other indebtedness (including the Notes due 2020);

pay dividends and distributions or repurchase its capital stock;

create liens on assets;

make investments;

make certain acquisitions;

engage in mergers or consolidations;

engage in certain transactions with affiliates;

amend certain charter documents and material agreements governing its subordinated indebtedness;

change the business conducted by AMCE and its subsidiaries; and

enter into agreements that restrict dividends from subsidiaries.

In addition, the senior secured credit facility requires AMCE to maintain a maximum net senior secured leverage ratio as long as the commitments under the revolving credit facility remain outstanding.

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The senior secured credit facility also contains certain customary affirmative covenants and events of default.

Parent is not a party to the senior secured credit facility and as a result is not subject to the covenants listed above.

**Notes due 2019, Notes due 2020**

On June 9, 2009, AMCE sold \$600.0 million aggregate principal amount of its Notes due 2019. The Notes due 2019 bear interest at the rate of 8.75% per annum, payable in June and December of each year. The Notes due 2019 are redeemable at our option, in whole or in part, at any time on or after June 1, 2014 at 104.375% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after June 1, 2017, plus interest accrued to the redemption date. The Notes due 2019 are unsecured and rank equally with all of AMCE's existing and future senior indebtedness (as defined in the indenture for the Notes due 2019). As of September 30, 2013, we had \$649.5 million carrying value outstanding under our Notes due 2019.

On December 15, 2010, AMCE sold \$600.0 million aggregate principal amount of its Notes due 2020. The Notes due 2020 bear interest at a rate of 9.75% per annum, payable in June and December of each year. The Notes due 2020 are redeemable at our option, in whole or in part, at any time on or after December 1, 2015 at 104.875% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after December 1, 2018. In addition, AMCE may redeem up to 35% of the aggregate principal amount of the Notes due 2020 using net proceeds from certain equity offerings completed on or prior to December 1, 2013. As of September 30, 2013, we had \$656.8 million carrying value outstanding under our Notes due 2020.

The indentures relating to the outstanding notes allow AMCE to incur all permitted indebtedness (as defined therein) without restriction, which includes all amounts borrowed under the senior secured credit facility. The indentures also allow AMCE to incur additional debt as long as it can satisfy the coverage ratio of each indenture after giving effect thereto on a pro forma basis.

The indentures also contain covenants limiting dividends, purchases or redemptions of stock, transactions with affiliates and mergers and sales of assets, and require AMCE to make an offer to purchase such notes upon the occurrence of a change in control, as defined in the indentures. These covenants are substantially similar to the covenants in all the indentures are subject to a number of important qualifications. The indentures do not impose any limitation on the incurrence of liabilities that are not considered "indebtedness" under the indentures, such as certain sale/leaseback transactions; nor do the note indentures impose any limitation on the amount of liabilities incurred by our subsidiaries, if any, that might be designated as "unrestricted subsidiaries" (as defined in the indentures). Furthermore, AMCE is not restricted from making advances to, or investing in, other entities (including unaffiliated entities) and its subsidiaries are not restricted from entering into agreements restricting its ability to pay dividends or otherwise transfer funds to it.

The indenture relating to the Notes due 2020, also contains provisions subordinating AMCE's obligations under those notes to its obligations under its existing senior secured credit facility and other senior indebtedness. These include a provision that applies if there is a payment default under its existing senior secured credit facility or other senior indebtedness and one that applies if there is a non-payment default that permits acceleration of indebtedness under its existing senior secured credit facility. If there is a payment default under the senior secured credit facility or other senior indebtedness, generally no payment may be made on any of the Notes due 2020 until such payment default has been cured or waived or such senior indebtedness had been discharged or paid in full. If there is a non-payment default under the senior secured credit facility, or with respect to designated senior indebtedness (as defined), if any, that would permit the lenders to accelerate the maturity date of the existing senior secured credit facility or any such designated senior indebtedness, no payment

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may be made on the Notes due 2020 for a period (a "payment blockage period") commencing upon the receipt by the indenture trustees for the Notes due 2020 of notice of such default and ending up to 179 days thereafter. Not more than one payment blockage period may be commenced during any period of 365 consecutive days. AMCE's failure to make payment on the Notes due 2020 when due or within any applicable grace period, whether or not occurring under a payment blockage period, will be an event of default with respect to such existing Notes due 2020.

The proceeds of this offering will be used for general corporate purposes, which may include, among other things, capital expenditures and retirement of outstanding indebtedness, which may include our 8.75% Senior Fixed Rate Notes due 2019. However, we have not made a definitive determination as to how to allocate these proceeds among these and other possible general corporate purposes and we do not anticipate doing so prior to the completion of this offering. See "Risk Factors We may apply the proceeds of this offering to uses that do not improve our operating results or increase the value of your investment." See "Use of Proceeds."

As of September 30, 2013, AMCE was in compliance with all financial covenants relating to the senior secured credit facility, the Notes due 2019, and the Notes due 2020.

Parent is not a party to the indentures relating to the outstanding notes and as a result is not subject to the covenants listed above.

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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

As a public company we will have a policy that will ensure that all transactions with related parties are fair, reasonable and in the parties' best interest. In this regard, generally the board of directors or one of the committees reviews material transactions between the Company and related parties to determine that, in their best business judgment, such transactions meet that standard. We believe that each of the transactions described below is on terms at least as favorable to it as could have been obtained from an unaffiliated third party. Set forth below is a description of certain transactions which have occurred since April 2, 2010 or which involve obligations that remain outstanding as of September 30, 2013.

For a description of certain employment agreements between us and Messrs. Gerardo I. Lopez, John D. McDonald, Craig R. Ramsey, Elizabeth Frank and Mark A. McDonald see "Compensation Discussion and Analysis Compensation of Named Executive Officers."

***Merger Agreement***

As part of the Merger, we entered into an Agreement and Plan of Merger with Wanda (the "Merger Agreement"). Pursuant to the agreement, at the effective time of the merger, Wanda Film Exhibition Co. Ltd., an entity indirectly owned by Wanda was merged with and into the Company. As a result of the merger, Wanda, became our majority stockholder. For further information about the Merger, see Note 2 Merger of the Notes to Consolidated Financial Statements included elsewhere in this prospectus.

***Subscription Agreement***

On the Closing Date of the Merger, Parent and certain members of management (the "Management Shareholders") entered into Management Subscription Agreements (the "Subscription Agreements"). Pursuant to the Subscription Agreement, each Management Shareholder agreed to purchase Class N shares of Parent at the price paid by Wanda for the Class A shares of Parent purchased in connection with the Merger.

***Management Stockholders Agreement***

On the closing of the Merger, Parent and Wanda entered into a management stockholders agreement with members of management.

***Transfer Restrictions.*** Under the management stockholders agreement, each management shareholder agreed, subject to customary exceptions, not to transfer any shares of Parent acquired in connection with the Merger or acquired after the date of the Merger without the written consent of Wanda prior to the earliest to occur of (i) January 1, 2016 or (ii) the date on which Parent consummates its initial public offering (the "Release Date"). Until the second anniversary following the Release Date, each management shareholder agreed to restrictions on the number of shares of Parent common stock they may transfer.

***Put Rights.*** During the period beginning on January 1, 2016 (or upon the termination of a management stockholder's employment by us without cause, by the management stockholder for good reason, or due to the management stockholder's death or disability) and ending on the earlier of (i) January 1, 2019 and (ii) the date of a qualified public offering, the management shareholders have the right to require Parent to purchase their shares at a price equal to the price per share paid by such management shareholder pursuant to their Subscription Agreement, with appropriate adjustments for any subsequent events such as dividends, splits, combinations and the like (the "Purchase Price per Share"). If Parent has not consummated a qualified public offering by January 1, 2019, then during the period beginning on January 1, 2019 and ending on the date of a qualified public offering, the

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management shareholders have the right to require Parent to purchase their shares at a price equal to the greater of (i) the fair market value of the shares and (ii) the Purchase Price per Share. Following a qualified public offering, the Management Shareholders will have the right, in limited circumstances, to require Parent to purchase shares of Parent that are not fully and freely tradeable

*Tag-Along Rights.* Prior to a qualified public offering, the management shareholders each have customary tag-along rights, which are the rights to include its shares of Parent, on the same terms and conditions, in any sale by Wanda or its affiliates to an independent third party, on a proportional basis based on relative ownership levels at that time.

*Drag-Along Rights.* Prior to a qualified public offering, in connection with the transfer by Wanda and its affiliates of at least 75% of the shares of Parent held by them to an independent third party, Wanda may require that the management shareholders transfer a proportionate number shares of Parent in that sale at the same purchase price as received by Wanda.

*Piggyback Registration Rights.* Subject to specified limitations, all management shareholders have unlimited piggyback registration rights. Parent has agreed to pay all registration expenses relating to these registrations.

***Registration Rights Agreement***

At the time of the Offering, we expect to enter into a registration rights agreement with Wanda (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company will agree to use its best efforts to effect registered offerings upon request from Wanda and to grant incidental or "piggyback" registration rights with respect to any registrable securities held by Wanda.

The obligation to effect any demand for registration by Wanda will be subject to certain conditions, including limitations on the number of demand registrations and limitations on the minimum value of securities to be registered. In connection with any registration effected pursuant to the terms of the Registration Rights Agreement, we will be required to pay for all of the fees and expenses incurred in connection with such registration, including registration fees, filing fees and printing fees. However, the underwriting discounts and selling commissions payable in respect of registrable securities included in any registration are to be paid by Wanda. We have also agreed to indemnify the holders of registrable securities against all claims, losses, damages and liabilities with respect to each registration effected pursuant to the Registration Rights Agreement.

***Capital Contributions***

On August 31, 2012, Wanda made a capital contribution of \$50.0 million in cash to us, in exchange for 4,787,409.5 shares of our Class B common stock.

On September 27, 2012, Wanda made a capital contribution of \$50.0 million in cash to us, in exchange for 4,787,409.5 shares of our Class B common stock.

***Tax Sharing Agreement***

At the time of the Offering, we expect to enter into a tax agreement with a U.S. subsidiary of Wanda. Pursuant to the tax agreement, for any period that we were members of any consolidated or other tax group of which the Wanda subsidiary was the common parent, we will pay the group's tax liabilities attributable to our activities up to the amount that would be payable by us if Parent were the common parent of the consolidated or other tax group and, in addition, we will have the right to control the filing of tax returns, audits and other tax matters of any such consolidated or other tax group.

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***Amended and Restated Fee Agreement***

Prior to the Merger, Parent was owned by the Former Sponsors, other co-investors and by certain members of management as follows: JPMP (20.834%); Apollo (20.834%); Bain (15.126%); Carlyle (15.126%); Spectrum (9.788%); Weston Presidio Capital IV, L.P. and WPC Entrepreneur Fund II, L.P. (3.909%); Co-Investment Partners, L.P. (3.909%); Caisse de Depot et Placement du Quebec (3.127%); AlpInvest Partners CS Investments 2003 C.V., AlpInvest Partners Later Stage Co-Investments Custodian II B.V. and AlpInvest Partners Later Stage Co-Investments Custodian IIA B.V. (2.736%); SSB Capital Partners (Master Fund) I, L.P. (1.955%); CSFB Strategic Partners Holdings II, L.P., CSFB Strategic Partners Parallel Holdings II, L.P., and GSO Credit Opportunities Fund (Helios), L.P. (1.564%); Credit Suisse Anlagestiftung, Pearl Holding Limited, Vega Invest (Guernsey) Limited and Partners Group Private Equity Performance Holding Limited (0.782%); Screen Investors 2004, LLC (0.152%); and current and former members of management (0.158%).

Prior to the Merger, we were party to an Amended and Restated Fee Agreement with the Former Sponsors, which provided for an annual management fee of \$5 million, payable quarterly and in advance to each Former Sponsor, on a pro rata basis, until the 12th anniversary from December 23, 2004, and such time as the Former Sponsors own less than 20% in the aggregate of our company. In addition, the fee agreement provided for reimbursements by us to the Former Sponsors for their out-of-pocket expenses. The Amended and Restated Agreement terminated on June 11, 2007, in connection with a separate transaction, and was superseded by a substantially identical agreement entered into by us, the Former Sponsors and our other stockholders.

Upon the consummation of a change of control transaction or an initial public offering, each of the Former Sponsors were entitled to receive, in lieu of quarterly payments of an annual management fee of \$5.0 million, a fee equal to the net present value of the aggregate annual management fee that would have been payable to the Former Sponsors during the remainder of the term of the fee agreement (assuming a twelve year term from the date of the original fee agreement), calculated using the treasury rate having a final maturity date that is closest to the twelfth anniversary of the date of the original fee agreement date. The Former Sponsors waived their right to the payment referred to above that was triggered by the Merger. As a result of the Merger, we ceased paying the annual management fee of \$5.0 million to the Former Sponsors.



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**DESCRIPTION OF CAPITAL STOCK**

**Authorized Capital**

The following description of material terms of our capital stock and certain provisions of our certificate of incorporation and bylaws, each of which will be in effect on the closing of this offering, are summaries and are qualified by reference to the certificate of incorporation and the bylaws, copies of which have been filed as exhibits to the registration statement, of which this prospectus forms a part.

Our authorized capital stock consists of:

shares of Class A common stock, par value \$0.01 per share;

shares of Class B common stock, par value \$0.01 per share; and

shares of preferred stock, par value \$0.01 per share.

**Common Stock**

At the completion of this offering, there will be 18,921,691 shares of Class A common stock issued and outstanding and 75,826,927 shares of Class B common stock issued and outstanding.

**Voting Rights**

Holders of our Class A common stock are entitled to one vote per share and holders of our Class B common stock are entitled to three votes per share. Holders of shares of Class A common stock and Class B common stock will vote together as a single class on all matters submitted to a vote of stockholders, unless otherwise required by law.

Our directors will be elected by all of our common stockholders voting together as a single class.

Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of our outstanding voting power. Except as otherwise required by the DGCL, our certificate of incorporation or the voting rights granted to any preferred stock we subsequently issue, the holders of outstanding shares of common stock and preferred stock entitled to vote thereon, if any, will vote as one class with respect to all matters to be voted on by our stockholders. Under the DGCL, amendments to our certificate of incorporation that would alter or change the powers, preferences or special rights of the common stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class.

**Conversion**

Our Class A common stock is not convertible into any other shares of our 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 our certificate of incorporation.

All authorized shares of Class B common stock shall automatically convert to Class A common stock if and when the holders of our Class B common stock collectively hold less than 30% of the aggregate number of outstanding shares of our common stock. Once transferred and converted into Class A common stock, the Class B common stock shall not be reissued. No class of common stock may be subdivided or combined unless the other class of common stock concurrently is subdivided or combined in the same proportion and in the same manner.

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**Dividends**

Holders of our 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 our board of directors, subject to any preferential rights of any outstanding preferred stock.

**Other Rights**

Upon our liquidation, dissolution or winding up, after payment in full of the amounts required to be paid to holders of preferred stock, if any, all holders of common stock, regardless of class, will be entitled to share ratably in any assets available for distribution to holders of shares of common stock. No shares of any class of common stock are subject to redemption or have preemptive rights to purchase additional shares of common stock.

**Preferred Stock**

Upon the closing of this offering, our board of directors will be authorized, without further stockholder approval, to issue from time to time up to an aggregate of 50,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each such series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series. Upon the closing of this offering, there will be no shares of preferred stock outstanding. We have no present plans to issue any shares of preferred stock. See " Anti-Takeover Effects of Certain Provisions of Delaware Law, the Certificate of Incorporation and the Bylaws."

**Anti-Takeover Effects of Certain Provisions of Delaware Law, the Certificate of Incorporation and the Bylaws**

Certain provisions of our amended and restated certificate of incorporation and bylaws may be considered to have an anti-takeover effect and may delay or prevent a tender offer or other corporate transaction that a stockholder might consider to be in its best interest, including those transactions that might result in payment of a premium over the market price for our shares. These provisions are designed to discourage certain types of transactions that may involve an actual or threatened change of control of us without prior approval of our board of directors. These provisions are meant to encourage persons interested in acquiring control of us to first consult with our board of directors to negotiate terms of a potential business combination or offer. We believe that these provisions protect against an unsolicited proposal for a takeover of us that might affect the long term value of our stock or that may be otherwise unfair to our stockholders. For example, our amended and restated certificate of incorporation and bylaws:

provide for a classified board of directors, pursuant to which our board of directors will be divided into three classes whose members will serve three-year staggered terms;

provide that the size of the board of directors will be set by members of the board, and any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office;

do not permit stockholders to take action by written consent unless Wanda owns shares of our outstanding common stock representing at least 50.1% of the total voting power;

provide that, except as otherwise required by law, special meetings of stockholders can only be called by our board of directors;

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establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors;

limit consideration by stockholders at annual meetings to only those proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting;

authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares or establish a stockholders rights plan making a takeover more difficult and expensive; and

do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

Our amended and restated certificate of incorporation expressly states that we have elected not to be governed by Section 203 of the DGCL, which prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time the stockholder became an interested stockholder, subject to certain exceptions, including if, prior to such time, the board of directors approved the business combination or the transaction which resulted in the stockholder becoming an interested stockholder. "Business combinations" include mergers, asset sales and other transactions resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts that are not approved by a company's board of directors. Although we have elected to opt out of the statute's provisions, we could elect to be subject to Section 203 in the future.

**Special Meeting of Stockholders**

Special meetings of our stockholders may be called only by a majority of our directors.

**Actions by Written Consent**

Stockholder action by written consent in lieu of a meeting may only be taken so long as Wanda owns common stock representing a majority of our outstanding voting power. Thereafter, stockholder action can be taken only at an annual or special meeting of stockholders.

**Advance Notice Requirements for Stockholder Proposals and Director Nominations**

Our bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder's notice generally must be delivered to and received at our principal executive offices, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, that in the event that the date of such meeting is advanced more than 30 days prior to, or delayed by more than 30 days after, the anniversary of the preceding year's annual meeting of our stockholders, a stockholder's notice to be timely must be so delivered not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Our bylaws also specify certain requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an

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annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

**Authorized But Unissued Shares**

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

**Amendments to Certificate of Incorporation or Bylaws**

Our certificate of incorporation provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend our certificate of incorporation or bylaws. In addition, under the DGCL, an amendment to our certificate of incorporation that would alter or change the powers, preferences or special rights of the common stock so as to affect them adversely also must be approved by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class. Subject to our bylaws, our board of directors may from time to time make, amend, supplement or repeal our bylaws by vote of a majority of our board of directors.

**Registration Rights**

Pursuant to the management stockholders agreement, described above in "Certain Relationships and Related Party Transactions Management Stockholders Agreement," certain members of management who will hold in the aggregate approximately 140,466 shares of our Class A common stock, will have the right subject to various conditions and limitations, to include such shares of our common stock in future registration statements relating to our Class A common stock. These registration rights of our stockholders could impair the prevailing market price and impair our ability to raise capital by depressing the price at which we could sell our common stock.

**Limitation of Liability and Indemnification of Directors and Officers**

As permitted by the Delaware General Corporation Law, or DGCL, we have adopted provisions in our certificate of incorporation that limit or eliminate the personal liability of our directors and officers for monetary damages for a breach of their fiduciary duty of care as a director or officer. The duty of care generally requires that, when acting on behalf of the corporation, directors and officers exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director or officer will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director or officer, except for liability for:

any breach of the person's duty of loyalty to us or our stockholders;

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or

any transaction from which the person derived an improper personal benefit.

These limitations of liability do not generally affect the availability of equitable remedies such as injunctive relief or rescission.

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As permitted by the DGCL, our certificate of incorporation and bylaws provide that:

we will indemnify our current and former directors and officers and anyone who is or was serving at our request as the director or officer of, or our legal representative in, another entity, and may indemnify our current or former employees and other agents, to the fullest extent permitted by the DGCL, subject to limited exceptions; and

we may purchase and maintain insurance on behalf of our current or former directors, officers, employees or agents against any liability asserted against them and incurred by them in any such capacity, or arising out of their status as such.

We currently maintain liability insurance for our directors and officers.

Our certificate of incorporation requires us to advance expenses to our directors and officers in connection with a legal proceeding, subject to receiving an undertaking from such director or officer to repay advanced amounts if it is determined he or she is not entitled to indemnification. Our bylaws provide that we may advance expenses to our employees and other agents, upon such terms and conditions, if any, as we deem appropriate.

