AMC ENTERTAINMENT HOLDINGS, INC.
Form 10-Q
August 08, 2017
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from to

Commission file number 001-33892

AMC ENTERTAINMENT HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	26-0303916
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One AMC Way 11500 Ash Street, Leawood, KS	66211
(Address of principal executive offices)	(Zip Code)

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

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

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

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

Large accelerated filer	Accelerated filer	Non accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
			Emerging growth company

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

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

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

Title of each class of common stock	Number of shares outstanding as of July 31, 2017
Class A common stock	55,078,572
Class B common stock	75,826,927

Table of Contents

AMC ENTERTAINMENT HOLDINGS, INC.

INDEX

		Page Number
	PART I—FINANCIAL INFORMATION	
Item 1.	Financial Statements (Unaudited)	3
	Consolidated Statements of Operations	3
	Consolidated Statements of Comprehensive Income (Loss)	4
	Consolidated Balance Sheets	5
	Consolidated Statements of Cash Flows	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	46
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	75
Item 4.	Controls and Procedures	75
	PART II—OTHER INFORMATION	
Item 1.	Legal Proceedings	76
Item 1A.	Risk Factors	76
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	76
Item 3.	Defaults Upon Senior Securities	76
Item 4.	Mine Safety Disclosures	76
Item 5.	Other Information	76
Item 6.	Exhibits	77
	Signatures	78

Table of Contents

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements. (Unaudited)

AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2017 (unaudited)	June 30, 2016	June 30, 2017 (unaudited)	June 30, 2016
Revenues				
Admissions	$ 761.4	$ 481.2	$ 1,578.9	$ 963.8
Food and beverage	374.1	243.6	771.7	487.7
Other theatre	66.8	39.2	133.1	78.5
Total revenues	1,202.3	764.0	2,483.7	1,530.0
Operating costs and expenses				
Film exhibition costs	379.8	263.0	799.4	525.3
Food and beverage costs	62.1	34.1	121.9	68.1
Operating expense	389.2	200.0	745.6	402.3
Rent	199.8	122.8	390.2	247.4
General and administrative:				
Merger, acquisition and transaction costs	11.5	5.6	51.7	10.2
Other	46.2	20.6	80.6	39.1
Depreciation and amortization	133.3	62.3	258.6	122.7
Operating costs and expenses	1,221.9	708.4	2,448.0	1,415.1
Operating income (loss)	(19.6)	55.6	35.7	114.9
Other expense (income):				
Other expense (income)	1.0	(0.1)	(1.7)	(0.1)
Interest expense:				
Corporate borrowings	59.6	24.9	110.9	49.8
Capital and financing lease obligations	10.3	2.1	21.1	4.3
Equity in (earnings) loss of non-consolidated entities	195.0	(11.9)	197.3	(16.1)
Investment (income) expense	0.6	0.2	(5.0)	(9.8)
Total other expense	266.5	15.2	322.6	28.1

Earnings (loss) before income taxes	(286.1)	40.4	(286.9)	86.8
Income tax provision (benefit)	(109.6)	16.4	(118.8)	34.5
Net earnings (loss)	$ (176.5)	$ 24.0	$ (168.1)	$ 52.3
Earnings (loss) per share:				
Basic	$ (1.35)	$ 0.24	$ (1.33)	$ 0.53
Diluted	$ (1.35)	$ 0.24	$ (1.33)	$ 0.53
Average shares outstanding:				
Basic (in thousands)	131,166	98,194	126,290	98,197
Diluted (in thousands)	131,166	98,304	126,290	98,237
Dividends declared per basic and diluted common share	$ 0.20	$ 0.20	$ 0.40	$ 0.40

See Notes to Consolidated Financial Statements.