We intend to enter into separate indemnification agreements with each of our directors and officers, which may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements may require us, among other things, to indemnify our directors and officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct. These indemnification agreements may also require us to advance any expenses incurred by the directors or officers as a result of any proceeding against them as to which they could be indemnified and to obtain directors' and officers' insurance, if available on reasonable terms.

Currently, to our knowledge, there is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification by us is sought, nor are we aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for our directors, officers and controlling persons under the foregoing provisions or otherwise, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

**Provisions of our Certificate of Incorporation Relating to Corporate Opportunities**

To address situations in which officers or directors have conflicting duties to affiliated corporations, Section 122(17) of the Delaware General Corporation Law allows a corporation to renounce, in its certificate of incorporation or by action of its board of directors, any interest or expectancy of the corporation in specified classes or categories of business opportunities. As such, and in order to address potential conflicts of interest between us and Wanda and its subsidiaries, our Certificate of Incorporation contains provisions regulating and defining, to the fullest extent permitted by law, the conduct of our affairs as they may involve Wanda and its officers and directors.

Our Certificate of Incorporation provides that, subject to any written agreement to the contrary, Wanda will have no duty to refrain from engaging in the same or similar activities or lines of business that we engage in, and, except as set forth in our Certificate of Incorporation, neither Wanda nor its officers or directors will be liable to us or our stockholders for any breach of any fiduciary duty due to any such activities of Wanda.

Our Certificate of Incorporation also provides that we may from time to time be or become a party to and perform, and may cause or permit any subsidiary to be or become a party to and perform, one or more agreements (or modifications or supplements to pre-existing agreements) with Wanda. With limited exceptions, to the fullest extent permitted by law, no such agreement, nor the performance

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thereof in accordance with its terms by us or any of our subsidiaries or Wanda, shall be considered contrary to any fiduciary duty to us or our stockholders of any director or officer of ours who is also a director, officer or employee of Wanda. With limited exceptions, to the fullest extent permitted by law, no director or officer of ours who is also a director, officer or employee of Wanda shall have or be under any fiduciary duty to us or our stockholders to refrain from acting on behalf of us or any of our subsidiaries or on behalf of Wanda in respect of any such agreement or performing any such agreement in accordance with its terms.

Our Certificate of Incorporation further provides that if one of our directors or officers who is also a director or officer of Wanda acquires knowledge of a potential transaction or matter that may be a corporate opportunity for both Wanda and us, the director or officer will have satisfied his or her fiduciary duty to us and our stockholders with respect to that corporate opportunity if he or she acts in a manner consistent with the following policy:

a corporate opportunity offered to any person who is an officer of ours and who is also a director but not an officer of Wanda, will belong to us unless the opportunity is expressly offered to that person in a capacity other than such person's capacity as one of our officers, in which case it will not belong to us;

a corporate opportunity offered to any person who is a director but not an officer of ours, and who is also a director or officer of Wanda, will belong to us only if that opportunity is expressly offered to that person in that person's capacity as one of our directors; and

a corporate opportunity offered to any person who is an officer of both Wanda and us will belong to us only if that opportunity is expressly offered to that person in that person's capacity as one of our officers.

Notwithstanding these provisions, our Certificate of Incorporation does not prohibit us from pursuing any corporate opportunity of which we become aware.

These provisions in our Certificate of Incorporation will no longer be effective on the date that none of our directors or officers are also directors or officers of Wanda.

If our Certificate of Incorporation did not include provisions setting forth the circumstances under which opportunities will belong to us and regulating the conduct of our directors and officers in situations where their duties to us and Wanda conflict, the actions of our directors and officers in each such situation would be subject to the fact-specific analysis of the corporate opportunity doctrine as articulated under Delaware law. Under Delaware law, a director of a corporation may take a corporate opportunity, or divert it to another corporation in which that director has an interest, if (i) the opportunity is presented to the director or officer in his or her individual capacity, (ii) the opportunity is not essential to the corporation, (iii) the corporation holds no interest or expectancy in the opportunity and (iv) the director or officer has not wrongfully employed the resources of the corporation in pursuing or exploiting the opportunity. Based on Section 122(17) of the Delaware General Corporation Law, we do not believe the corporate opportunity guidelines set forth in our Certificate of Incorporation conflict with Delaware law. If, however, a conflict were to arise between the provisions of our Certificate of Incorporation and Delaware law, Delaware law would control.

**Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock will be Computershare Trust Company, N.A.

**Listing**

Our Class A common stock has been approved for listing on the New York Stock Exchange under the symbol "AMC".

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**SHARES ELIGIBLE FOR FUTURE SALE**

Prior to this offering, there has been no public market for our Class A common stock, and no predictions can be made about the effect, if any, that market sales of shares of our Class A common stock or the availability of such shares for sale will have on the market price prevailing from time to time. Nevertheless, the actual sale of, or the perceived potential for the sale of, our Class A common stock in the public market may have an adverse effect on the market price for our Class A common stock and could impair our ability to raise capital through future sales of our securities. See "Risk Factors Risks Related to this Offering Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of shares of our common stock."

**Sale of Restricted Shares and Lock-Up Agreements**

Upon completion of this offering, we will have an aggregate of 18,921,691 shares of our Class A common stock outstanding and 75,826,927 share of our Class B common stock outstanding.

Of these shares, the 18,421,053 shares of our Class A common stock to be sold in this offering, or 21,052,632 shares if the underwriters' option to purchase additional shares is exercised in full, will be freely tradable without restriction or further registration under the Securities Act, except for any shares which may be acquired by any of our "affiliates" as that term is defined in Rule 144 under the Securities Act, which will be subject to the resale limitations of Rule 144.

A further 140,466 shares of our Class A common stock will be restricted securities, as that term is defined in Rule 144, and may in the future be sold without restriction under the Securities Act to the extent permitted by Rule 144 or any applicable exemption under the Securities Act, subject to the contractual provisions of our agreements with Wanda. See "Certain Relationships and Related Party Transactions Management Stockholders Agreement."

Wanda, who would hold all of our Class B common stock, and our directors and officers who would hold in the aggregate 361,348 shares of our Class A common stock (not including any Offering Bonus Shares that may be allocated by the Chief Executive Officer), are subject to various lock-up agreements that prohibit the holders from offering, selling, contracting to sell, granting an option to purchase, making a short sale or otherwise disposing of any shares of our common stock or any option to purchase shares of our common stock or any securities exchangeable for or convertible into shares of common stock for a period of 365 days and 180 days, respectively, after the date of the final prospectus for this offering.

In the event that either (1) during the last 17 days of the applicable "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the applicable "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the applicable "lock-up" period, then in either case the expiration of the applicable "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable.

**Equity Incentive Plan**

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our Class A common stock issued, including the Offering Bonus Shares, or reserved for issuance under our new equity incentive plan we intend to adopt in connection with this offering. The first such registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing with the SEC. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless

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such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates or the lock-up restrictions described above.

**Rule 144**

In general, under Rule 144 under the Securities Act, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our Class A common stock or the average weekly trading volume of our Class A common stock during the four calendar weeks preceding such sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

**Registration Rights**

Pursuant to the management stockholders agreement, described above in "Certain Relationships and Related Party Transactions Management Stockholders Agreement," certain members of management who will hold in the aggregate approximately 140,466 shares of our Class A common stock, will have the right subject to various conditions and limitations, to include such shares of our common stock in future registration statements relating to our Class A common stock. These registration rights of our stockholders could impair the prevailing market price and impair our ability to raise capital by depressing the price at which we could sell our common stock.

Pursuant to the registration rights agreement described above in "Certain Relationships and Related Party Transactions Registration Rights Agreement," Wanda will have the right subject to various conditions and limitations, to request that the Company effect registered offerings of any registrable securities held by Wanda and will have incidental or "piggyback" registration rights with respect to the registrable securities it holds.



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**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS**

The following discussion describes U.S. federal income and, to a limited extent, certain estate tax consequences to Non-U.S. Holders (as defined below) of ownership and disposition of our Class A common stock. This discussion is limited to Non-U.S. Holders who hold our Class A common stock as capital assets within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This description is based on the Code, administrative pronouncements, judicial decisions and existing and proposed Treasury regulations, and interpretations of the foregoing, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein. The description does not discuss all of the tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances. In addition, this summary does not address the Medicare tax on certain investment income, any state, local or foreign taxes or any U.S. federal tax laws other than U.S. federal income tax laws and, to a limited extent, certain estate tax laws (such as gift tax laws).

You are urged to consult with your own tax advisor concerning the U.S. federal income tax consequences of acquiring, owning and disposing of our Class A common stock, as well as the application of any state, local, and foreign income and other tax laws.

As used in this section, a "Non-U.S. Holder" is a beneficial owner of our Class A common stock that is not, for U.S. federal income tax purposes:

any individual who is a citizen or resident of the United States,

a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States, any State thereof or the District of Columbia,

any estate the income of which is subject to U.S. federal income taxation regardless of its source, or

any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are an individual, you may, in certain cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States (i) for at least 183 days during the calendar year, or (ii) for at least 31 days in the calendar year and for an aggregate of at least 183 days during the 3-year period ending in the current calendar year. For purposes of (ii), all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes is a beneficial owner of our Class A common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Special rules may apply if a Non-U.S. Holder is a "controlled foreign corporation" or "passive foreign investment company," as defined under the Code, and to certain expatriates or former long-term residents of the U.S. If you fall within any of the foregoing categories, you should consult with your own tax advisor about the tax consequences of acquiring, holding, and disposing of our Class A common stock.

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**U.S. Trade or Business Income**

For purposes of the discussion below, dividends and gains on the sale, exchange or other disposition of our Class A common stock will be considered to be "U.S. trade or business income" if such income or gain is:

effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business, and

in the case of a treaty resident, attributable to a permanent establishment (or, in the case of an individual, a fixed base) maintained by the Non-U.S. Holder in the United States.

Generally, U.S. trade or business income is subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates. Any U.S. trade or business income received by a Non-U.S. Holder that is a corporation also may, under specific circumstances, be subject to an additional "branch profits tax" at a 30% rate (or a lower rate that may be specified by an applicable tax treaty).

**Distributions on Class A Common Stock**

Distributions paid on our Class A common stock will be treated as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes ("Tax E&P"). If a distribution exceeds our Tax E&P, such excess will constitute a return of capital that reduces, but not below zero, a Non-U.S. Holder's tax basis in our Class A common stock. Any remainder will constitute gain from the sale or exchange of our Class A common stock. Dividends, if any, that are paid to a Non-U.S. Holder of our Class A common stock generally will be subject to withholding tax at a 30% rate or a reduced rate specified by an applicable income tax treaty. However, dividends that are U.S. trade or business income are not subject to the withholding tax. To claim an exemption from withholding in the case of U.S. trade or business income, or to claim the benefits of an applicable tax treaty, a Non-U.S. Holder must provide us or our paying agent with a properly executed Internal Revenue Service ("IRS") Form W-8ECI (in the case of U.S. trade or business income) or IRS Form W-8BEN (in the case of a treaty), or any successor form that the IRS designates, as applicable, prior to the payment of the dividends. These IRS forms must be periodically updated.

Because it will generally not be known, at the time a Non-U.S. Holder receives any distribution on our Class A common stock, whether the distribution was paid out of our Tax E&P and therefore whether the distribution will be treated as a dividend for U.S. federal income tax purposes, we expect that a withholding agent will deduct and withhold U.S. tax at the applicable rate on all distributions that a Non-U.S. Holder receives on our Class A common stock. If it is later determined that a distribution on our Class A common stock was not a dividend, in whole or in part, a Non-U.S. Holder may be entitled to claim a refund of the U.S. tax withheld with respect to that portion of the distribution, provided that the required information is timely furnished to the IRS. We will notify the holders of our Class A common stock if we make a distribution on our Class A common stock that was not a dividend either by (i) delivering a copy of IRS Form 8937 ("Report of Organizational Actions Affecting Basis of Securities"), which will also be filed with the IRS, to holders of record of our Class A common stock or (ii) posting a copy of the completed form on our website.

**Dispositions of Class A Common Stock**

Subject to the discussion below on backup withholding and other withholding requirements, gain realized by a Non-U.S. Holder on a sale, exchange or other disposition of our Class A common stock generally will not be subject to U.S. federal income or withholding tax, unless:

the gain is U.S. trade or business income,

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the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of such disposition and certain other conditions are met, or

we are, or have been, a U.S. real property holding corporation (a "USRPHC") for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition of our Class A common stock and the Non-U.S. Holder's holding period for our Class A common stock.

Generally, a corporation is a USRPHC if the fair market value of its "United States real property interests" equals 50% or more of the sum of the fair market value of (a) its worldwide real property interests and (b) its other assets used or held for use in a trade or business. The tax relating to stock in a USRPHC does not apply to a Non-U.S. Holder whose holdings, actual and constructive, amount to 5% or less of our Class A common stock at all times during the applicable period, provided that our Class A common stock is regularly traded on an established securities market. We believe we have not been and are not currently a USRPHC, and do not anticipate being a USRPHC in the future. No assurance can be given, however, that we will not be a USRPHC or that our Class A common stock will be considered regularly traded on an established securities market when a Non-U.S. Holder disposes of shares of our Class A common stock. Non-U.S. Holders should consult with their tax advisors about the tax consequences that could result if we are, or become, a USRPHC.

**Federal Estate Taxes**

Individual Non-U.S. Holders and entities the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers), should note that, absent an applicable treaty benefit, our Class A common stock will be treated as U.S. situs property subject to U.S. federal estate tax.

**Backup Withholding and Information Reporting**

Any dividends that are paid to a Non-U.S. Holder must be reported annually to the IRS and to the Non-U.S. Holder. Copies of these information returns also may be made available to the tax authorities of the country in which the Non-U.S. Holder resides under the provisions of various treaties or agreements for the exchange of information. Unless the Non-U.S. Holder is an exempt recipient, dividends paid on our Class A common stock and the gross proceeds from a taxable disposition of our Class A common stock may be subject to additional information reporting and may also be subject to U.S. federal backup withholding (at a rate of 28%) if such Non-U.S. Holder fails to comply with applicable U.S. information reporting and certification requirements. Provision of any IRS Form W-8 appropriate to the Non-U.S. Holder's circumstances will satisfy the certification requirements necessary to avoid the backup withholding tax as well.

Backup withholding is not an additional tax. Any amounts so withheld under the backup withholding rules will be refunded by the IRS or credited against the Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

**Other Withholding Requirements**

Non-U.S. Holders of our Class A common stock may be subject to U.S. withholding tax at a rate of 30% under sections 1471 through 1474 of the Code (commonly referred to as "FATCA"). This withholding tax may apply if a Non-U.S. Holder (or any foreign intermediary that receives a payment on a Non-U.S. Holder's behalf) does not comply with certain U.S. informational reporting requirements. The payments potentially subject to this withholding tax include dividends on, and gross proceeds from the sale or other disposition of, our Class A common stock. If FATCA is not complied with, the withholding tax described above will apply to dividends paid on or after July 1, 2014, and to

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gross proceeds from the sale or other disposition of our Class A common stock on or after January 1, 2017. Non-U.S. Holders should consult their tax advisors regarding the possible implications of FATCA for their investment in our Class A common stock.

**You should consult your own tax advisor as to particular tax consequences to you of acquiring, holding, and disposing of our Class A common stock, including the applicability and effect of other U.S. federal, state, local or foreign tax laws, and of any proposed changes in applicable law.**

Table of Contents**UNDERWRITING**

Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as joint book-running managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of shares set forth opposite the underwriter's name.

<b>Underwriter</b>	<b>Number of Shares of Class A Common Stock</b>
Citigroup Global Markets Inc.	4,789,474
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,789,474
Barclays Capital Inc.	2,947,369
Credit Suisse Securities (USA) LLC	2,947,369
B. Riley & Co., LLC	405,263
Barrington Research Associates, Inc.	405,263
FBR Capital Markets & Co.	405,263
HSBC Securities (USA) Inc.	405,263
LOYAL3 Securities, Inc.	110,526
Piper Jaffray & Co.	405,263
Stifel, Nicolaus & Company, Incorporated	405,263
Wedbush Securities Inc.	405,263
<b>Total</b>	<b>18,421,053</b>

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the shares (other than those covered by the underwriters' option to purchase additional shares) if they purchase any of the shares.

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed \$0.513 per share. If all the shares are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The representatives have advised us that the underwriters do not intend to make sales to discretionary accounts.

If the underwriters sell more shares than the total number set forth in the table above, we have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 2,631,579 additional shares at the public offering price less the underwriting discount. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We and our officers and directors have agreed that, for a period of 180 days from the date of the final prospectus for this offering, and Wanda has agreed for a period of 365 days from the date of the final prospectus for this offering we and they will not, without the prior written consent of Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock subject to certain exceptions. Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. Notwithstanding the foregoing, if

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(i) during the last 17 days of the 180-day 365-day, as the case may be, restricted period, we issue an earnings release or material news or a material event relating to our company occurs; or (ii) prior to the expiration of the 180-day or 365-day, as the case may be, restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day or 365-day, as the case may be, restricted period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Prior to this offering, there has been no public market for our shares. Consequently, the initial public offering price for the shares was determined by negotiations among us and the representatives. Among the factors considered in determining the initial public offering price were our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management, and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. We cannot assure you, however, that the price at which the shares will sell in the public market after this offering will not be lower than the initial public offering price or that an active trading market in our shares will develop and continue after this offering.

Our Class A common stock has been approved for listing on the New York Stock Exchange under the symbol "AMC."

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. In addition, we have agreed to reimburse the underwriters for certain expenses in connection with this offering, including up to \$30,000 in accountable expenses.

	<b>Paid by AMC</b>	
	<b>No Exercise</b>	<b>Full Exercise</b>
Per share	\$ 0.945	\$ 0.945
Total	\$ 17,407,895	\$ 19,894,737

We estimate that the total expenses of this offering, exclusive of the underwriting discounts and commissions, will be approximately \$9 million.

In connection with the offering, the underwriters may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, which may include purchases pursuant to the underwriters' option to purchase additional shares, and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of shares than they are required to purchase in the offering.

"Covered" short sales are sales of shares in an amount up to the number of shares represented by the underwriters' option to purchase additional shares.

"Naked" short sales are sales of shares in an amount in excess of the number of shares represented by the underwriters' option to purchase additional shares.

Covering transactions involve purchases of shares either pursuant to the underwriters' option to purchase additional shares or in the open market in order to cover short positions.

To close a naked short position, the underwriters must purchase shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that

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there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

To close a covered short position, the underwriters must purchase shares in the open market or must exercise the underwriters' option to purchase additional shares. In determining the source of shares to close the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters' option to purchase additional shares.

Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

**Other Relationships**

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. In addition, affiliates of some of the underwriters are lenders, and in some cases agents or managers for the lenders, under our credit facility. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

**The LOYAL3 Platform**

At our request, the underwriters have reserved up to 110,527 shares, or 0.6%, of the Class A common stock offered by this prospectus for sale at the public offering price through the LOYAL3

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platform. Purchases through the LOYAL3 platform will be in dollar amounts and may include fractional shares. The LOYAL3 platform is designed to facilitate participation of individual purchasers in initial public offerings in amounts of between \$100 and \$2,500. Any purchase of our Class A common stock in this offering through the LOYAL3 platform will be at the same initial public offering price, and at the same time, as any other purchases in this offering, including purchases by institutions and other large investors. Individual investors in the United States who have been invited to purchase our Class A common stock in this offering through the LOYAL3 platform must go to LOYAL3's website for information about how to open a LOYAL3 account, which is required to purchase common shares through the LOYAL3 platform. The LOYAL3 platform is available fee-free to investors, and is administered by LOYAL3 Securities, Inc., which is a U.S.-registered broker-dealer unaffiliated with our company. Sales of our Class A common stock by investors using the LOYAL3 platform will be completed through a batch or combined order process typically only once per day. The LOYAL3 platform and the information on the LOYAL3 website do not form a part of this prospectus.

Additionally, the underwriters have reserved up to 230,264 shares, or 1.25%, of the Class A common stock offered by this prospectus for sale at the public offering price to persons who are directors, officers or employees, or who are otherwise associated with us through a directed share program to be administered via the LOYAL3 platform. The number of shares available for sale to the general public will be reduced by the number of directed shares purchased by participants in the program. For certain officers and directors purchasing shares through the directed share program, the lock-up agreements contemplated in the fifth paragraph under the heading "Underwriting" shall govern with respect to their purchases. Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. Any directed shares not purchased will be offered by the underwriters to the general public on the same basis as all other shares offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed shares.

**Notice to Prospective Investors in the European Economic Area**

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an "offer of securities to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression may be varied in that member state by any measure



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implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the sellers or the underwriters.

**Notice to Prospective Investors in the United Kingdom**

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

**Notice to Prospective Investors in France**

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1<sup>o</sup>-or-2<sup>o</sup>-or 3<sup>o</sup> of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The shares may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

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**Notice to Prospective Investors in Hong Kong**

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

**Notice to Prospective Investors in Japan**

The shares offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

**Notice to Prospective Investors in Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is

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made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

**Notice to Prospective Investors in Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia ("Corporations Act")) in relation to the shares has been or will be lodged with the Australian Securities & Investments Commission ("ASIC"). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

- (a) you confirm and warrant that you are either:
  - (i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;
  - (ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
  - (iii) a person associated with the company under section 708(12) of the Corporations Act; or
  - (iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and
- (b) you warrant and agree that you will not offer any of the shares for resale in Australia within 12 months of that shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

**Notice to Prospective Investors in Chile**

The shares are not registered in the Securities Registry (Registro de Valores) or subject to the control of the Chilean Securities and Exchange Commission (Superintendencia de Valores y Seguros de Chile). This prospectus and other offering materials relating to the offer of the shares do not constitute a public offer of, or an invitation to subscribe for or purchase, the shares in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (Ley de Mercado de Valores) (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

**Notice to Prospective Investors in Switzerland**

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing



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prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

**Notice to Prospective Investors in the Dubai International Financial Centre**

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

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**LEGAL MATTERS**

The validity of the shares of Class A common stock offered hereby will be passed upon for us by Weil, Gotshal & Manges LLP. Paul, Weiss, Rifkind, Wharton & Garrison LLP advised the underwriters in connection with the offering of our Class A common stock.

**EXPERTS**

The consolidated financial statements of AMC Entertainment Holdings, Inc. as of December 31, 2012 and March 29, 2012, and for the August 31, 2012 to December 31, 2012 period, the 22-week period ended August 30, 2012, and each of the 52-week periods ended March 29, 2012 and March 31, 2011, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report covering the December 31, 2012 consolidated financial statements contains an explanatory paragraph that states that the Company had a change of controlling ownership effective August 30, 2012, and as a result, the consolidated financial information after August 30, 2012 is presented on a different costs basis than that for the period before the change of control and, therefore, is not comparable.

The financial statements of National CineMedia, LLC as of December 27, 2012 and December 29, 2011 and for the three fiscal years ended December 27, 2012 included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Digital Cinema Implementation Partners, LLC as of December 31, 2012 and 2011 and for each of the years in the three-year period ended December 31, 2012 included in this prospectus have been audited by CohnReznick LLP, independent auditors, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Open Road Releasing, LLC as of December 31, 2012 and December 31, 2011 and for each of the years in the two-year period ended December 31, 2012, have been included herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the Class A common stock offered by this prospectus. This prospectus is a part of the registration statement and, as permitted by the SEC's rules, does not contain all of the information presented in the registration statement. For further information with respect to us and our Class A common stock offered hereby, reference is made to the registration statement and the exhibits and any schedules filed therewith. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each statement being qualified in all respects by such reference. A copy of the registration statement, including the exhibits and schedules thereto, may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov), from which interested persons can electronically access the registration statement, including the exhibits and any schedules thereto.

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Because certain of our subsidiaries already have public debt and also due to this offering, they are subject to the informational requirements of the Exchange Act. They fulfill their obligations with respect to such requirements by filing periodic reports, proxy statements and other information with the SEC. We intend to furnish our stockholders with annual reports containing consolidated financial statements certified by an independent registered public accounting firm. We also maintain an Internet site at [www.amctheatres.com](http://www.amctheatres.com). **Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which this prospectus forms a part, and you should not rely on any such information in making your decision whether to purchase our securities.**

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

	Nine Months Ended (unaudited)		
	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
<b>Revenues</b>			
Admissions	\$ 1,365,178	\$ 76,356	\$ 1,241,857
Food and beverage	589,026	32,365	513,729
Other theatre	82,247	5,785	86,929
<b>Total revenues</b>	<b>2,036,451</b>	<b>114,506</b>	<b>1,842,515</b>
<b>Operating costs and expenses</b>			
Film exhibition costs	718,725	34,659	657,730
Food and beverage costs	80,032	4,778	69,946
Operating expense	534,059	46,059	468,680
Rent	339,213	33,493	299,805
<b>General and administrative:</b>			
Merger, acquisition and transaction costs	1,952	504	6,670
Management fee			3,750
Other	59,797	7,269	42,644
Depreciation and amortization	147,435	16,602	137,818
Impairment of long-lived assets			285
<b>Operating costs and expenses</b>	<b>1,881,213</b>	<b>143,364</b>	<b>1,687,328</b>
Operating income (loss)	155,238	(28,858)	155,187
<b>Other expense (income)</b>			
Other expense (income)	(184)	49	2,496
<b>Interest expense:</b>			
Corporate borrowings	97,704	10,241	109,960
Capital and financing lease obligations	7,914	442	3,878
Equity in (earnings) losses of non-consolidated entities	(38,143)	3,378	(18,240)
Investment income	(3,406)	(1)	(66)
<b>Total other expense</b>	<b>63,885</b>	<b>14,109</b>	<b>98,028</b>
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>91,353</b>	<b>(42,967)</b>	<b>57,159</b>
Income tax provision	10,860	100	3,005
<b>Earnings (loss) from continuing operations</b>	<b>80,493</b>	<b>(43,067)</b>	<b>54,154</b>
Earnings (loss) from discontinued operations, net of income taxes	4,290	24	34,533
<b>Net earnings (loss)</b>	<b>\$ 84,783</b>	<b>\$ (43,043)</b>	<b>\$ 88,687</b>

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Basic earnings (loss) per share of common stock:

Earnings (loss) from continuing operations	\$	1.06	\$	(0.60)	\$	0.86
Earnings from discontinued operations		0.06				0.54

Net earnings (loss) per share	\$	1.12	\$	(0.60)	\$	1.40
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Average shares outstanding:

Basic	76,000.03	71,383.84	63,335.34
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Diluted earnings (loss) per share of common stock:

Earnings from continuing operations	\$	1.06	\$	(0.60)	\$	0.85
Earnings from discontinued operations		0.06				0.54

Net earnings (loss) per share	\$	1.12	\$	(0.60)	\$	1.39
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Average shares outstanding:

Diluted	76,000.03	71,383.84	63,793.34
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See Notes to Consolidated Financial Statements.

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(in thousands)

	Nine Months Ended (unaudited)		
	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
Net earnings (loss)	\$ 84,783	\$ (43,043)	\$ 88,687
Foreign currency translation adjustment, net of tax	341	(895)	9,563
Pension and other benefit adjustments:			
Net loss arising during the period, net of tax			(18,939)
Net prior service credit arising during the period, net of tax			1,806
Amortization of net (gain) loss included in net periodic benefit costs, net of tax	(58)		988
Amortization of prior service credit included in net periodic benefit costs, net of tax			(764)
Unrealized gain (loss) on marketable securities:			
Unrealized holding gain (loss) arising during the period, net of tax	(4,841)	(731)	2,134
Less: reclassification adjustment for gains included in investment income, net of tax	(301)	(1)	(72)
Unrealized gain from equity method investees' cash flow hedge:			
Unrealized holding gains arising during the period, net of tax	2,489		
Holding gains reclassified to equity in earnings of non-consolidated entities	(290)		
Other comprehensive income (loss)	(2,660)	(1,627)	(5,284)
Total comprehensive income (loss)	\$ 82,123	\$ (44,670)	\$ 83,403

See Notes to Consolidated Financial Statements.

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30, 2013 (Successor)	December 31, 2012 (Successor)
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 130,628	\$ 133,071
Receivables, net	47,452	97,108
Other current assets	73,467	70,627
Total current assets	251,547	300,806
Property, net	1,155,574	1,147,959
Intangible assets, net	236,553	243,180
Goodwill	2,294,231	2,249,153
Other long-term assets	388,961	332,740
Total assets	\$ 4,326,866	\$ 4,273,838
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 189,767	\$ 226,220
Accrued expenses and other liabilities	167,455	155,286
Deferred revenues and income	136,407	171,122
Current maturities of corporate borrowings and capital and financing lease obligations	14,537	14,280
Total current liabilities	508,166	566,908
Corporate borrowings	2,067,905	2,070,671
Capital and financing lease obligations	111,207	116,369
Exhibitor services agreement	333,622	318,154
Other long-term liabilities	455,258	433,151
Total liabilities	3,476,158	3,505,253
Commitments and contingencies		
Class A Common Stock voting issued hereby (\$.01 par value 524,173,073 shares authorized; 173,147 shares issued and outstanding as of September 30, 2013)	1,811	
Class N Common Stock nonvoting (\$.01 par value, 25,000 shares authorized; 3,497 shares issued and outstanding as of September 30, 2013 and December 31, 2012)		1,811
Stockholders' equity:		
Class A Common Stock voting issued hereby (\$.01 par value 524,173,073 shares authorized; 0 shares issued and outstanding as of September 30, 2013)		
Class B Common Stock voting issued hereby (\$.01 par value 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of September 30, 2013)	758	
Class A Common Stock voting (\$.01 par value, 2,000,000 shares authorized 1,531,424 shares issued and outstanding as of September 30, 2013 and December 31, 2012)		15
Additional paid-in capital	799,242	799,985
Accumulated other comprehensive income	6,784	9,444
Accumulated earnings (deficit)	42,113	(42,670)

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Total stockholders' equity	848,897	766,774
Total liabilities and stockholders' equity	\$ 4,326,866	\$ 4,273,838

See Notes to Consolidated Financial Statements.

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Nine Months Ended (unaudited)		
	Nine Months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
<b>Cash flows from operating activities:</b>			
Net earnings (loss)	\$ 84,783	\$ (43,043)	\$ 88,687
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	147,435	16,602	138,349
Interest paid and discount on repurchase of Parent Term Loan			(59,965)
Impairment of assets			285
Interest accrued to principal on corporate borrowings			873
Loss (gain) on extinguishment and modification of debt	(422)		922
Amortization of discount (premium) on corporate borrowings	(9,447)	(965)	1,495
Deferred income taxes	8,430		
Theatre and other closure expense	4,489	434	13,515
Gain on dispositions	(4,545)	(74)	(50,269)
Equity in earnings and losses from non-consolidated entities, net of distributions	(21,020)	3,421	1,327
Change in assets and liabilities:			
Receivables	55,991	2,773	40,873
Other assets	(2,045)	(31,618)	34,824
Accounts payable	(24,690)	12,814	(69,546)
Accrued expenses and other liabilities	(44,228)	8,226	(64,025)
Other, net	9,934	(695)	(799)
Net cash provided by (used in) operating activities	204,665	(32,125)	76,546
<b>Cash flows from investing activities:</b>			
Capital expenditures	(175,361)	(10,638)	(94,392)
Merger, net of cash acquired		3,110	
Investments in non-consolidated entities, net	(3,013)	(13)	(1,456)
Acquisition of Rave theatres, net of cash acquired	(1,128)		
Proceeds from the disposition of long-term assets	4,646	107	7,574
Other, net	(5,422)	(442)	1,503
Net cash used in investing activities	(180,278)	(7,876)	(86,771)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of Term Loan due 2020	773,063		
Repayment of Term Loan due 2016	(464,088)		
Repayment of Term Loan due 2018	(296,250)		
Proceeds from issuance of Term Loan due 2018			297,000
Repayment of Term Loan due 2013			(140,657)
			(300,000)

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Repurchase of Senior Subordinated Notes due 2014			
Repurchase Parent Term Loan			(159,440)
Deferred financing costs	(9,549)		(7,782)
Principal payments under capital and financing lease obligations	(4,651)	(222)	(2,075)
Principal payments under Term Loan	(5,876)		(5,627)
Change in construction payables	(19,404)	(1,245)	(8,765)
Capital contribution		100,000	
Net cash provided by (used in) financing activities	(26,755)	98,533	(327,346)
Effect of exchange rate changes on cash and equivalents	(75)	(389)	52
<b>Net increase (decrease) in cash and equivalents</b>	<b>(2,443)</b>	<b>58,143</b>	<b>(337,519)</b>
<b>Cash and equivalents at beginning of period</b>	<b>133,071</b>	<b>100,674</b>	<b>438,193</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 130,628</b>	<b>\$ 158,817</b>	<b>\$ 100,674</b>

See Notes to Consolidated Financial Statements.

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2013**

**(Unaudited)**

**NOTE 1 BASIS OF PRESENTATION**

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

On August 30, 2012, Wanda acquired Parent through a merger between Parent and Wanda Film Exhibition Co. Ltd. ("Merger Subsidiary"), a wholly-owned indirect subsidiary of Wanda, whereby Merger Subsidiary merged with and into Parent with Parent continuing as the surviving corporation and as a wholly-owned indirect subsidiary of Wanda (the "Merger"). In connection with the change of control pursuant to the Merger, the Company's assets and liabilities were adjusted to fair value on the closing date of the Merger by application of "push down" accounting. As a result of the application of "push down" accounting in connection with the Merger, the Company's financial statement presentations herein distinguish between a predecessor period ("Predecessor"), for periods prior to the Merger, and a successor period ("Successor"), for periods subsequent to the Merger. The Successor applied "push down" accounting and its financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the Merger date, August 30, 2012. The Consolidated Financial Statements presented herein are those of Successor from January 1, 2013 through September 30, 2013, and those of Predecessor for all periods prior to the Merger date. As a result of the application of "push down" accounting at the time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable. See Note 2 Merger for additional information regarding the Merger.

**Use of Estimates:** Preparing the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to: (1) Impairments, (2) Film exhibition costs, (3) Income and operating taxes, (4) Theatre and other closure expense, and (5) Gift card and packaged ticket breakage. Actual results could differ from those estimates.

**Fiscal Year:** On November 15, 2012, the Company changed its fiscal year to a calendar year ending on December 31<sup>st</sup> of each year. Prior to the change, the Company had a 52/53 week fiscal year ending on the Thursday closest to the last day of March. All references to "fiscal year", unless otherwise noted, refer to the 52/53 week fiscal year, which ended on the Thursday closest to the last day of March.

**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 outstanding stock options, if dilutive.



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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**September 30, 2013**

**(Unaudited)**

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

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

(In thousands, except per share data)	Nine months Ended September 30, 2013 (Successor)	From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
<b>Numerator:</b>			
Earnings (loss) from continuing operations	\$ 80,493	\$ (43,067)	\$ 54,154
<b>Denominator:</b>			
Shares for basic earnings (loss) per common share	76,000.03	71,383.84	63,335.34
Stock options			458.00
Shares for diluted earnings (loss) per common share	76,000.03	71,383.84	63,793.34
Basic earnings (loss) from continuing operations per common share	\$ 1.06	\$ (0.60)	\$ 0.86
Diluted earnings (loss) from continuing operations per common share	\$ 1.06	\$ (0.60)	\$ 0.85

There are no outstanding options to purchase common shares during the Successor period.

**Goodwill:** The activity for goodwill is presented below:

(In thousands)	Total (Successor)
Balance as of December 31, 2012	\$ 2,249,153
Increase in Goodwill from purchase price allocation adjustments related to the Merger	31,951
Increase in Goodwill from purchase price allocation adjustments related to the Rave acquisition	13,127
Balance as of September 30, 2013	\$ 2,294,231

Upon receipt of appraisals made by third parties which were completed in the period ended March 31, 2013, the Company finalized the purchase price allocation related to the Merger. Final adjustments made increased recorded goodwill by approximately \$32,000,000, which was attributable to reduced amounts allocated to Property, net and other long-term assets of approximately \$28,000,000 and \$4,000,000, respectively, due to final determinations of fair values resulting from the completion of our appraisal work.

The Company recorded an increase in goodwill of approximately \$13,000,000 for the Rave acquisition, which includes a \$10,000,000 increase in unfavorable leases, a \$1,000,000 decrease in fair value allocated to Property, net, and a \$2,000,000 adjustment to reduce working capital from amounts

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

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

estimated at the acquisition date. Amounts allocated provisionally to these accounts may change when final appraisals by a third party are completed later this year.

See Note 2 Merger and Note 3 Acquisition for additional information regarding the Merger and the Rave Acquisitions.

**Discontinued Operations:** The results of operations for the Company's discontinued operations have been eliminated from the Company's continuing operations and classified as discontinued operations for each period presented within the Company's Consolidated Statements of Operations. During the nine months ended September 30, 2013, the Company received \$4,666,000 for a sales price adjustment from the sale of theatres located in Canada. The sales price adjustment related to tax attributes of the theatres sold in Canada which were not determinable or probable of collection at the date of the sale. The Company completed its tax returns for periods prior to the date of sale during the nine months ended September 30, 2013 at which time the buyer was able to determine amounts due pursuant to the sales price adjustment and remit them to the Company. The Company recorded the additional gain on sale following the guidance for gain contingencies in ASC 450-30-25-1 when the gains were realizable.

The Company calculated the gain on sale and closure of its theatres in Canada and in the UK as follows during the period of December 30, 2011 through August 30, 2012:

(In thousands)	Total (Predecessor)
Proceeds from sale of UK theatre	\$ 395
Proceeds from sale of Canada theatres	1,472
Cash payment for closure of Canada theatre	(7,562)
Net cash payment	\$ (5,695)
Fixed asset write-offs	(1,885)
Recognition of cumulative translation losses in AOCI(1)	(11,069)
Legal and professional fees	(1,582)
<b>Operating Lease Liabilities:</b>	
Deferred rent write-off	14,848
Unfavorable lease write-off	31,099
Deferred gain write-off	13,666
Gain on sale, net of lease termination expense	\$ 39,382

(1) This amount was reclassified from accumulated other comprehensive income to discontinued operations in the Consolidated Statements of Operations.

The Company operated all of the Canada and UK theatres pursuant to long-term operating lease agreements with original terms of 20 years. In connection with the sales of these theatres, the buyers assumed responsibility under the operating lease agreements and the Company was relieved of its legal



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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

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

obligation for future payments under the lease agreements. For the theatre that was closed, the Company paid the landlord \$7,562,000 to terminate its obligation under the lease at the date of closing.

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

(In thousands)	Nine Months Ended (unaudited)		
	Nine Months Ended September 30, 2013	From Inception August 31, 2012 through September 27, 2012	December 30, 2011 through August 30, 2012
	(Successor)	(Successor)	(Predecessor)
Gain on extinguishment of Parent Term Loan Facility	\$	\$	\$ 511
Loss on redemption of 8% Senior Subordinated Notes due 2014			1,937
Loss (gain) on Senior Secured Credit Facility	(130)		383
Other expense (income)	(54)	49	(335)
Other expense (income)	\$ (184)	\$ 49	\$ 2,496

**Temporary Equity:** As of September 30, 2013 there was no material difference in the estimated fair value and recorded value of the Class N Common Shares recorded as temporary equity. The Company determined the amount reflected in temporary equity for the Class N Common Stock based on the price paid per share by the management shareholders and Wanda at the date of the Merger.

**Reclassification:** On December 17, 2013 the Company reclassified each share of existing Class A common stock and Class N common stock by filing an amendment to its certificate of incorporation. Pursuant to the reclassification, which substantially resulted in a stock split, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. All shares and per share amounts presented in the consolidated financial statements and notes thereto have been retroactively adjusted to reflect the reclassification.