Table of Contents

AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)

	Three Months Ended		Six Months Ended	
	June 30, 2017 (unaudited)	June 30, 2016	June 30, 2017 (Unaudited)	June 30, 2016
Net earnings (loss)	$ (176.5)	$ 24.0	$ (168.1)	$ 52.3
Unrealized foreign currency translation adjustment, net of tax	77.1	0.7	74.9	0.6
Pension and other benefit adjustments:				
Amortization of net gain reclassified into general and administrative: other, net of tax	(0.6)	—	(0.5)	—
Marketable securities:				
Unrealized net holding gain arising during the period, net of tax	0.1	0.1	0.3	0.4
Realized net gain reclassified into investment income, net of tax	(0.1)	—	(0.1)	(1.8)
Equity method investees' cash flow hedge:				
Unrealized net holding loss arising during the period, net of tax	(0.1)	(0.2)	(0.1)	(0.6)
Realized net loss reclassified into equity in earnings of non-consolidated entities, net of tax	0.1	0.1	0.1	0.2
Other comprehensive income (loss)	76.5	0.7	74.6	(1.2)
Total comprehensive income (loss)	$ (100.0)	$ 24.7	$ (93.5)	$ 51.1

See Notes to Consolidated Financial Statements.

Table of Contents

AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited in millions, except share data)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and equivalents	$ 127.8	$ 207.1
Restricted cash	6.5	—
Receivables, net	153.8	213.6
Assets held for sale	110.5	70.4
Other current assets	223.7	192.5
Total current assets	622.3	683.6
Property, net	3,254.0	3,035.9
Intangible assets, net	389.4	365.1
Goodwill	4,832.2	3,933.0
Deferred tax asset	204.7	90.4
Other long-term assets	509.1	533.8
Total assets	$ 9,811.7	$ 8,641.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 477.8	$ 501.8
Accrued expenses and other liabilities	289.8	329.0
Deferred revenues and income	292.8	277.2
Current maturities of corporate borrowings and capital and financing lease obligations	86.2	81.2
Total current liabilities	1,146.6	1,189.2
Corporate borrowings	4,249.1	3,745.8
Capital and financing lease obligations	599.1	609.3
Exhibitor services agreement	545.9	359.3
Deferred tax liability	46.9	21.0
Other long-term liabilities	746.6	706.5
Total liabilities	7,334.2	6,631.1
Commitments and contingencies		
Class A common stock (temporary equity) ($.01 par value, 112,817 shares issued; 76,048 shares outstanding as of June 30, 2017 and 140,014 shares issued; 103,245 shares outstanding as of December 31, 2016)	0.8	1.1
Stockholders' equity:		

Class A common stock ($.01 par value, 524,173,073 shares authorized; 55,002,524 shares issued and outstanding as of June 30, 2017; 34,236,561 shares issued and outstanding as of December 31, 2016)	0.6	0.3
Class B common stock ($.01 par value, 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of June 30, 2017 and December 31, 2016)	0.8	0.8
Additional paid-in capital	2,240.3	1,627.3
Treasury stock (36,769 shares as of June 30, 2017 and December 31, 2016, at cost)	(0.7)	(0.7)
Accumulated other comprehensive income (loss)	72.1	(2.5)
Accumulated earnings	163.6	384.4
Total stockholders’ equity	2,476.7	2,009.6
Total liabilities and stockholders’ equity	$ 9,811.7	$ 8,641.8

See Notes to Consolidated Financial Statements.