**Subsequent Events:** The Company has evaluated subsequent events through December 17, 2013.

**NOTE 2 MERGER**

Parent and Wanda completed a Merger on August 30, 2012 in which Wanda indirectly acquired all of the outstanding capital stock of Parent. Parent merged with Merger Subsidiary, whereby Merger Subsidiary merged with and into Parent with Parent continuing as the surviving corporation and as a wholly-owned indirect subsidiary of Wanda. The merger consideration totaled \$701,811,000, with \$700,000,000 invested by Wanda and \$1,811,000 invested by members of management for which 66,252,109 shares of Class A common stock and 173,147 shares of Class N common stock were issued,

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

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

**September 30, 2013**

**(Unaudited)**

**NOTE 2 MERGER (Continued)**

respectively. The investment amount and price per share paid by members of management was determined pursuant to Management Subscription Agreements negotiated in connection with the Merger. Pursuant to such agreements, as a retention incentive certain key members of management were required to reinvest 50% of the after tax amount they received with respect to equity awards outstanding at the time of the Merger at a price per share equal to that received for such equity awards. The approximately one percent differential in the per share price paid by Wanda and members of management represents the dilutive effect from settlement of outstanding management equity awards in connection with the Merger. Wanda also acquired cash, corporate borrowings and capital and financing lease obligations in connection with the Merger, as described below.

In connection with the Merger agreement, \$35,000,000 of consideration otherwise payable to the equity holders was deposited into an Indemnity Escrow Fund and \$2,000,000 otherwise payable to the equity holders was deposited into an account designated by the Stockholder Representative. The \$35,000,000 of consideration previously deposited in the Indemnity Escrow Fund, which was established to cover any indemnity claims by Wanda against the sellers (former owners) relating to their representations, warranties and covenants in connection with the Merger, was released in full on April 3, 2013. There were no indemnity claims made. Further, the \$2,000,000 previously deposited in an account designated by the Stockholder Representative, which account was established to cover post-merger closing de minimis taxes and administrative fees and expenses, has also been released in full. On April 15, 2013, after net of such taxes, fees and expenses, \$1,600,000 was released back to the selling stockholders, including members of management. The Company accounted for the entire \$701,811,000 as purchase price which included the amounts placed in escrow because the Company believed any contingencies requiring escrow were remote and that the amounts would be paid out subsequently.

As a result of the Merger and related change of control, the Company applied "push down" accounting, which requires allocation of the Merger consideration to the estimated fair values of the assets and liabilities acquired in the Merger. The allocation of Merger consideration was based on management's judgment after evaluating several factors, including a valuation assessment performed by a third party appraiser. Final appraisal reports were received during the first quarter of calendar 2013. The appraisal measurements included a combination of income, replacement costs and market approaches and represents management's best estimate of fair value at August 30, 2012, the acquisition date. Management finalized its purchase price allocation in May of calendar 2013. Adjustments made during calendar 2013 increased recorded goodwill by approximately \$32,000,000. Property, net and other long-term assets decreased by approximately \$28,000,000 and \$4,000,000, respectively, due to final

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 2 MERGER (Continued)**

determinations of fair values assigned to tangible assets. The following is a summary of the allocation of the Merger consideration:

(In thousands)	Total
Cash	\$ 103,784
Receivables, net	29,775
Other current assets	34,840
Property, net(1)	1,034,597
Intangible assets, net(2)	246,507
Goodwill(3)	2,202,080
Other long-term assets(4)	339,013
Accounts payable	(134,186)
Accrued expenses and other liabilities	(138,535)
Gift card, packaged tickets, and loyalty program liability(5)	(117,841)
Corporate borrowings(6)	(2,086,926)
Capital and financing lease obligations	(60,922)
Exhibitor services agreement(7)	(322,620)
Other long-term liabilities(8)	(427,755)
<b>Total Merger consideration</b>	<b>\$ 701,811</b>
Corporate borrowings	2,086,926
Capital and financing lease obligations	60,922
Less: cash	(103,784)
<b>Total transaction value</b>	<b>\$ 2,745,875</b>

(1) Property, net, consists of real estate, leasehold improvements and furniture, fixtures and equipment recorded at fair value.

(2) Intangible assets consist of a trademark and trade names, a non-compete agreement, management contracts, a contract with an equity method investee, and favorable leases. In general, the majority of the Company's asset value is comprised of real estate and fixed assets. Furthermore, the majority of the Company's theatres are operated via lease agreements as opposed to owning the underlying real estate. Therefore, any asset value related to leased real estate would exist only if the existing lease agreements were at below-market, or favorable, terms. Certain of the Company's leased locations were considered to be at favorable terms, and an intangible asset was ascribed for such lease agreements. However, the majority of lease agreements were considered to be at market terms. As a result, there is no owned real estate or lease intangible asset value ascribed to the majority of the Company's locations. In estimating the fair value of the favorable lease agreements, market rents were estimated for each of the Company's leased locations. If the contractual rents were considered to be below the market rent, a favorable lease agreement was valued by discounting the difference between the contractual rent and estimated market rates over the remaining lease term. Renewal options in the leases were also considered in determining the remaining lease term.

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

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

**September 30, 2013**

**(Unaudited)**

**NOTE 2 MERGER (Continued)**

Other intangible assets were also considered. For the Company's business, the largest intangible asset (other than a favorable lease agreement) is the trade name. There was no customer relationship asset since the Company's customers represent "walk-in traffic" in which the customer would not meet the legal or separable criteria under ASC 805. The royalty savings method, a form of the income approach, was used to estimate the fair value of the trade name. In estimating the appropriate royalty rate for the trade name, we considered the impact and contribution that the trade name provides to the Company's operating cash flows. We assessed that the trade name does provide some contribution to the Company's operating cash flow, but that the attendance in the theatre is ultimately driven by factors that are not separable from goodwill such as the quality of the film product, the location of each individual theatre, the physical condition of the individual theatre, and the competitive landscape of the individual theatre.

Other than the favorable lease agreements and the trade name, there are not many other operating intangible assets for the Company's business. However, the Company does have some contractual relationships identified as intangible assets. These contractual relationships include the non-compete agreement that was entered into as part of the Company's acquisition of Kerasotes, management agreements in which the Company manages certain theatres that are owned by a third party, and the NCM tax receivable agreement (the "NCM TRA") which represents an agreement in which the Company receives a certain portion of a tax benefit that NCM is expected to receive as part of the Company's partial ownership interest in NCM. The non-compete agreement was valued using the differential cash flow method, a form of the income approach, in which the cash flows of the Company were estimated under a scenario in which the non-compete agreement was in place and a scenario in which there was no non-compete agreement. The value of the non-compete agreement was considered to be the difference of the discounted cash flows between the two scenarios over the remaining contractual term of the agreement. The management agreements were valued using the income approach, in which the annual management fee over the life of the agreements were discounted. The NCM TRA was valued using the income approach in which the future tax benefit distribution realized from any tax amortization of intangible assets was estimated and discounted. The Company determined the value of the TRA using a discounted cash flow model. For the purposes of its analysis, the Company estimated the cash receipts from taxable transactions that are known as of the date of the Merger. The Company did not consider future transactions that NCM may undertake. The Company estimated a run-off of the intangible asset amortization benefits due to the following transactions:

1. ESA (Exhibitor Services Agreement) relates to the amortization due to a modification of the initial ESA agreement.
2. CUA (Common Unit Adjustment) relates to NCM issuing additional common units to the founding members if there is an increase in the number of theatres under the ESA agreement. A reduction of common units is made if there are theatres removed from the ESA agreement.
3. AMC II Benefit relates to AMC's acquisition of Kerasotes theatres.
4. IPO Exchange Benefit relates to amortization from NCM's IPO in 2007.

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

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

**September 30, 2013**

**(Unaudited)**

**NOTE 2 MERGER (Continued)**

5. IPO II Exchange Benefit relates to amortization step ups from NCM's secondary IPO in 2010.

6. Capital Account Administration Allocation relates to receipts attributable to the account administration.

The estimated TRA receipts through 2037 are tax effected at 40%, based on a blended federal and 50-state average tax rate. The after tax receipts were discounted to a present value using a discount rate of 12.0%, based on the cost of equity of NCM, as the TRA payments only benefit the equity holders.

(3) Goodwill represents the excess of the Merger consideration over the net assets recognized and represents the future expected economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Goodwill associated with the Merger is not tax deductible. Additionally, the Company expects to realize synergies and cost savings related to the Merger. Wanda is the largest theatre exhibition operator in China through its controlling ownership interest in Wanda Cinema Line. The combined ownership and scale of AMC and Wanda Cinema Line, has enabled them to enhance relationships and obtain better terms for important food and beverage, lighting and theatre supply vendors, and to expand their strategic partnership with IMAX. Wanda and AMC are also working together to offer Hollywood studios and other production companies valuable access to their industry-leading promotion and distribution platforms, with the goal of gaining greater access to content and playing a more important role in the industry going forward.

(4) Other long-term assets primarily include equity method investments, real estate held for investment and marketable equity securities recorded at fair value.

(5) Represents a liability related to the sales of gift cards, packaged tickets and AMC Stubs memberships and rewards outstanding at August 30, 2012, recorded at fair value. The Company determined fair value for the gift cards and packaged tickets by removing the amount of unrecognized breakage income that was included in the deferred revenue amounts prior to the Merger. The Company made purchase accounting adjustments to reduce its deferred revenues for packaged tickets by \$24,859,000 and gift cards by \$7,441,000 such that the Company would recognize a normal profit margin on its deferred revenues for the future redemptions of the sales that occurred prior to the Merger. The Company did not make any fair value adjustments to its deferred revenues related to AMC Stubs as a result of the Merger because deferred revenues for the annual memberships require performance by AMC in the future and there was not sufficient historical data to estimate amounts of future breakage for AMC Stubs rewards. AMC Stubs vested rewards expire after 90 days if unused and AMC Stubs progress rewards expire to the extent members do not renew their annual membership.

(6) Corporate borrowings include borrowings under the Senior Secured Credit Facility-Term Loan due 2016, the Senior Secured Credit Facility-Term Loan due 2018, the 8.75% Senior Fixed Rate Notes due 2019 and the 9.75% Senior Subordinated Notes due 2020, recorded at fair value.



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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

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

**September 30, 2013**

**(Unaudited)**

**NOTE 2 MERGER (Continued)**

- (7) In connection with the completion of NCM, Inc.'s IPO on February 13, 2007, the Company entered into the Exhibitor Services Agreement that provided favorable terms to NCM in exchange for a payment of \$231,308,000. The Exhibitor Services Agreement was considered an unfavorable contract to the Company based on a comparison of rates charged by NCM to third-party exhibitors. The market rate was estimated as the average rate charged by NCM to third party exhibitors. The fair value of the contract was estimated as the present value of the difference between the Company's expected payments under the contract and a market rate over the life of the Exhibitor Services Agreement. The Company's expected payments were estimated based on the Company's expected annual attendance, screen count, and advertising revenues over the life of the Exhibitor Services Agreement.
- (8) Other long-term liabilities consist of certain theatre leases that have been identified as unfavorable, adjustments to reset deferred rent related to escalations of minimum rentals to zero, adjustments for pension and postretirement medical plan liabilities and deferred RealD Inc. lease incentive recorded at fair value. Other long-term liabilities include deferred tax liabilities resulting from indefinite temporary differences that arose primarily from the application of "push down" accounting.

Quoted market prices and observable market based inputs were used to estimate the fair value of corporate borrowings (Level 2) and the Company's investments in NCM and equity securities available for sale including RealD Inc. common stock (Level 1). The fair value measurements of other 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, market comparables, and quoted market prices.

During the nine months ended September 30, 2013, the Company incurred additional Merger-related costs of approximately \$951,000, which are included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations.

For further information about other Merger-related costs and change of control transactions for Corporate Borrowings, see Note 2 Merger and Note 9 Corporate Borrowings and Capital and Financing Lease Obligations of the Notes to the audited Consolidated Financial Statements included elsewhere in this prospectus.

The unaudited pro forma financial information presented below sets forth the Company's historical statements of operations for the periods indicated and gives effect to the Merger as if "push down" accounting had been applied as of December 30, 2011. Such information is presented for comparative purposes to the Consolidated Statements of Operations only and does not purport to represent what

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**September 30, 2013**

**(Unaudited)**

**NOTE 2 MERGER (Continued)**

the Company's results of operations would actually have been had these transactions occurred on the date indicated or to project its results of operations for any future period or date.

(In thousands)	Pro forma December 30, 2011 through September 27, 2012 (unaudited)
Revenues	
Admissions	\$ 1,318,213
Food & beverage	546,094
Other theatre	69,139
<b>Total revenues</b>	<b>1,933,446</b>
Operating Costs and Expenses	
Film exhibition costs	692,389
Food & beverage costs	74,724
Operating expense	516,810
Rent	332,112
General and administrative:	
Merger, acquisition and transaction costs	7,174
Management fee	
Other	49,689
Depreciation and amortization	150,537
Impairment of long-lived assets	285
<b>Operating costs and expenses</b>	<b>1,823,720</b>
Operating income	109,726
Other expense (income)	
Other expense	2,545
Interest expense:	
Corporate borrowings	107,220
Capital and financing lease obligations	4,320
Equity in earnings of non-consolidated entities	(7,161)
Investment income	(3,389)
<b>Total other expense</b>	<b>103,535</b>
Earnings from continuing operations before income taxes	6,191
Income tax provision	8,500
<b>Loss from continuing operations</b>	<b>(2,309)</b>
Earnings from discontinued operations, net of income taxes	34,557

Net earnings	\$	32,248
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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 3 ACQUISITION**

In December 2012, the Company completed the acquisition of 4 theatres and 61 screens from Rave Reviews Cinemas, LLC and 6 theatres and 95 screens from Rave Digital Media, LLC, (together "Rave"). The total purchase price for the Rave theatres, paid in cash, was \$88,683,000, net of cash acquired, and is subject to working capital and other purchase price adjustments. Approximately \$881,000 of the total purchase price was paid during the nine months ended September 30, 2013. The Company acquired the Rave theatres based on their highly complementary geographic presence in certain key markets. Additionally, the Company expects to realize synergies and cost savings related to the Rave acquisition as a result of moving to the Company's operating practices, decreasing costs for newspaper advertising, food and beverage costs, and general and administrative expense savings, particularly with respect to the consolidation of corporate related functions and elimination of redundancies.

The acquisitions are 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 valuation assessment. The allocation of purchase price is subject to changes as an appraisal of assets and liabilities is not yet completed. The following is a summary of a preliminary allocation of the purchase price:

(In thousands)	Total
Cash	\$ 3,649
Receivables, net(1)	754
Other current assets	1,556
Property, net	79,428
Goodwill(2)	92,151
Accrued expenses and other liabilities	(8,618)
Capital and financing lease obligations	(62,598)
Other long-term liabilities(3)	(13,990)
<b>Total estimated purchase price</b>	<b>\$ 92,332</b>

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- (1) Receivables consist of trade receivables recorded at estimated fair value. The Company did not acquire any other class of receivables as a result of the acquisition of the Rave theatres.
- (2) Amounts recorded for goodwill are expected to be deductible for tax purposes.
- (3) Amounts recorded for other long-term liabilities consist of unfavorable leases and long-term deferred tax liabilities.

During the nine months ended September 30, 2013, the Company incurred acquisition-related costs for the Rave theatres of approximately \$610,000, which are included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations. The

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 3 ACQUISITION (Continued)**

Company's operating results for the nine months ended September 30, 2013 were not materially impacted by this acquisition.

**NOTE 4 INVESTMENTS**

Investments in non-consolidated affiliates and certain other investments accounted for following 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 September 30, 2013, include a 15.44% interest in NCM, a 50% interest in two U.S. theatres and one IMAX screen, a 29% interest in Digital Cinema Implementation Partners, LLC ("DCIP"), and a 50% interest in Open Road Releasing, LLC, operator of Open Road Films, LLC ("ORF"). Indebtedness held by equity method investees is non-recourse to the Company.

**RealD Inc. Common Stock.** The Company holds an investment in RealD Inc. common stock, which is accounted for as an equity security, available for sale, and is recorded in the Consolidated Balance Sheets in other long-term assets at fair value (Level 1).

**Equity in Earnings of Non-Consolidated Entities**

Condensed financial information of the Company's non-consolidated equity method investments for the nine months ended September 30, 2013, the period December 30, 2011 through August 30, 2012, and the period August 31, 2012 through September 27, 2012 is shown below:

(In thousands)	Nine Months Ended September 30, 2013				
	NCM	DCIP	ORF	Other	Total
Revenues	\$ 340,100	\$ 134,398	\$ 125,839	\$ 12,314	\$ 612,651
Operating costs and expenses	241,600	103,605	108,553	12,220	465,978
Net earnings	\$ 98,500	\$ 30,793	\$ 17,286	\$ 94	\$ 146,673

(In thousands)	From Inception August 31, 2012 through September 27, 2012				
	NCM	DCIP	ORF	Other	Total
Revenues	\$ 22,200	\$ 13,598	\$ 21,311	\$ 2,572	\$ 59,681
Operating costs and expenses	21,200	11,903	29,177	3,043	65,323
Net earnings (loss)	\$ 1,000	\$ 1,695	\$ (7,866)	\$ (471)	\$ (5,642)

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

## NOTE 4 INVESTMENTS (Continued)

(In thousands)	December 30, 2011 through August 30, 2012				
	NCM	DCIP	ORF	Other	Total
Revenues	\$ 310,700	\$ 109,363	\$ 78,259	\$ 22,927	\$ 521,249
Operating costs and expenses	243,800	86,410	91,611	23,890	445,711
Net earnings (loss)	\$ 66,900	\$ 22,953	\$ (13,352)	\$ (963)	\$ 75,538

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

(In thousands)	Nine Months Ended September 30, 2013 (Successor)	Nine Months Ended From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
Digital Cinema Implementation Partners, LLC	12,986	541	7,079
Open Road Releasing, LLC	8,650	(3,933)	(6,676)
Other	590	(102)	1,277
The Company's recorded equity in earnings (losses)	\$ 38,143	\$ (3,378)	\$ 18,240

**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 \$44,000 for new build locations). The Company pays equipment rent monthly and records the equipment rental expense on a straight-line basis over 12 years, including scheduled escalations of rent to commence after six and one-half years from the inception of the agreement. The difference between the cash rent and straight-line rent is recorded to deferred rent, a long-term liability account.

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

## NOTE 4 INVESTMENTS (Continued)

The Company recorded the following transactions with DCIP:

(In thousands)	September 30, 2013 (Successor)	December 31, 2012 (Successor)
Due from DCIP for equipment purchases	\$ 730	\$ 736
Deferred rent liability for digital projectors	6,241	1,810

(In thousands)	Nine Months Ended September 30, 2013 (Successor)	Nine Months Ended From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
Digital equipment rental expense (continuing operations)	\$ 8,255	\$ 377	\$ 5,489

**Open Road Films Transactions.** The Company recorded the following transactions with Open Road Films:

(In thousands)	September 30, 2013 (Successor)	December 31, 2012 (Successor)
Due from Open Road Films	\$ 2,322	\$ 1,950
Film rent payable to Open Road Films	373	326

(In thousands)	Nine Months Ended September 30, 2013 (Successor)	Nine Months Ended From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
Gross film exhibition cost on Open Road Films	\$ 10,500	\$ 2,223	\$ 6,550

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 4 INVESTMENTS (Continued)**

**NCM Transactions.** Effective June 7, 2013, NCM issued 5,315,837 common membership units to another founding member due to an acquisition, which caused a decrease in the Company's ownership share from 16.29% to 15.59%. As of September 30, 2013, the Company owns 19,052,770 common membership units, or a 15.44% interest, in NCM. As a founding member, the Company has the ability to exercise significant influence over the governance of NCM, and, accordingly accounts for its investment following the equity method. The estimated fair market value of the units in NCM was approximately \$359,335,000, based on the publically quoted price per share of NCM, Inc. on September 30, 2013 of \$18.86 per share.

The Company recorded the following transactions with NCM:

(In thousands)	September 30, 2013 (Successor)	December 31, 2012 (Successor)
Due from NCM for on-screen advertising revenue	\$ 1,479	\$ 1,978
Due to NCM for Exhibitor Services Agreement	2,161	2,021

(In thousands)	Nine Months Ended September 30, 2013 (Successor)	Nine Months Ended From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
Net NCM screen advertising revenues	\$ 25,007	\$ 2,201	\$ 18,152
NCM beverage advertising expense	10,325	577	9,680

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 4 INVESTMENTS (Continued)**

The Company recorded the following changes in the carrying amount of its investment in NCM and equity in earnings of NCM during the nine months ended September 30, 2013:

(In thousands)	Investment in NCM(1) (Successor)	Exhibitor Services Agreement(2) (Successor)	Other Comprehensive (Income) (Successor)	Cash Received (Successor)	Equity in (Earnings) Loss (Successor)	Advertising (Revenue) (Successor)
Ending balance December 31, 2012	\$ 245,047	\$ (318,154)	\$ (797)			
Receipt of common units	26,315	(26,315)				
Receipt of excess cash distributions	(16,896)			\$ 16,896	\$	\$
Amortization of deferred revenue		10,846				(10,846)
Unrealized gain from cash flow hedge	1,101		(1,101)			
Change in interest gain(3)	2,716				(2,716)	
Equity in earnings(4)	15,383				(15,383)	
Equity in loss from amortization of basis difference(5)	(2,182)				2,182	
For the period ended or balance as of September 30, 2013	\$ 271,484	\$ (333,623)	\$ (1,898)	\$ 16,896	\$ (15,917)	\$ (10,846)

- (1) As of the date of the Merger, August 30, 2012, the Company's investment in NCM consisted of a single investment tranche (Tranche 1 Investment) consisting of 17,323,782 membership units recorded at fair value (Level 1). As a result of the Rave theatre acquisitions in December of 2012, and as provided under the Common Unit Adjustment Agreement dated as of February 13, 2007, the Company received 1,728,988 additional NCM common membership units in 2013 valued at \$26,315,000 and is recorded in a new tranche, (Tranche 2 Investment).
- (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*). In connection with the Merger on August 30, 2012, the amounts related to the ESA were adjusted to estimated fair value.
- (3) A non-cash gain was recorded to adjust the Company's investment balance due to NCM's issuance of 5,315,837 common membership units to another founding member, at a price per share in excess of the Company's average carrying amount per share.

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

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

**September 30, 2013**

**(Unaudited)**

**NOTE 4 INVESTMENTS (Continued)**

- (4) Represents percentage of ownership equity in earnings on both Tranche 1 and Tranche 2 Investments.
- (5) 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 nine month successor period ended September 30, 2013, payments received of \$3,677,000 related to the NCM tax receivable agreement are recorded in investment income net of related amortization for the NCM tax receivable agreement intangible asset. Amounts related to the NCM tax receivable agreement of \$3,949,000 were recorded in equity in earnings of non-consolidated entities during the period December 30, 2011 through August 30, 2012. Prior to the Merger, the Company did not have any carrying value related to the NCM tax receivable agreement. In connection with push down accounting as required by the Merger, the Company recorded an amortizable intangible asset in the amount of \$20,900,000 related to the NCM tax receivable agreement. Because the Company has established a separate asset apart from its equity method investment in NCM that derives all of its fair value from the expected future payments under the NCM tax receivable agreement, the Company will account for the cash receipts under the NCM tax receivable agreement separately from its equity method investment in NCM. Prior to the Merger, the majority of the Company's investment in NCM (Tranche 1) was recorded at a carrying value of \$0 and the remainder of the Company's investment in NCM (Tranche 2) was recorded at a carrying value of \$72,323,000. Subsequent to the Merger, the Company increased the carrying value of its Tranche 1 and Tranche 2 investments in NCM from \$72,323,000 to a fair value of \$250,155,000. As both the NCM tax receivable agreement and investment in NCM were separately recorded at fair value as a result of the Merger, the Company will account for the NCM tax receivable agreement intangible amortization and NCM tax receivable agreement cash receipts separately as components of investment income, and the Company will account for its share of earnings in NCM and distributions of its earnings following the equity method.

**NOTE 5 FAIR VALUE MEASUREMENTS**

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

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

## NOTE 5 FAIR VALUE MEASUREMENTS (Continued)

**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 September 30, 2013:

(In thousands)	Total Carrying Value at September 30, 2013 (Successor)	Fair Value Measurements at September 30, 2013		
		Quoted prices in active market (Level 1)	Using Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Other long-term assets:</b>				
Money Market Mutual Funds	\$ 113	\$ 113	\$	\$
Equity securities, available-for-sale:				
RealD Inc. Common Stock	8,559	8,559		
Mutual Fund Large U.S. Equity	2,515	2,515		
Mutual Fund Small/Mid U.S. Equity	758	758		
Mutual Fund International	392	392		
Mutual Fund Balance	160	160		
Mutual Fund Fixed Income	379	379		
Total assets at fair value	\$ 12,876	\$ 12,876	\$	\$

**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 11 Accumulated Other Comprehensive Income for the unrealized gain on the equity securities recorded in accumulated other comprehensive income.

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

(In thousands)	Total Carrying Value at September 30, 2013 (Successor)	Fair Value Measurements at September 30, 2013		
		Quoted prices in active market (Level 1)	Using Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current Maturities of Corporate Borrowings	\$ 7,750	\$	\$ 7,702	\$
Corporate Borrowings	2,067,905		2,087,642	

**Valuation Technique.** Quoted market prices and observable market based inputs were used to estimate fair value.



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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

## NOTE 6 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)	Nine Months Ended September 30, 2013 (Successor)	Nine Months Ended From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
Beginning balance	\$ 61,344	\$ 62,935	\$ 66,497
Theatre and other closure expense continuing operations	4,489	434	5,953
Theatre and other closure expense discontinued operations			7,562
Transfer of assets and liabilities	(55)		(456)
Foreign currency translation adjustment	(322)	648	683
Cash payments	(8,947)	(871)	(17,304)
Ending balance	\$ 56,509	\$ 63,146	\$ 62,935

Theatre and other closure expense was primarily due to accretion on previously closed properties with remaining lease obligations during the nine month Successor period ended September 30, 2013 and the period of August 31, 2012 through September 27, 2012. During the Predecessor period of December 30, 2011 through August 30, 2012, theatre and other closure expense of \$5,953,000 was primarily due to accretion on previously closed properties with remaining lease obligations and an early termination of a lease agreement. In addition, the Company closed one theatre with 20 screens located in Canada and paid the landlord \$7,562,000 to terminate the lease agreement during the Predecessor period. During the three months ended September 30, 2013, the period August 31, 2012 through September 27, 2012, and the period June 29, 2012 through August 30, 2012, the Company recognized theatre and other closure expense of \$1,469,000, \$434,000, and \$764,000, respectively. During the nine months ended September 30, 2013, the period August 31, 2012 through September 27, 2012, and the period December 30, 2011 through August 30, 2012, the Company recognized theatre and other closure expense from continuing operations of \$4,489,000, \$434,000, and \$5,953,000, respectively.

Theatre and other closure reserves for leases that have not been terminated are recorded at the present value of the future contractual commitments for the base rents, taxes and maintenance.

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 7 INCOME TAXES**

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

(In thousands)	Nine Months Ended September 30, 2013 (Successor)	Nine Months Ended From Inception August 31, 2012 through September 27, 2012 (Successor)	December 30, 2011 through August 30, 2012 (Predecessor)
Income tax expense at the federal statutory rate	\$ 31,975	\$ (15,050)	\$ 20,000
Effect of:			
State income taxes	(3,610)	100	3,005
Permanent items	120		1,000
Change in FIN 48 Reserve	3,535		
Change in net operating loss carryforward for excess tax deductions	(28,420)		
Valuation allowance	7,260	15,050	(21,000)
Income tax expense	\$ 10,860	\$ 100	\$ 3,005
Effective income tax rate	11.9%	(0.2)%	5.3%

The accounting for income taxes requires that deferred tax assets and liabilities be recognized, using enacted tax rates, for the tax effect of temporary differences between the financial reporting and tax bases of recorded assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax assets will not be realized.

The state tax provision was for the states that impose their income based taxes on a gross sales method, that impose a margin tax, that have suspended the use of net operating loss carryforwards into the current tax year and amounts related to state tax credits.

The change in FIN 48 reserve relates to gross increases due to new positions during the nine months ended September 30, 2013 of \$4,000,000, partially offset by favorable resolutions with taxing authorities of \$(465,000).

If, in the future, the Company generates sufficient earnings in the United States federal and state tax jurisdictions where it has recorded full valuation allowances, management's conclusion regarding the need for a valuation allowance in these tax jurisdictions could change. If this were to occur, the Company could have a reduction of some or a significant portion of the Company's recorded valuation allowance in the near term, which would reduce the Company's income tax provision and therefore increase net earnings. This determination would be dependent on a number of factors which would include, but not be limited to, the Company's expectation of future taxable income.

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

The Company, in the normal course of business, is a party to various ordinary course claims from vendors (including an online ticketing vendor, food and beverage suppliers and film distributors),

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

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

**September 30, 2013**

**(Unaudited)**

**NOTE 8 COMMITMENTS AND CONTINGENCIES (Continued)**

landlords 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 estimated loss is within a range and no point in this range 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 other 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 could occur. An unfavorable outcome could 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.

**NOTE 9 NEW ACCOUNTING PRONOUNCEMENTS**

In July 2013, the Financial Accounting Standards Board ("FASB") issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists, ("ASU 2013-11"). This amendment provides guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, to the extent that (i) a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or (ii) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. ASU 2013-11 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2013. Early adoption is permitted and retrospective application is also permitted. The Company will adopt ASU 2013-11 as of the beginning of 2014 and is in the process of evaluating the impact of this pronouncement.

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830) Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity, ("ASU 2013-05"). This amendment clarifies the applicable guidance for the release of cumulative translation adjustment into net earnings. When an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity, the entity is required to apply the guidance in ASC 830-30 to release any related cumulative translation adjustment into net earnings. Accordingly, the cumulative translation adjustment should be released into net earnings only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU 2013-05 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2013. Early adoption is

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 9 NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

permitted as of the beginning of the entity's fiscal year. The Company will adopt ASU 2013-05 as of the beginning of 2014 and does not expect the adoption of ASU 2013-05 to have a material impact on the Company's consolidated financial position, cash flows, or results of operations.

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, ("ASU 2013-02"). Under this amendment, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. ASU 2013-02 is effective prospectively for reporting periods beginning after December 15, 2012. Early adoption is permitted. The Company adopted the disclosure requirements of ASU 2013-02 in the first quarter of 2013. See Note 11 Accumulated Other Comprehensive Income for the required disclosure.

**NOTE 10 ACCUMULATED OTHER COMPREHENSIVE INCOME**

The following table presents the changes in accumulated other comprehensive income by component:

(In thousands)	Foreign Currency	Pension and Other Benefits	Unrealized Gains on Marketable Securities	Unrealized Gain from Equity Method Investees' Cash Flow Hedge	Total (Successor)
Balance, December 31, 2012	\$ (530)	\$ 7,264	\$ 1,913	\$ 797	\$ 9,444
Other comprehensive income before reclassifications	341		(4,841)	2,489	(2,011)
Amounts reclassified from accumulated other comprehensive income		(58)	(301)	(290)	(649)
Net other comprehensive income (loss)	341	(58)	(5,142)	2,199	(2,660)
Balance, September 30, 2013	\$ (189)	\$ 7,206	\$ (3,229)	\$ 2,996	\$ 6,784

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**September 30, 2013**

**(Unaudited)**

**NOTE 10 ACCUMULATED OTHER COMPREHENSIVE INCOME (Continued)**

The following table presents details about accumulated other comprehensive income components:

**Reclassifications out of Accumulated Other Comprehensive Income**

(In thousands)	Gains Reclassified from Accumulated Other Comprehensive Income Nine Months Ended September 30, 2013 (Successor)	Affected Line Item in the Consolidated Statements of Operations
Amortization of pension and other benefit adjustments:		
Actuarial gains	\$ (58)	General and administrative: Other
Unrealized gains on marketable securities:		
Gain on marketable securities	(301)	Investment income
Unrealized gain from equity method investees' cash flow hedge:		
Gain from equity method investees' cash flow hedge	(290)	Equity in earnings of non-consolidated entities
<b>Total reclassifications</b>	<b>\$ (649)</b>	

**NOTE 11 EMPLOYEE BENEFIT PLANS**

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

The Company expects to make pension contributions of approximately \$888,000 per quarter for a total of approximately \$3,552,000 during calendar 2013.

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

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

Net periodic benefit cost recognized for the plans during the nine months ended September 30, 2013, the period August 31, 2012 through September 27, 2012, and the period December 30, 2011 through August 30, 2012 consists of the following:

(In thousands)	Pension Benefits			Other Benefits		
	Nine Months Ended September 30, 2013	From Inception August 31, 2012 through September 27, 2012	December 30, 2011 through August 30, 2012	Nine Months Ended September 30, 2013	From Inception August 31, 2012 through September 27, 2012	December 30, 2011 through August 30, 2012
	(Successor)	(Successor)	(Predecessor)	(Successor)	(Successor)	(Predecessor)
Components of net periodic benefit cost:						
Service cost	\$ 135	\$ 14	\$ 121	\$ 146	\$ 14	\$ 111
Interest cost	3,384	349	3,122	652	72	674
Expected return on plan assets	(3,530)	(339)	(2,927)			
Amortization of net (gain) loss			900	(58)		88
Amortization of prior service credit						(764)
Net periodic benefit cost (gain)	\$ (11)	\$ 24	\$ 1,216	\$ 740	\$ 86	\$ 109

**NOTE 12 CORPORATE BORROWINGS**

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

(In thousands)	September 30, 2013	December 31, 2012
	(Successor)	(Successor)
Senior Secured Credit Facility-Term Loan due 2016 (4.25% as of December 31, 2012)	\$	\$ 465,878
Senior Secured Credit Facility-Term Loan due 2018 (4.75% as of December 31, 2012)		297,000
Senior Secured Credit Facility-Term Loan due 2020 (3.50% as of September 30, 2013)	769,372	
8.75% Senior Fixed Rate Notes due 2019	649,475	654,692
9.75% Senior Subordinated Notes due 2020	656,808	661,105
Capital and financing lease obligations, 8.25% - 11%	117,994	122,645
	2,193,649	2,201,320
Less: current maturities	(14,537)	(14,280)
	\$ 2,179,112	\$ 2,187,040

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## AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

September 30, 2013

(Unaudited)

**NOTE 12 CORPORATE BORROWINGS (Continued)**

On April 30, 2013, the Company entered into a new \$925,000,000 Senior Secured Credit Facility pursuant to which the Company borrowed term loans and used the proceeds to fund the redemption of both the Senior Secured Credit Facility Term Loan due 2016 (the "Term Loan due 2016") and the Senior Secured Credit Facility Term Loan due 2018 (the "Term Loan due 2018"). The Senior Secured Credit Facility is comprised of a \$150,000,000 Revolving Credit Facility, which matures on April 30, 2018 (the "Revolving Credit Facility"), and a \$775,000,000 term loan, which matures on April 30, 2020 (the "Term Loan due 2020"). The Term Loan due 2020 requires repayments of principal of 0.25% of the original principal amount, or \$1,937,500, per quarter, with the remaining principal payable upon maturity. The term loan was issued at a 0.25% discount which will be amortized to interest expense over the term of the loan. The Company capitalized deferred financing costs of approximately \$6,905,000 related to the issuance of the Revolving Credit Facility and approximately \$2,201,000 related to the issuance of the Term Loan due 2020 during 2013. Concurrently with the Term Loan due 2020 borrowings on April 30, 2013, the Company redeemed all of the outstanding Term Loan due 2016 and the Term Loan due 2018 at a redemption price of 100% of the outstanding aggregate principal balance of \$464,088,000 and \$296,250,000, respectively, plus accrued and unpaid interest. The Company recorded a net gain of approximately \$(130,000) in other expense (income), which consisted of the Term Loan due 2016 premium write-off, partially offset by the expense for the third-party costs incurred in connection with the repurchase of the Term Loan due 2016 and the Term Loan due 2018, during the nine months ended September 30, 2013. At September 30, 2013, the aggregate principal balance of the Term Loan due 2020 was \$771,125,000 and there were no borrowings under the Revolving Credit Facility.

Borrowings under the Senior Secured Credit Facility bear interest at a rate equal to an applicable margin plus, at the Company's option, either a base rate or LIBOR. The minimum rate for base rate borrowings is 1.75% and the minimum rate for LIBOR-based borrowings is 0.75%. The applicable margin for the Term loan due 2020 is 1.75% for base rate borrowings and 2.75% for LIBOR based loans. The applicable margin for the Revolving Credit Facility ranges from 1.25% to 1.5% for base rate borrowings and from 2.25% to 2.5% for LIBOR based borrowings. The Revolving Credit Facility also provides for an unused commitment fee of 0.50% per annum and for letter of credit fees of up to 0.25% per annum plus the applicable margin for LIBOR-based borrowings on the undrawn amount of the letter of credit. The applicable rate for borrowings under the Term Loan due 2020 at September 30, 2013 was 3.5% based on LIBOR (2.75% margin plus 0.75% minimum LIBOR rate). Prior to redemption, the applicable rate for borrowings under the Term Loan due 2016 at April 30, 2013 was 4.25% based on LIBOR (3.25% margin plus 1.00% minimum LIBOR rate) and the applicable rate for borrowings under the Term Loan due 2018 was 4.75% (3.75% margin plus 1.00% minimum LIBOR rate). The Company is obligated to repay \$7,750,000 of the Term Loan due 2020 per annum through April 30, 2019, with any remaining balance due on April 30, 2020. The Company may voluntarily repay outstanding loans under the Senior Secured Credit Facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

The Senior Secured Credit Facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of the Company and its subsidiaries, to sell assets; incur additional indebtedness; prepay other indebtedness (including the notes); pay dividends and

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**AMC ENTERTAINMENT HOLDINGS, INC. AND SUBSIDIARIES**

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

**September 30, 2013**

**(Unaudited)**

**NOTE 12 CORPORATE BORROWINGS (Continued)**

distributions or repurchase their capital stock; create liens on assets; make investments; make acquisitions; engage in mergers or consolidations; engage in transactions with affiliates; amend constituent documents and material agreements governing subordinated indebtedness, including the Notes due 2020; change the business conducted by it and its subsidiaries; and enter into agreements that restrict dividends from subsidiaries. In addition, the Senior Secured Credit Facility requires the Company and its subsidiaries to maintain, on the last day of each fiscal quarter, a net senior secured leverage ratio, as defined in the Senior Secured Credit Facility, of no more than 3.25 to 1 as long as the commitments under the Revolving Credit Facility remain outstanding. The Senior Secured Credit Facility also contains certain customary affirmative covenants and events of default, including the occurrence of (i) a change in control, as defined in the Senior Secured Credit Facility, (ii) defaults under other indebtedness of the Company, any guarantor or any significant subsidiary having a principal amount of \$25,000,000 or more, and (iii) one or more uninsured judgments against the Company, any guarantor, or any significant subsidiary for an aggregate amount exceeding \$25,000,000 with respect to which enforcement proceedings are brought or a stay of enforcement is not in effect for any period of 60 consecutive days.

All obligations under the Senior Secured Credit Facility are guaranteed by each of the Company's wholly-owned domestic subsidiaries. All obligations under the Senior Secured Credit Facility, and the guarantees of those obligations (as well as cash management obligations), are secured by substantially all of the Company's assets as well as those of each subsidiary guarantor.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited the accompanying consolidated balance sheets of AMC Entertainment Holdings, Inc. (the Company) as of December 31, 2012 and March 29, 2012, and the related consolidated statements of operations, comprehensive earnings (loss), stockholders' equity, and cash flows for the August 31, 2012 to December 31, 2012 period, the 22-week period ended August 30, 2012, and each of the 52-week periods ended March 29, 2012 and March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AMC Entertainment Holdings, Inc. as of December 31, 2012 and March 29, 2012, and the results of its operations and its cash flows for the August 31, 2012 to December 31, 2012 period, the 22-week period ended August 30, 2012, and each of the 52-week periods ended March 29, 2012 and March 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 to the consolidated financial statements, effective August 30, 2012, the Company had a change of controlling ownership. As a result of this change of control, the consolidated financial information after August 30, 2012 is presented on a different cost basis than that for the period before the change of control and, therefore, is not comparable.

/s/ KPMG LLP

Kansas City, Missouri  
August 27, 2013 (except for the Reclassification disclosed in note 1,  
as to which the date is December 17, 2013).

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## AMC ENTERTAINMENT HOLDINGS, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

	Transition Period			
	From Inception August 31, 2012 through December 31, 2012 (restated) (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	Fiscal 2012 52 Weeks Ended March 29, 2012 (Predecessor)	Fiscal 2011 52 Weeks Ended March 31, 2011 (Predecessor)
<b>(In thousands)</b>				
Revenues				
Admissions	\$ 548,632	\$ 816,031	\$ 1,721,295	\$ 1,644,837
Food & beverage	229,739	342,130	689,680	644,997
Other theatre	33,121	47,911	111,002	72,704
<b>Total revenues</b>	<b>811,492</b>	<b>1,206,072</b>	<b>2,521,977</b>	<b>2,362,538</b>
Operating costs and expenses				
Film exhibition costs	291,561	436,539	916,054	860,470
Food & beverage costs	30,545	47,326	93,581	79,763
Operating expense	230,434	297,328	696,783	691,264
Rent	143,374	189,086	445,326	451,874
General and administrative:				
Merger, acquisition and transaction costs	3,366	4,417	3,958	16,838
Management fee		2,500	5,000	5,000
Other	29,110	27,023	51,495	58,157
Depreciation and amortization	71,633	80,971	212,817	211,444
Impairment of long-lived assets			285	12,779
<b>Operating costs and expenses</b>	<b>800,023</b>	<b>1,085,190</b>	<b>2,425,299</b>	<b>2,387,589</b>
Operating income (loss)	11,469	120,882	96,678	(25,051)
Other expense (income)				
Other expense	49	960	1,965	42,687
Interest expense:				
Corporate borrowings	45,259	67,614	172,159	177,459
Capital and financing lease obligations	1,873	2,390	5,968	6,198
Equity in (earnings) losses of non-consolidated entities	2,480	(7,545)	(12,559)	(17,178)
Gain on NCM transactions				(64,441)
Investment expense (income)	290	(41)	17,619	(484)
<b>Total other expense</b>	<b>49,951</b>	<b>63,378</b>	<b>185,152</b>	<b>144,241</b>
Earnings (loss) from continuing operations before income taxes	(38,482)	57,504	(88,474)	(169,292)
Income tax provision	3,500	2,500	2,015	1,950
Earnings (loss) from continuing operations	(41,982)	55,004	(90,489)	(171,242)
Earnings (loss) from discontinued operations, net of income taxes	(688)	35,153	(3,609)	(3,062)
<b>Net earnings (loss)</b>	<b>\$ (42,670)</b>	<b>\$ 90,157</b>	<b>\$ (94,098)</b>	<b>\$ (174,304)</b>
Basic earnings (loss) per share of common stock:				
Earnings (loss) from continuing operations	\$ (0.56)	\$ 0.87	\$ (1.43)	\$ (2.70)
Earnings (loss) from discontinued operations	(0.01)	0.55	(0.06)	(0.05)
<b>Net earnings (loss) per share</b>	<b>\$ (0.57)</b>	<b>\$ 1.42</b>	<b>\$ (1.49)</b>	<b>\$ (2.75)</b>

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Average shares outstanding:				
Basic	74,987.96	63,335.34	63,335.34	63,324.44
Diluted earnings (loss) per share of common stock:				
Earnings (loss) from continuing operations	\$ (0.56)	\$ 0.86	\$ (1.43)	\$ (2.70)
Earnings (loss) from discontinued operations	(0.01)	0.55	(0.06)	(0.05)
Net earnings (loss) per share	\$ (0.57)	\$ 1.41	\$ (1.49)	\$ (2.75)
Average shares outstanding:				
Diluted	74,987.96	63,715.11	63,335.34	63,324.44

See Notes to Consolidated Financial Statements.

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## AMC ENTERTAINMENT HOLDINGS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)

(In thousands)	Transition Period		Fiscal 2012	Fiscal 2011
	From Inception August 31, 2012 through December 31, 2012 (restated) (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
Net earnings (loss)	\$ (42,670)	\$ 90,157	\$ (94,098)	\$ (174,304)
Foreign currency translation adjustment, net of tax	(530)	11,935	2,465	(5,678)
Pension and other benefit adjustments:				
Net gain (loss) arising during the period, net of tax	7,279		(18,939)	(664)
Prior service credit arising during the period, net of tax		771	1,035	283
Amortization of net loss included in net periodic benefit costs, net of tax		987	5	137
Amortization of prior service credit included in net periodic benefit costs, net of tax		(448)	(984)	(865)
Settlement, net of tax	(15)			
Unrealized gain (loss) on marketable securities:				
Unrealized holding gain (loss) arising during the period, net of tax	1,915	(4,167)	(17,490)	5,972
Less: reclassification adjustment for gains (loss) included in investment expense (income), net of tax	(2)	(44)	17,696	
Unrealized gain from equity method investee's cash flow hedge, net of tax	797			
Other comprehensive earnings (loss)	9,444	9,034	(16,212)	(815)
Total comprehensive earnings (loss)	\$ (33,226)	\$ 99,191	\$ (110,310)	\$ (175,119)

See Notes to Consolidated Financial Statements.



Table of Contents**AMC ENTERTAINMENT HOLDINGS, INC.****CONSOLIDATED BALANCE SHEETS**

(In thousands)	December 31, 2012 (Successor)	March 29, 2012 (Predecessor)
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 133,071	\$ 277,605
Receivables, net	97,108	43,038
Other current assets	70,627	85,916
Total current assets	300,806	406,559
Property, net	1,147,959	883,697
Intangible assets, net	243,180	135,024
Goodwill	2,249,153	1,953,686
Other long-term assets	332,740	261,301
Total assets	\$ 4,273,838	\$ 3,640,267
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 226,220	\$ 195,938
Accrued expenses and other liabilities	155,286	148,348
Deferred revenues and income	171,122	174,355
Current maturities of corporate borrowings and capital and financing lease obligations	14,280	61,846
Total current liabilities	566,908	580,487
Corporate borrowings	2,070,671	2,087,495
Capital and financing lease obligations	116,369	59,413
Exhibitor services agreement	318,154	328,442
Other long-term liabilities	433,151	426,829
Total liabilities	3,505,253	3,482,666
Commitments and contingencies		
Class N Common Stock nonvoting (\$.01 par value, 25,000 shares authorized; 3,497 shares issued and outstanding as of December 31, 2012)	1,811	
Stockholders' equity:		
Class A Common Stock voting (\$.01 par value, 2,000,000 shares authorized; 1,531,424 shares issued and outstanding as of December 31, 2012)	15	
Class N Common Stock nonvoting (\$.01 par value, 375,000 shares authorized; 2,021.01696 shares issued and outstanding as of March 29, 2012)		
Class A-1 Common Stock voting (\$.01 par value, 1,500,000 shares authorized; 382,475.00000 shares issued and outstanding as of March 29, 2012)		4
Class A-2 Common Stock voting (\$.01 par value, 1,500,000 shares authorized; 382,475.00000 shares issued and outstanding as of March 29, 2012)		4
Class L-1 Common Stock voting (\$.01 par value, 1,500,000 shares authorized; 256,085.61252 shares issued and outstanding as of March 29, 2012)		3
Class L-2 Common Stock voting (\$.01 par value, 1,500,000 shares authorized; 256,085.61252 shares issued and outstanding as of March 29, 2012)		3
Additional paid-in capital	799,985	673,325
Treasury Stock, 4,314 shares at cost		(2,596)
Accumulated other comprehensive income (loss)	9,444	(20,203)

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Accumulated deficit	(42,670)	(492,939)
Total stockholders' equity	766,774	157,601
Total liabilities and stockholders' equity	\$ 4,273,838	\$ 3,640,267

See Notes to Consolidated Financial Statements.

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

(In thousands)	Transition Period		Fiscal 2012	Fiscal 2011
	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
<b>Cash flows from operating activities:</b>				
Net earnings (loss)	\$ (42,670)	\$ 90,157	\$ (94,098)	\$ (174,304)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:				
Depreciation and amortization	71,633	81,234	214,029	212,413
Interest accrued to principal on corporate borrowings			9,446	10,981
Interest paid and discount on repurchase of Parent Term Loan			(59,965)	
Discount on repurchase of Discount Notes due 2014				(70,877)
Deferred income taxes	3,020			
Impairment of assets			285	12,779
Loss on extinguishment and modification of debt			922	16,008
Gain on NCM transactions				(64,441)
Impairment of RealD Inc. investment			17,751	
Theatre and other closure expense	2,381	11,753	7,449	60,763
(Gain) loss on dispositions	73	(48,245)	(580)	(9,719)
Equity in earnings and losses from non-consolidated entities, net of distributions	12,707	(495)	20,553	18,715
Change in assets and liabilities:				
Receivables	(66,615)	12,884	(18,554)	4,381
Other assets	(35,138)	36,770	(3,712)	671
Accounts payable	69,029	(58,027)	26,747	(30,487)
Accrued expenses and other liabilities	63,288	(50,473)	21,977	(3,879)
Other, net	(3,816)	814	(5,221)	828
Net cash provided by (used in) operating activities	73,892	76,372	137,029	(16,168)
<b>Cash flows from investing activities:</b>				
Capital expenditures	(72,774)	(40,116)	(139,359)	(129,347)
Merger	3,110			
Acquisition of Rave theatres, net of cash acquired	(87,555)			
Acquisition of Kerasotes, net of cash acquired				(280,606)
Proceeds from NCM, Inc. stock sale				102,224
Proceeds from disposition of long-term assets	90	7,291	1,474	58,391
Investments in non-consolidated entities, net	(1,194)	1,589	(26,880)	(1,619)
Proceeds from sale/leaseback of digital projection equipment			953	4,905
Proceeds from disposition of Cinemex				1,840
Other, net	(575)	205	98	(5,825)
Net cash used in investing activities	(158,898)	(31,031)	(163,714)	(250,037)
<b>Cash flows from financing activities:</b>				
Proceeds from issuance of Senior Subordinated Notes due 2020				600,000
Proceeds from issuance of Term Loan due 2018			297,000	
Repurchase of Senior Subordinated Notes due 2016				(325,000)
Payment of tender offer and consent solicitation consideration on Senior Subordinated Notes due 2016				(5,801)
Repayment of Term Loan due 2013			(140,657)	
Repurchase of Senior Subordinated Notes due 2014		(191,035)	(108,965)	
Repurchase of Parent Term Loan			(159,440)	

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Repurchase of Discount Notes due 2014				(169,918)
Principal payments under Term Loan	(4,002)	(4,002)	(4,875)	(6,500)
Principal payments under capital and financing lease obligations	(875)	(1,298)	(3,422)	(4,194)
Capital contribution	100,000			
Deferred financing costs		(2,378)	(6,827)	(14,742)
Change in construction payables	22,487	(23,575)	13,512	(727)
Net cash provided by (used in) financing activities	117,610	(222,288)	(113,674)	73,118
Effect of exchange rate changes on cash and equivalents	(207)	16	556	(1,098)
<b>Net increase (decrease) in cash and equivalents</b>	<b>32,397</b>	<b>(176,931)</b>	<b>(139,803)</b>	<b>(194,185)</b>
<b>Cash and equivalents at beginning of period</b>	<b>100,674</b>	<b>277,605</b>	<b>417,408</b>	<b>611,593</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 133,071</b>	<b>\$ 100,674</b>	<b>\$ 277,605</b>	<b>\$ 417,408</b>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

**Cash paid (refunded) during the period for:**

Interest (including amounts capitalized of \$0, \$14, \$58 and \$64)	\$ 68,794	\$ 78,789	\$ 219,493	\$ 185,448
Income taxes, net	10,088	828	807	729

**Schedule of non-cash investing and financing activities:**

Investment in NCM (See Note 7 Investments)	\$	\$	\$	\$ 86,159
Investment in RealD Inc. (See Note 7 Investments)				27,586

See Note 2 Acquisition for non-cash activities related to acquisition

See Notes to Consolidated Financial Statements.

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**AMC ENTERTAINMENT HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

Thousands, except share and share data)	Class A Voting Common Stock		Class A-1 Voting Common Stock		Class A-2 Voting Common Stock		Class N Nonvoting Common Stock		Class L-1 Voting Common Stock		Class L-2 Voting Common Stock		Additional Paid-in Treasury Stock		Accumulated Other Comprehensive Income Accumulated Deficit		Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Stock	(Loss)	Deficit	
Predecessor																	
As of April 1, 2010		\$ 18,937,867	4	\$ 4	18,937,867	\$ 4	84,205	\$	12,679,823	\$ 3	12,679,823	\$ 3	\$ 669,837	\$ (2,596)	\$ (3,176)	\$ (224,537)	\$ 439,100
Comprehensive loss															(815)	(174,304)	(174,304)
Share-based compensation													1,526				1,526
Issuance of Class N common stock							15,864										15,864
As of March 31, 2011		18,937,867	4	4	18,937,867	4	100,069		12,679,823	3	12,679,823	3	671,363	(2,596)	(3,991)	(398,841)	265,000
Comprehensive loss															(16,212)	(94,098)	(94,098)
Share-based compensation													1,962				1,962
As of March 29, 2012		18,937,867	4	4	18,937,867	4	100,069		12,679,823	3	12,679,823	3	\$ 673,325	(2,596)	(20,203)	(492,939)	157,685
As of March 29, 2012																	
Earnings																	90,157
Comprehensive earnings															9,034		9,034
Share-based compensation													830				830
As of August 30, 2012		18,937,867	4	4	18,937,867	4	100,069		12,679,823	3	12,679,823	\$ 3	674,155	(2,596)	(11,169)	(402,782)	257,773
Successor																	
As of August 30, 2012																	
Comprehensive earnings															9,444	(42,670)	(33,226)
Share consideration	66,252,109	14											699,986				700,000
Additional contributions	9,574,819	1											99,999				100,000
As of December 31, 2012	75,826,928	\$ 15		\$		\$		\$		\$		\$	\$ 799,985	\$	\$ 9,444	\$ (42,670)	\$ 766,715

See Notes to Consolidated Financial Statements

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**AMC ENTERTAINMENT HOLDINGS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011**

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

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

On August 30, 2012, Wanda acquired Parent through a merger between Parent and Wanda Film Exhibition Co. Ltd. ("Merger Subsidiary"), a wholly-owned indirect subsidiary of Wanda, whereby Merger Subsidiary merged with and into Parent with Parent continuing as the surviving corporation and as a wholly-owned indirect subsidiary of Wanda (the "Merger"). A change of control of the Company occurred pursuant to the Merger. Prior to the Merger, Parent was owned by J.P. Morgan Partners, LLC and certain related investment funds ("JPMP"), Apollo Management, L.P. and certain related investment funds ("Apollo"), affiliates of Bain Capital Partners ("Bain"), The Carlyle Group ("Carlyle") and Spectrum Equity Investors ("Spectrum") (collectively the "Sponsors"). The merger consideration totaled \$701,811,000, with \$700,000,000 invested by Wanda and \$1,811,000 invested by members of management. The estimated transaction value was approximately \$2,745,875,000. Wanda acquired cash, corporate borrowings and capital and financing lease obligations in connection with the Merger. Funding for the merger consideration was obtained by Merger Subsidiary pursuant to bank borrowings and cash contributed by Wanda.

In connection with the change of control discussed above, the Company's assets and liabilities were adjusted to fair value on the closing date of the Merger by application of "push down" accounting. As a result of the application of "push down" accounting in connection with the Merger, the Company's financial statement presentations herein distinguish between a predecessor period, ("Predecessor"), for periods prior to the Merger and a successor period, ("Successor"), for periods subsequent to the Merger. The Successor applied "push down" accounting and its financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the Merger date, August 30, 2012. The consolidated financial statements presented herein are those of Successor from its inception on August 31, 2012 through December 31, 2012, and those of Predecessor for all periods prior to the Merger date. As a result of the application of "push down" accounting at the time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable. See Note 2 Merger for additional information regarding the Merger.

On March 31, 2011, Marquee Holdings Inc. ("Holdings"), a direct, wholly-owned subsidiary of Parent and a holding company, the sole asset of which consisted of the capital stock of AMCE, was merged with and into Parent, with Parent continuing as the surviving entity. As a result of the merger, AMCE became a direct subsidiary of Parent.

**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 (Income),

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AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

(5) Gift card and packaged ticket breakage, and (6) Estimates of fair value for assets and liabilities recorded in connection with the application of "push down" accounting. Actual results could differ from those estimates.

**Principles of Consolidation:** The consolidated financial statements include the accounts of AMCE and all subsidiaries, as discussed above. All significant intercompany balances and transactions have been eliminated in consolidation. There are no noncontrolling (minority) interests in the Company's consolidated subsidiaries; consequently, all of its stockholders' equity, net earnings (loss) and comprehensive earnings (loss) for the periods presented are attributable to controlling interests.

**Fiscal Year:** On November 15, 2012, the Company changed its fiscal year to a calendar year ending on December 31<sup>st</sup> of each year. Prior to the change, the Company had a <sup>52</sup>/<sub>53</sub> week fiscal year ending on the Thursday closest to the last day of March. All references to "fiscal year", unless otherwise noted, refer to the fifty-two week fiscal year, which ended on the Thursday closest to the last day of March. The consolidated financial statements cover the transition period of March 30, 2012 through December 31, 2012 ("Transition Period").

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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

For comparative purposes, the Consolidated Statement of Operations, Statement of Comprehensive Loss and Statement of Cash Flows for the period April 1, 2011 through December 29, 2011 are presented as follows:

Consolidated Statement of Operations	(Unaudited) 39 Weeks Ended December 29, 2011 (Predecessor)
(In thousands)	
Revenues	
Admissions	\$ 1,295,469
Food & beverage	518,081
Other theatre	71,984
<b>Total revenues</b>	<b>1,885,534</b>
Operating costs and expenses	
Film exhibition costs	694,863
Food & beverage costs	70,961
Operating expense	525,431
Rent	334,607
General and administrative:	
Merger, acquisition and transaction costs	1,705
Management fee	3,750
Other	35,874
Depreciation and amortization	155,970
<b>Operating costs and expenses</b>	<b>1,823,161</b>
<b>Operating income</b>	<b>62,373</b>
Other expense (income)	
Other expense	429
Interest expense:	
Corporate borrowings	129,813
Capital and financing lease obligations	4,480
Equity in earnings of non-consolidated entities	(1,864)
Investment expense	17,644
<b>Total other expense</b>	<b>150,502</b>
Loss from continuing operations before income taxes	(88,129)
Income tax provision	1,510
Loss from continuing operations	(89,639)
Loss from discontinued operations, net of income taxes	(2,989)
<b>Net loss</b>	<b>\$ (92,628)</b>
Basic loss per share of common stock:	
Loss from continuing operations	\$ (70.08)
Loss from discontinued operations	(2.33)



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Net loss per share \$ (72.41)

Average shares outstanding:

Basic 1,279.14

Diluted loss per share of common stock:

Loss from continuing operations \$ (70.08)

Loss from discontinued operations (2.33)

Net loss per share \$ (72.41)

Average shares outstanding:

Diluted 1,279.14

**Consolidated Statement of Comprehensive Loss**

Net loss \$ (92,628)

Foreign currency translation adjustment, net of tax 4,837

Amortization of net loss included in net periodic benefit costs, net of tax 4

Amortization of prior service credit included in net periodic benefit costs, net of tax (668)

Unrealized gain (loss) on marketable securities:

Unrealized holding loss arising during the period, net of tax (23,791)

Less: reclassification adjustment for loss included in investment expense, net of tax 17,724

Other comprehensive loss (1,894)

Total comprehensive loss \$ (94,522)

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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

Consolidated Statement of Cash Flows (In thousands)	(unaudited) 39 Weeks Ended December 29, 2011 (Predecessor)
<b>Cash flows from operating activities:</b>	
Net loss	\$ (92,628)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	156,914
Interest accrued to principal on corporate borrowings	8,573
Impairment of RealD Inc. investment	17,751
Theatre and other closure expense	5,687
Loss on dispositions	1,444
Equity in earnings from non-consolidated entities, net of distributions	18,731
Change in assets and liabilities:	
Receivables	(46,543)
Other assets	(1,766)
Accounts payable	38,266
Accrued expenses and other liabilities	35,529
Other, net	(5,103)
Net cash provided by operating activities	136,855
<b>Cash flows from investing activities:</b>	
Capital expenditures	(85,083)
Merger	
Investments in non-consolidated entities, net	(23,835)
Other, net	944
Net cash used in investing activities	(107,974)
<b>Cash flows from financing activities:</b>	
Principal payments under Term Loan	(3,250)
Principal payments under capital and financing lease obligations	(2,645)
Deferred financing costs	(1,423)
Change in construction payables	(1,298)
Net cash used in financing activities	(8,616)
Effect of exchange rate changes on cash and equivalents	520
<b>Net increase in cash and equivalents</b>	<b>20,785</b>
<b>Cash and equivalents at beginning of period</b>	<b>417,408</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 438,193</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>	
<b>Cash paid during the period for:</b>	
Interest	\$ 138,849
Income taxes, net	802

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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

**Discontinued Operations:** The results of operations for the Company's discontinued operations have been eliminated from the Company's continuing operations and classified as discontinued operations for each period presented within the Company's Consolidated Statements of Operations. See Note 4 Discontinued Operations.

**Revenues:** Revenues are recognized when admissions and food & beverage sales are received at the theatres. The Company defers 100% of the revenue associated with the sales of gift cards and packaged tickets until such time as the items are redeemed or breakage income is recorded. In the fourth quarter of fiscal 2012, the Company changed its accounting method for recognizing gift card breakage income. Prior to the fourth quarter of fiscal 2012, the Company recognized breakage income when gift card redemptions were deemed remote and the Company determined that there was no legal obligation to remit the unredeemed gift cards to the relevant tax jurisdiction ("Remote Method"), which based on historical information was 18 months after the gift card was issued. In the fourth quarter of fiscal 2012, the Company accumulated a sufficient level of historical data from a large pool of homogeneous transactions to allow management to reasonably and objectively determine an estimated gift card breakage rate and the pattern of actual gift card redemptions. Accordingly during fiscal 2012, the Company changed its method for recording gift card breakage income to recognize breakage income and derecognize the gift card liability for unredeemed gift cards in proportion to actual redemptions of gift cards ("Proportional Method"). We recognize breakage income for gift cards using the Proportional Method where we apply a breakage rate for our five gift card sales channels which range from 14% to 23% of our current month sales and we recognize that total amount of breakage for that current month's sales as income over the next 24 months in proportion to the pattern of actual redemptions. We have determined our breakage rates and redemption patterns using data accumulated over ten years on a company-wide basis. Breakage for packaged tickets continues to be recognized as the redemption of these items is determined to be remote, that is if a ticket has not been used within 18 months after being purchased. During fiscal 2012, the Company recognized \$32,633,000 of net gift card breakage income, of which \$14,969,000 (\$0.24 per share) represented the adjustment related to the change from the Remote Method to the Proportional Method. Additionally, concurrent with the accounting change discussed above, the Company changed the presentation of gift card breakage income from other income to other theatre revenues during fiscal 2012, with conforming changes made for all prior periods presented. During the Successor period August 31, 2012 through December 31, 2012, the Predecessor period March 30, 2012 through August 30, 2012, and the fiscal years ended March 29, 2012 and March 31, 2011, the Company recognized \$3,483,000, \$7,776,000, \$32,633,000 and \$14,131,000 of income, respectively, related to the derecognition of gift card liabilities which was recorded in other theatre revenues in the Consolidated Statements of Operations.

**Film Exhibition Costs:** Film exhibition costs are accrued based on the applicable box office receipts and estimates of the final settlement to the film licenses. Film exhibition costs include certain advertising costs. As of December 31, 2012 and March 29, 2012, the Company recorded film payables of \$120,650,000 and \$76,997,000, respectively, which are included in accounts payable in the accompanying Consolidated Balance Sheets.

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

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AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

NOTE 1 THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

**Advertising Costs:** The Company expenses advertising costs as incurred and does not have any direct-response advertising recorded as assets. Advertising costs were \$4,137,000, \$3,603,000, \$10,118,000 and \$6,561,000 for the Successor period August 31, 2012 through December 31, 2012, the Predecessor period March 30, 2012 through August 30, 2012, and the fiscal years ended March 29, 2012 and March 31, 2011, respectively, and are recorded in operating expense in the accompanying Consolidated Statements of Operations.

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

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

The Company elected to early adopt Accounting Standards Update ("ASU") No. 2012-02, Intangibles Goodwill and Other (Topic 350) Testing Indefinite-Lived Intangible Assets for Impairment, ("ASU 2012-02") in the last quarter of the Transition Period. Under this amendment, the Company has an option to first assess the qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not the fair value of an indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative impairment test. During both the Transition Period and fiscal 2012, no

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AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

impairment charges were incurred. In fiscal 2011, the Company impaired favorable lease intangible assets in the amount of \$1,334,000.

**Investments:** The Company accounts for its investments in non-consolidated entities using either the cost or equity methods of accounting as appropriate, and has recorded the investments within other long-term assets in its Consolidated Balance Sheets. Equity earnings and losses are recorded when our ownership interest provides the Company with significant influence. The Company follows the guidance in ASC 323-30-35-3, which prescribes the use of the equity method for investments where the Company has significant influence. The Company classifies gains and losses on sales of and changes of interest in equity method investments within equity in earnings of non-consolidated entities or in separate line items on the face of the Consolidated Statements of Operations when material, and classifies gains and losses on sales of investments accounted for using the cost method in investment income. Gains and losses on cash sales are recorded using the weighted average cost of all interests in the investments. Gains and losses related to non-cash negative common unit adjustments are recorded using the weighted average cost of those units accounted for as Tranche 2 Investments in NCM which were received in connection with prior common unit adjustments. Subsequent to the date of the Merger, the Company's investment in NCM consists of a single investment tranche consisting of 17,323,782 membership units recorded at fair value (Level 1) on August 30, 2012. See Note 7 Investments for further discussion of the Company's investments in NCM. As of December 31, 2012, the Company holds equity method investments comprised of a 15.47% interest in NCM, a joint venture that markets and sells cinema advertising and promotions; a 29% interest in Digital Cinema Implementation Partners LLC, a joint venture charged with implementing digital cinema in the Company's theatres; and a 50% ownership interest in two U.S. motion picture theatres and one IMAX screen. During fiscal 2011, the Company formed a motion picture distribution company, Open Road Films, and holds a 50% ownership interest. At December 31, 2012, the Company's recorded investments are less than its proportional ownership of the underlying equity in these entities by approximately \$18,966,000, excluding NCM. Included in equity in earnings of non-consolidated entities for the fifty-two weeks ended March 29, 2012 is an impairment charge of \$2,742,000 related to a joint venture investment that was considered to be other than a temporary decline in value. Included in equity in earnings of non-consolidated entities for the fifty-two weeks ended March 31, 2011 is an impairment charge of \$8,825,000 related to a joint venture investment in Midland Empire Partners, LLC. The decline in the fair market value of the investment was considered other than temporary due to inadequate projected future cash flows.

The Company's investment in RealD Inc. is an available-for-sale marketable equity security and is carried at fair value (Level 1). Unrealized gains and losses on available-for-sale securities are included in the Company's Consolidated Balance Sheets as a component of accumulated other comprehensive loss. See Note 7 Investments for further discussion of the Company's investment in RealD Inc.

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

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**AMC ENTERTAINMENT HOLDINGS, INC.**

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

**Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011**

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

The Company's recorded goodwill was \$2,217,690,000 and \$1,953,686,000 as of December 31, 2012 and March 29, 2012, respectively. The Company evaluates goodwill and its trademark and trade names for impairment annually as of the beginning of the fourth quarter or more frequently as specific events or circumstances dictate. The Company's goodwill is recorded in its Theatrical Exhibition operating segment, which is also the reporting unit for purposes of evaluating recorded goodwill for impairment.

The Company performed its annual impairment analysis during both the last quarter of the Transition Period and the fourth quarter of fiscal 2012 and reached a determination that there was no goodwill or trademark and trade name impairment.

During fiscal 2011, the Company determined fair value by using an enterprise valuation methodology determined by applying multiples to cash flow estimates less net indebtedness, which the Company believes is an appropriate method to estimate fair value. There is considerable management judgment with respect to cash flow estimates and appropriate multiples and discount rates to be used in determining fair value and such management estimates fall under Level 3 within the fair value measurement hierarchy, see Note 16 Fair Value Measurements. There was no goodwill or trademark and trade name impairment.

**Other Long-term Assets:** Other long-term assets are comprised principally of investments in partnerships and joint ventures and capitalized computer software, which is amortized over the estimated useful life of the software.

**Accounts Payable:** Under the Company's cash management system, checks issued but not presented to banks frequently result in book overdraft balances for accounting purposes and are classified within accounts payable in the balance sheet. The change in book overdrafts are reported as a component of operating cash flows for accounts payable as they do not represent bank overdrafts. The amount of these checks included in accounts payable as of December 31, 2012 and March 29, 2012 was \$64,573,000 and \$49,338,000, respectively.

**Leases:** The majority of the Company's operations are conducted in premises occupied under lease agreements with initial base terms ranging generally from 15 to 20 years, with certain leases containing options to extend the leases for up to an additional 20 years. The Company does not believe that exercise of the renewal options are reasonably assured at the inception of the lease agreements and, therefore, considers the initial base term as the lease term. Lease terms vary but generally the leases provide for fixed and escalating rentals, contingent escalating rentals based on the Consumer Price Index not to exceed certain specified amounts and contingent rentals based on revenues with a guaranteed minimum.

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

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AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

Occasionally, the Company will receive amounts from developers in excess of the costs incurred related to the construction of the leased premises. The Company records the excess amounts received from developers as deferred rent and amortizes the balance as a reduction to rent expense over the base term of the lease agreement.

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

Occasionally, the Company is responsible for the construction of leased theatres and for paying project costs that are in excess of an agreed upon amount to be reimbursed from the developer. ASC 840-40-05-5 requires the Company to be considered the owner (for accounting purposes) of these types of projects during the construction period and therefore it is required to account for these projects as sale and leaseback transactions. As a result, the Company has recorded \$90,772,000 and \$40,655,000 as financing lease obligations for failed sale leaseback transactions on its Consolidated Balance Sheets related to these types of projects as of December 31, 2012 and March 29, 2012, respectively.

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

**Impairment of Long-lived Assets:** The Company reviews long-lived assets, including definite-lived intangibles, investments in non-consolidated subsidiaries accounted for under the equity method, marketable equity securities and internal use software for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company identifies impairments related to internal use software when management determines that the remaining carrying value of the software will not be realized through future use. The Company reviews internal management reports on a quarterly basis as well as monitors current and potential future competition in the markets where it operates for indicators of triggering events or circumstances that indicate potential impairment of individual theatre assets. The Company evaluates theatres using historical and projected data of theatre level cash flow as its primary indicator of potential impairment and considers the seasonality of its business when making these evaluations. The Company performs impairment analysis during the last quarter of the year. Under these analyses, if the sum of the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount of the asset, an impairment loss is recognized in the amount by which the carrying value of the asset exceeds its estimated fair value. Assets are evaluated for impairment on an individual theatre basis, which management believes is the lowest level for which there are identifiable cash flows. The impairment evaluation is based on the estimated cash flows from continuing use until the expected disposal date for the fair value of furniture, fixtures and equipment. The expected disposal date does not exceed the remaining lease period unless it is probable the lease period will be extended and may be less than the remaining lease period when the Company does not expect to operate the theatre to

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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

the end of its lease term. The fair value of assets is determined as either the expected selling price less selling costs (where appropriate) or the present value of the estimated future cash flows. The fair value of furniture, fixtures and equipment has been determined using similar asset sales, in some instances with the assistance of third party valuation studies and using management judgment.

There is considerable management judgment necessary to determine the estimated future cash flows and fair values of the Company's theatres and other long-lived assets, and, accordingly, actual results could vary significantly from such estimates, which fall under Level 3 within the fair value measurement hierarchy, see Note 16 Fair Value Measurements. There were no impairments during the Transition Period. During fiscal 2012, the Company recognized non-cash impairment losses of \$20,788,000 related to long-term assets. The Company recognized an impairment loss of \$285,000 on three theatres with 33 screens (in Arkansas, Maryland and Utah), which was related to property, net. The Company adjusted the carrying value of a joint venture investment, resulting in an impairment charge of \$2,742,000 and adjusted the carrying value of a common stock investment in RealD Inc., resulting in an impairment charge of \$17,751,000 when it was determined that it was an other than temporary decline in value.

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

(In thousands)	From Inception August 31, 2012 Through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 weeks Ended March 29, 2012 (Predecessor)	52 weeks Ended March 31, 2011 (Predecessor)
Impairment of long-lived assets	\$	\$	\$ 285	\$ 12,779
Equity in (earnings) losses of non-consolidated entities			2,742	8,825
Investment expense (income)			17,751	
Total impairment losses	\$	\$	\$ 20,778	\$ 21,604

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

**Earnings (loss) per Share:** Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding. Diluted earnings (loss) per share includes the effects of outstanding stock options, if dilutive.



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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

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

(In thousands, except per share data)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 weeks Ended March 29, 2012 (Predecessor)	52 weeks Ended March 31, 2011 (Predecessor)
<b>Numerator:</b>				
Earnings (loss) from continuing operations	\$ (41,982)	\$ 55,004	\$ (90,489)	\$ (171,242)
<b>Denominator:</b>				
Shares for basic earnings (loss) per common share	74,987.96	63,335.34	63,335.34	63,324.44
Stock options		379.77		
Shares for diluted earnings per common share	74,987.96	63,715.11	63,335.34	63,324.44
Basic earnings (loss) from continuing operations per common share	\$ (0.56)	\$ 0.87	\$ (1.43)	\$ (2.70)
Diluted earnings (loss) from continuing operations per common share	\$ (0.56)	\$ 0.86	\$ (1.43)	\$ (2.70)

There are no outstanding options to purchase common shares during the Successor period.

Options to purchase 1,766,570 and 1,766,867 shares of common stock at a weighted average exercise price of \$9.09 per share and 265,692 and 265,989 shares of nonvested restricted stock were outstanding during the years ended March 29, 2012 and March 31, 2011, respectively, but were not included in the computations of diluted earnings per share since the shares were anti-dilutive.

**Income and Operating Taxes:** The Company accounts for income taxes in accordance with ASC 740-10. Under ASC 740-10, deferred income tax effects of transactions reported in different periods for financial reporting and income tax return purposes are recorded by the asset and liability method. This method gives consideration to the future tax consequences of deferred income or expense items and recognizes changes in income tax laws in the period of enactment. The statement of operations effect is generally derived from changes in deferred income taxes on the balance sheet.

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

**Casualty Insurance:** The Company is self-insured for general liability up to \$1,000,000 per occurrence and carries a \$500,000 deductible limit per occurrence for workers compensation claims. The Company utilizes actuarial projections of its ultimate losses to calculate its reserves and expense.



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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

The actuarial method includes an allowance for adverse developments on known claims and an allowance for claims which have been incurred but which have not yet been reported. As of December 31, 2012 and March 29, 2012, the Company had recorded casualty insurance reserves of \$14,980,000 and \$15,163,000, respectively, net of estimated insurance recoveries. The Company recorded expenses related to general liability and workers compensation claims of \$3,913,000, \$5,732,000, \$12,705,000 and \$12,206,000 for the Successor period August 31, 2012 through December 31, 2012, the Predecessor period March 30, 2012 through August 30, 2012, and the fiscal years ended March 29, 2012 and March 31, 2011, respectively.

**Other Expense:** The following table sets forth the components of other expense:

(In thousands)	From Inception August 31, 2012 Through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 weeks Ended March 29, 2012 (Predecessor)	52 weeks Ended March 31, 2011 (Predecessor)
Loss on extinguishment of Parent Term Loan Facility	\$	\$	\$ 510	\$
Loss on redemption of 12% Senior Discount Notes due 2014				14,840
Loss on redemption of 11% Senior Subordinated Notes due 2016				24,332
Loss on redemption and modification of Senior Secured Credit Facility			383	3,656
Loss on redemption of 8% Senior Subordinated Notes due 2014		1,297	640	
Other expense (income)	49	(337)	432	(141)
Other expense	\$ 49	\$ 960	1,965	\$ 42,687

**Accounting Changes:** Prior to the fourth quarter of fiscal 2012, the Company recognized breakage income when gift card redemptions were deemed remote and the Company determined that there was no legal obligation to remit the unredeemed gift cards to the relevant tax jurisdiction ("Remote Method"), which, based on historical information, the Company concluded to be 18 months after the gift card was issued. At the end of the fourth quarter of fiscal 2012, the Company concluded it had accumulated a sufficient level of historical data from a large pool of homogeneous transactions to allow management to reasonably and objectively determine an estimated gift card breakage rate and the pattern of actual gift card redemptions. Accordingly, the Company changed its method for recognizing gift card breakage income to recognize breakage income and derecognize the gift card liability for unredeemed gift cards in proportion to actual redemptions of gift cards ("Proportional Method"). The Company believes the Proportional Method is preferable to the Remote Method as it better reflects the gift card earnings process resulting in the recognition of gift card breakage income over the period of gift card redemptions (i.e., over the performance period). The Company will continue to review

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**AMC ENTERTAINMENT HOLDINGS, INC.**

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

**Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011**

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

historical gift card redemption information at each reporting period to assess the continued appropriateness of the gift card breakage rates and pattern of redemption.

In accordance with ASC 250, *Accounting Changes and Error Corrections*, the Company concluded that this accounting change represented a change in accounting estimate effected by a change in accounting principle and accordingly, accounted for the change as a change in estimate following a cumulative catch-up method. As a result, the cumulative catch-up adjustment recorded at the end of the fourth quarter of fiscal 2012 resulted in an additional \$14,969,000 (\$0.24 per share) of gift card breakage income under the Proportional Method. Inclusive of this cumulative catch-up, the Company recognized \$32,633,000 of gift card breakage income in fiscal 2012.

Additionally, concurrent with the accounting change discussed above, the Company changed the presentation of gift card breakage income from other income to other theatre revenues in the Consolidated Statements of Operations during fiscal 2012, with conforming changes made for all prior periods presented. The Company believes newly adopted presentation of gift card breakage income is preferable in the circumstances because breakage is an expected revenue stream to be earned at the time the cards are issued and is a key element and consideration of the profitability of their gift card sale program, and because it makes the Company's statements more comparable to its primary competitors.

**Prior Period Adjustments:** During the three months ended June 30, 2013, management identified adjustments necessary to correct the valuation allowance for deferred tax assets recognized when "push down" accounting was applied at the date of the Merger and to correct changes in the valuation allowance for deferred tax assets recognized subsequent to the Merger.

Management determined that an increase to the valuation allowance at the date of the Merger was necessary to provide for deferred tax assets that more likely than not will not be realized. The out of period adjustment increased reported goodwill by \$31,463,000, decreased other current assets by \$30,300,000 and increased other long-term liabilities by \$1,163,000 as of December 31, 2012. The Company has restated its December 31, 2012 balance sheet from amounts previously reported to reflect these adjustments.

Management also determined that during the successor period from August 31, 2012 through December 31, 2012, reductions to the valuation allowance were incorrectly recorded, resulting in an understatement of tax expense and net loss from continuing operations of \$5,520,000.

The prior period adjustment for the period noted above has been recorded during 2012. The Company adjusted for the cumulative effect in the carrying amount of other long-term liabilities for the error related to the successor period from August 31, 2012 through December 31, 2012 of \$5,520,000 with an offsetting adjustment to the income tax provision during the fourth quarter of 2012.

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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

The impact of the item noted above on 2012. Other long-term liabilities and Accumulated deficit as of December 31, 2012 is presented below:

(in thousands)	Income Tax Provision
Cumulative increase in Other long-term liabilities	\$ 5,520
Cumulative increase in Accumulated deficit	\$ 5,520

The impact of this adjustment increased basic and diluted loss per share by \$0.07 for the successor period from August 31, 2012 through December 31, 2012.

**New Accounting Pronouncements:** In March 2013, the Financial Accounting Standards Board ("FASB") issued ASU No. 2013-05, Foreign Currency Matters (Topic 830) Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity, ("ASU 2013-05"). This amendment clarifies the applicable guidance for the release of cumulative translation adjustment into net earnings. When an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity, the entity is required to apply the guidance in ASC 830-30 to release any related cumulative translation adjustment into net earnings. Accordingly, the cumulative translation adjustment should be released into net earnings only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU 2013-05 is effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2013. Early adoption is permitted as of the beginning of the entity's fiscal year. The Company will adopt ASU 2013-05 as of the beginning of calendar 2014 and does not expect the adoption of ASU 2013-05 to have a material impact on the Company's consolidated financial position, cash flows, or results of operations.

In July 2012, the FASB issued ASU No. 2012-02, Intangibles-Goodwill and Other (Topic 350) Testing Indefinite-Lived Intangible Assets for Impairment, ("ASU 2012-02"). Under this amendment, an entity will have an option to first assess the qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not the fair value of an indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative impairment test. ASU 2012-02 will be effective for the indefinite-lived intangible asset impairment test performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The Company adopted ASU 2012-02 in the last quarter of the Transition Period and the adoption of ASU 2012-02 did not have a material impact on the Company's consolidated financial position, cash flows, or results of operations. For further information, see Goodwill within Note 1 The Company and Significant Accounting Policies.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220) Presentation of Comprehensive Income, ("ASU 2011-05"). This ASU provides companies with an option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two-separate but consecutive statements. This ASU eliminated the option of presenting the components of other comprehensive income as part of the statement of changes in stockholders' equity. In December 2011, the FASB issued ASU No. 2011-12, Comprehensive Income (Topic 220)

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AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

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

Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standard Update No. 2011-05, ("ASU 2011-12"), which defers the requirement within ASU 2011-05 to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for all periods presented. During the deferral entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect prior to the issuance of ASU 2011-05. ASU 2011-05 and the deferrals in ASU 2011-12 will be effective for fiscal years and interim periods within those years, beginning after December 15, 2011 with retrospective application required. The Company adopted these accounting standard updates as of the beginning of the Transition Period and included the presentation requirements in its consolidated financial statements as of the first quarter of the Transition Period.

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, ("ASU 2013-02"). Under this amendment, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. ASU 2013-02 will be effective prospectively for reporting periods beginning after December 15, 2012. Early adoption is permitted. The Company will adopt ASU 2013-02 in the first quarter of calendar 2013 and does not expect the adoption of ASU 2013-02 to have a material impact on the Company's consolidated financial position, cash flows, or results of operations.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurements (Topic 820) Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs, ("ASU 2011-04"). This ASU requires disclosures regarding transfers between Level 1 and Level 2 of the fair value hierarchy, disclosures about the sensitivity of a fair value measurement categorized within Level 3 of the fair value hierarchy, and the categorization by level of the fair value hierarchy for items that are not measured at fair value in the statement of financial position, but for which the fair value of such items is required to be disclosed. ASU 2011-04 became effective during interim and annual periods beginning after December 15, 2011 and was effective for the Company as of the beginning of the Transition Period. See Note 16 Fair Value Measurements for the required disclosures.

**Reclassification:** On December 17, 2013 the Company reclassified each share of existing Class A common stock and Class N common stock by filing an amendment to its certificate of incorporation. Pursuant to the reclassification, which substantially resulted in a stock split, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. All shares and per share

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**AMC ENTERTAINMENT HOLDINGS, INC.**

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

**Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011**

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

amounts presented in the consolidated financial statements and notes thereto have been retroactively adjusted to reflect the reclassification.

*Subsequent Events:* The Company has evaluated subsequent events through December 17, 2013.

**NOTE 2 MERGER**

Parent and Wanda, a Chinese private conglomerate, completed a Merger on August 30, 2012 in which Wanda indirectly acquired all of the outstanding capital stock of Parent. Parent merged with Wanda Film Exhibition Co. Ltd., ("Merger Subsidiary"), a wholly-owned indirect subsidiary of Wanda, whereby Merger Subsidiary merged with and into Parent with Parent continuing as the surviving corporation and as a wholly-owned indirect subsidiary of Wanda. The merger consideration totaled \$701,811,000, with \$700,000,000 invested by Wanda and \$1,811,000 invested by members of management, for which 66,252,109 shares of Class A common stock and 173,147 shares of Class N common stock were issued, respectively. The investment amount and price per share paid by members of management was determined pursuant to Management Subscription Agreements negotiated in connection with the Merger. Pursuant to such agreements, as a retention incentive certain key members of management were required to reinvest 50% of the after tax amount they received with respect to equity awards outstanding at the time of the Merger at a price per share equal to that received for such equity awards. The approximately one percent differential in the per share price paid by Wanda and members of management represents the dilutive effect from settlement of outstanding management equity awards in connection with the Merger. Wanda also acquired cash, corporate borrowings and capital and financing lease obligations in connection with the Merger as described below.

In connection with the Merger agreement, \$35,000,000 of consideration otherwise payable to the equity holders was deposited into an Indemnity Escrow Fund and \$2,000,000 otherwise payable to the equity holders was deposited into an account designated by the Stockholder Representative. The \$35,000,000 of consideration previously deposited in the Indemnity Escrow Fund, which was established to cover any indemnity claims by Wanda against the sellers (former owners) relating to their representations, warranties and covenants in connection with the Merger, was released in full on April 3, 2013. There were no indemnity claims made. Further, the \$2,000,000 previously deposited in an account designated by the Stockholder Representative, which account was established to cover post-merger closing de minimis taxes and administrative fees and expenses, has also been released in full. On April 15, 2013, after net of such taxes, fees and expenses, \$1,600,000 was released back to the selling stockholders, including members of management. The Company accounted for the entire \$701,800,000 as purchase price which included the amounts placed in escrow because the Company believed any contingencies requiring escrow were remote and that the amounts would be paid out subsequently.

As a result of the Merger and related change of control, the Company applied "push down" accounting, which requires allocation of the Merger consideration to the estimated fair values of the assets and liabilities acquired in the Merger. The allocation of Merger consideration was based on management's judgment after evaluating several factors, including a valuation assessment performed by a third party appraiser. The appraisal measurements included a combination of income, replacement cost and market approaches and represents managements' best estimate of fair value at August 30, 2012, the acquisition date. Management has finalized its purchase price allocation except for amounts

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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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**NOTE 2 MERGER (Continued)**

assigned provisionally to certain leasehold improvements and furniture, fixtures and equipment included in Property, net. Management expects to finalize the fair values for these assets upon completing their final value analysis in May of 2013. Amounts assigned provisionally to these assets may change when this evaluation is completed. Adjustments made since the initial allocation decreased recorded goodwill by approximately \$20,000,000. Other current assets increased by approximately \$17,000,000 due to changes in deferred tax assets; intangible assets increased by approximately \$6,000,000 primarily due to final determinations of fair values assigned to favorable leases and a contract with an equity method investee; Other long-term assets decreased by approximately \$106,000,000 primarily due to final determinations of fair values assigned to equity method investments and changes in deferred tax assets; and Other long-term liabilities declined by approximately \$100,000,000 due to changes in deferred tax liabilities. The items mentioned above represent the most significant adjustments to the initial allocation of purchase price for the Merger. The following is a summary of the allocation of the Merger consideration:

(In thousands)	Total
Cash	\$ 103,784
Receivables, net	29,775
Other current assets	34,840
Property, net(1)	1,063,028
Intangible assets, net(2)	246,507
Goodwill(3)	2,170,129
Other long-term assets(4)	342,533
Accounts payable	(134,186)
Accrued expenses and other liabilities	(138,535)
Gift card, package tickets, and loyalty program liability(5)	(117,841)
Corporate borrowings(6)	(2,086,926)
Capital and financing lease obligations	(60,922)
Exhibitor services agreement(7)	(322,620)
Other long-term liabilities(8)	(427,755)
<b>Total Merger consideration</b>	<b>\$ 701,811</b>
Corporate borrowings	2,086,926
Capital and financing lease obligations	60,922
Less: cash	(103,784)
<b>Total transaction value</b>	<b>\$ 2,745,875</b>

(1) Property, net consists of real estate, leasehold improvements and furniture, fixtures and equipment recorded at fair value.

(2) Intangible assets consist of a trademark and trade names, a non-compete agreement, management contracts, a contract with an equity method investee, and favorable leases. See Note 6 Goodwill and Other Intangible Assets for further information. In general, the majority of the Company's asset value is comprised of real estate and fixed assets. Furthermore, the majority of the Company's theatres are operated via lease agreements as opposed to owning the underlying real estate. Therefore, any asset value related to



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**AMC ENTERTAINMENT HOLDINGS, INC.**

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

**Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011**

**NOTE 2 MERGER (Continued)**

leased real estate would exist only if the existing lease agreements were at below-market, or favorable, terms. Certain of the Company's leased locations were considered to be at favorable terms, and an intangible asset was ascribed for such lease agreements. However, the majority of lease agreements were considered to be at market terms. As a result, there is no owned real estate or lease intangible asset value ascribed to the majority of the Company's locations. In estimating the fair value of the favorable lease agreements, market rents were estimated for each of the Company's leased locations. If the contractual rents were considered to be below the market rent, a favorable lease agreement was valued by discounting the difference between the contractual rent and estimated market rates over the remaining lease term. Renewal options in the leases were also considered in determining the remaining lease term.

Other intangible assets were also considered. For the Company's business, the largest intangible asset (other than a favorable lease agreement) is the trade name. There was no customer relationship asset since the Company's customers represent "walk-in traffic" in which the customer would not meet the legal or separable criteria under ASC 805. The royalty savings method, a form of the income approach, was used to estimate the fair value of the trade name. In estimating the appropriate royalty rate for the trade name, we considered the impact and contribution that the trade name provides to the Company's operating cash flows. We assessed that the trade name does provide some contribution to the Company's operating cash flow, but that the attendance in the theatre is ultimately driven by factors that are not separable from goodwill such as the quality of the film product, the location of each individual theatre, the physical condition of the individual theatre, and the competitive landscape of the individual theatre.

Other than the favorable lease agreements and the trade name, there are not many other operating intangible assets for the Company's business. However, the Company does have some contractual relationships identified as intangible assets. These contractual relationships include the non-compete agreement that was entered into as part of the Company's acquisition of Kerasotes, management agreements in which the Company manages certain theatres that are owned by a third party, and the NCM tax receivable agreement (the "NCM TRA") which represents an agreement in which the Company receives a certain portion of a tax benefit that NCM is expected to receive as part of the Company's partial ownership interest in NCM. The non-compete agreement was valued using the differential cash flow method, a form of the income approach, in which the cash flows of the Company were estimated under a scenario in which the non-compete agreement was in place and a scenario in which there was no non-compete agreement. The value of the non-compete agreement was considered to be the difference of the discounted cash flows between the two scenarios over the remaining contractual term of the agreement. The management agreements were valued using the income approach, in which the annual management fee over the life of the agreements were discounted. The NCM TRA was valued using the income approach in which the future tax benefit distribution realized from any tax amortization of intangible assets was estimated and discounted. The Company determined the value of the TRA using a discounted cash flow model. For the purposes of its analysis, the Company estimated the cash receipts from taxable transactions that are known as of the date of the Merger. The Company did not

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**AMC ENTERTAINMENT HOLDINGS, INC.**

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

**Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011**

**NOTE 2 MERGER (Continued)**

consider future transactions that NCM may undertake. The Company estimated a run-off of the intangible asset amortization benefits due to the following transactions:

1. ESA (Exhibitor Services Agreement) relates to the amortization due to a modification of the initial ESA agreement.
2. CUA (Common Unit Adjustment) relates to NCM issuing additional common units to the founding members if there is an increase in the number of theatres under the ESA agreement. A reduction of common units is made if there are theatres removed from the ESA agreement.
3. AMC II Benefit relates to AMC's acquisition of Kerasotes theatres.
4. IPO Exchange Benefit relates to amortization from NCM's IPO in 2007.
5. IPO II Exchange Benefit relates to amortization step ups from NCM's secondary IPO in 2010.
6. Capital Account Administration Allocation relates to receipts attributable to the account administration.

The estimated TRA receipts through 2037 are tax effected at 40%, based on a blended federal and 50-state average tax rate. The after tax receipts were discounted to a present value using a discount rate of 12.0%, based on the cost of equity of NCM, as the TRA payments only benefit the equity holders.

- (3) Goodwill represents the excess of the Merger consideration over the net assets recognized and represents the future expected economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Amounts recorded for goodwill are not subject to amortization and are not deductible for tax purposes. Additionally, the Company expects to realize synergies and cost savings related to the Merger. Wanda is the largest theatre exhibition operator in China through its controlling ownership interest in Wanda Cinema Line. The combined ownership and scale of AMC and Wanda Cinema Line, has enabled them to enhance relationships and obtain better terms for important food and beverage, lighting and theatre supply vendors, and to expand their strategic partnership with IMAX. Wanda and AMC are also working together to offer Hollywood studios and other production companies valuable access to their industry-leading promotion and distribution platforms, with the goal of gaining greater access to content and playing a more important role in the industry going forward.
- (4) Other long-term assets primarily include equity method investments, real estate held for investment and marketable equity securities recorded at fair value.
- (5) Represents a liability related to the sales of gift cards, packaged tickets and AMC Stubs memberships and rewards outstanding at August 30, 2012 recorded at fair value. The Company determined fair value for the gift cards and packaged tickets by removing the amount of unrecognized breakage income that was included in the deferred revenue amounts prior to the Merger. The Company made purchase accounting adjustments to reduce its deferred revenues for packaged tickets by \$24,859,000 and gift cards by



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

**Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011**

**NOTE 2 MERGER (Continued)**

\$7,441,000 such that the Company would recognize a normal profit margin on its deferred revenues for the future redemptions of the sales that occurred prior to the Merger. The Company did not make any fair value adjustments to its deferred revenues related to AMC Stubs as a result of the Merger because deferred revenues for the annual memberships require performance by AMC in the future and there was not sufficient historical data to estimate amounts of future breakage for AMC Stubs rewards. AMC Stubs vested rewards expire after 90 days if unused and AMC Stubs progress rewards expire to the extent members do not renew their annual membership.

(6) Corporate borrowings include borrowings under the Senior Secured Credit Facility-Term Loan due 2016, the Senior Secured Credit Facility-Term Loan due 2018, the 8.75% Senior Fixed Rate Notes due 2019 and the 9.75% Senior Subordinated Notes due 2020 recorded at fair value.

(7) In connection with the completion of NCM, Inc.'s IPO on February 13, 2007, the Company entered into the Exhibitor Services Agreement that provided favorable terms to NCM in exchange for a payment of \$231,308,000. The Exhibitor Services Agreement was considered an unfavorable contract to the Company based on a comparison of rates charged by NCM to third-party exhibitors. The market rate was estimated as the average rate charged by NCM to third party exhibitors. The fair value of the contract was estimated as the present value of the difference between the Company's expected payments under the contract and a market rate over the life of the Exhibitor Services Agreement. The Company's expected payments were estimated based on the Company's expected annual attendance, screen count, and advertising revenues over the life of the Exhibitor Services Agreement.

(8) Other long-term liabilities consist of certain theatre leases that have been identified as unfavorable, adjustments to reset deferred rent related to future escalations of minimum rentals to zero, adjustments for pension and postretirement medical plan liabilities and deferred RealD Inc. lease incentive recorded at fair value. Other long-term liabilities include deferred tax liabilities resulting from indefinite temporary differences that arose primarily from the application of "push down" accounting.

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, market comparables, and quoted market prices. Quoted market prices and observable market based inputs were used to estimate the fair value of corporate borrowings (Level 2) and the Company's investments in NCM and equity securities available for sale including RealD Inc. common stock (Level 1).

During the period of August 31, 2012 through December 31, 2012, the Company incurred Merger-related costs of approximately \$2,500,000, which are included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations.

The unaudited pro forma financial information presented below sets forth the Company's historical statements of operations for the periods indicated and gives effect to the Merger as if "push down" accounting had been applied as of the beginning of fiscal 2012. Such information is presented for

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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

## NOTE 2 MERGER (Continued)

comparative purposes to the Consolidated Statements of Operations only and does not purport to represent what the Company's results of operations would actually have been had these transactions occurred on the date indicated or to project its results of operations for any future period or date.

(In thousands)	Pro forma March 30, 2012 through December 31, 2012 (unaudited)	Pro forma 39 Weeks Ended December 29, 2011 (unaudited)
<b>Revenues</b>		
Admissions	\$ 1,364,663	\$ 1,295,469
Food & beverage	571,869	518,081
Other theatre	72,574	54,436
<b>Total revenues</b>	<b>2,009,106</b>	<b>1,867,986</b>
<b>Operating Costs and Expenses</b>		
Film exhibition costs	728,100	694,863
Food & beverage costs	77,871	70,961
Operating expense	529,235	528,404
Rent	331,397	332,210
<b>General and administrative:</b>		
Merger, acquisition and transaction costs	7,783	1,705
Management fee		
Other	55,594	36,519
Depreciation and amortization	150,234	150,976
<b>Operating costs and expenses</b>	<b>1,880,214</b>	<b>1,815,638</b>
<b>Operating income</b>	<b>128,892</b>	<b>52,348</b>
<b>Other expense (income)</b>		
Other expense	1,009	429
<b>Interest expense</b>		
Corporate borrowings	103,429	115,899
Capital and financing lease obligations	4,263	4,480
Equity in earnings of non-consolidated entities	(7,499)	(56)
Investment expense	876	17,777
<b>Total other expense</b>	<b>102,078</b>	<b>138,529</b>
<b>Earnings (loss) from continuing operations before income taxes</b>	<b>26,814</b>	<b>(86,181)</b>
Income tax provision	8,900	2,210
<b>Earnings (loss) from continuing operations</b>	<b>17,914</b>	<b>(88,391)</b>
<b>Earnings (loss) from discontinued operations</b>	<b>34,465</b>	<b>(2,989)</b>
<b>Net earnings (loss)</b>	<b>\$ 52,379</b>	<b>\$ (91,380)</b>



Table of Contents**AMC ENTERTAINMENT HOLDINGS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011****NOTE 2 MERGER (Continued)**

The Merger on August 30, 2012 triggered the payment of an aggregate of \$31,462,000 for success fees to financial advisors, bond amendment consent fees, payments for cancellation of stock based compensation and management success bonuses that were contingent on the consummation of the Merger. The Company determined that its accounting policy for any cost triggered by the consummation of the Merger was to recognize the cost when the Merger was consummated. Accordingly, the fees discussed above have not been recorded in the Consolidated Statement of Operations for the Predecessor period since that statement depicts the results of operations just prior to consummation of the transaction. In addition, since the Successor period reflects the effects of push-down accounting, these costs have also not been recorded as an expense in the Successor period. However, the costs were reflected in the purchase accounting adjustments which were applied in arriving at the opening balances of the Successor.

The following is a summary of the contingent costs:

**(in thousands)**

Financial advisor fees	\$ 18,129	(a)
Management transaction bonuses	6,000	(b)
Bond amendment fees	3,946	(c)
Unrecognized stock compensation expense	3,177	(d)
Other contingent transaction costs	210	

\$ 31,462

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- (a) These represent non-exclusive arrangements made with multi-parties to provide advice and assistance related to the sale of AMC. Payment terms were contingent upon consummation of a sale. Each agreement was entered into by Predecessor entities when the Company was under previous ownership.
- (b) Management bonuses were approved by the Predecessor Entity and previous ownership group to help incent key AMC management team members to use their best efforts to help facilitate the sale of the Company. Payments were contingent on the consummation of a transaction.
- (c) Consent fees were paid pursuant to a consent solicitation to amend indentures relating to our outstanding notes and permit the sale of the Company without triggering change of control payments. The payments were only made upon closing the Wanda transaction.
- (d) Unrecognized stock compensation for previously existing awards that became payable due to change of control provisions and only upon consummation of a sale transaction.

**NOTE 3 ACQUISITION**

In December 2012, the Company completed the acquisition of 4 theatres and 61 screens from Rave Reviews Cinemas, LLC and 6 theatres and 95 screens from Rave Digital Media, LLC, (and together "Rave"). The purchase price for the Rave theatres, paid in cash at closing, was \$87,555,000, net of cash acquired, and is subject to working capital and other purchase price adjustments. The





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## AMC ENTERTAINMENT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Periods Ended December 31, 2012, March 29, 2012 and March 31, 2011

**NOTE 3 ACQUISITION (Continued)**

Company acquired the Rave theatres based on their highly complementary geographic presence in certain key markets. Additionally, the Company expects to realize synergies and cost savings related to the Rave acquisition as a result of moving to the Company's operating practices, decreasing costs for newspaper advertising, food and beverage and general and administrative expense savings, particularly with respect to the consolidation of corporate related functions and elimination of redundancies.

The acquisitions are 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 subject to changes as an appraisal of assets and liabilities is finalized and additional information becomes available. The following is a summary of a preliminary allocation of the purchase price:

(In thousands)	Total
Cash	\$ 3,896
Receivables, net(1)	631
Other current assets	757
Property, net	80,478
Goodwill(2)	