Table of Contents

AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Six Months Ended	
	June 30, 2017	June 30, 2016
	(unaudited)	
Cash flows from operating activities:		
Net earnings (loss)	$ (168.1)	$ 52.3
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	258.6	122.7
Loss on NCM charged to merger, acquisition and transaction costs	22.6	—
Loss on extinguishment of debt	0.5	—
Deferred income taxes	(118.3)	28.8
Amortization of net premium on corporate borrowings	(1.1)	0.1
Amortization of deferred charges to interest expense	5.6	2.6
Theatre and other closure expense	1.7	2.6
Non-cash portion of stock-based compensation	4.0	2.8
Gain on dispositions	(3.6)	(3.0)
Repayment of Nordic interest rate swaps	(2.7)	—
Equity in (earnings) and losses from non-consolidated entities, net of distributions	13.9	(5.1)
NCM other-than-temporary impairment loss	204.5	—
Landlord contributions	42.8	47.8
Deferred rent	(22.5)	(15.0)
Net periodic benefit cost (credit)	0.3	0.4
Change in assets and liabilities, excluding acquisitions:		
Receivables	78.4	38.5
Other assets	(8.2)	(3.0)
Accounts payable	(98.0)	(46.9)
Accrued expenses and other liabilities	(105.8)	(91.7)
Other, net	5.2	0.1
Net cash provided by operating activities	109.8	134.0
Cash flows from investing activities:		
Capital expenditures	(318.0)	(140.3)
Acquisition of Nordic Cinemas Group, net of cash acquired	(584.4)	—
Acquisition of Carmike Cinemas, Inc., net of cash acquired	0.1	—
Acquisition of Starplex Cinemas	—	0.4
Proceeds from disposition of long-term assets	22.4	18.9
Investments in non-consolidated entities, net	0.7	(6.8)

Other, net	(2.8)	(0.2)
Net cash used in investing activities	(882.0)	(128.0)
Cash flows from financing activities:		
Proceeds from issuance of Senior Subordinated Sterling Notes due 2024	327.8	—
Proceeds from issuance of Senior Subordinated Notes due 2027	475.0	—
Payment of Nordic SEK Term Loan	(144.4)	—
Payment of Nordic EUR Term Loan	(169.5)	—
Net proceeds from equity offering	616.8	—
Borrowings under (repayments) Revolving Credit Facility	50.0	(75.0)
Principal payment of Bridge Loan due 2017	(350.0)	—
Principal payments under Term Loan	(5.7)	(4.4)
Principal payments under capital and financing lease obligations	(36.8)	(4.2)
Cash used to pay for deferred financing costs	(29.5)	(0.8)
Cash used to pay dividends	(52.5)	(39.4)
Net cash provided by (used in) financing activities	681.2	(123.8)
Effect of exchange rate changes on cash and equivalents	11.7	(0.1)
Net decrease in cash and equivalents	(79.3)	(117.9)
Cash and equivalents at beginning of period	207.1	211.2
Cash and equivalents at end of period	$ 127.8	$ 93.3
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest (including amounts capitalized of $0.1 million and $0.1 million)	$ 126.8	$ 51.4
Income taxes paid, net	$ 6.5	$ 4.1
Schedule of non-cash operating and investing activities:		
Investment in NCM (See Note 3-Investments)	$ 235.2	$ —
See Note 2-Acquisitions for non-cash activities related to acquisitions		

See Notes to Consolidated Financial Statements.

Table of Contents

AMC ENTERTAINMENT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

(Unaudited)

NOTE 1—BASIS OF PRESENTATION

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

As of June 30, 2017, Wanda owned approximately 57.92% of Holdings' outstanding common stock and 80.51% of the combined voting power of Holdings' outstanding common stock and has the power to control Holdings' affairs and policies, including with respect to the election of directors (and, through the election of directors, the appointment of management), entering into mergers, sales of substantially all of the Company's assets and other extraordinary transactions.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to: (1) Impairments, (2) Film exhibition costs, (3) Income and operating taxes, (4) Fair value of acquired assets and liabilities, and (5) Gift card and exchange ticket income. Actual results could differ from those estimates.

Principles of Consolidation: The accompanying unaudited consolidated financial statements include the accounts of Holdings and all subsidiaries, as discussed above, and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The accompanying consolidated balance sheet as of December 31, 2016, which was derived from audited financial statements, and the unaudited consolidated financial

statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by the accounting principles generally accepted in the United States of America for complete consolidated financial statements. In the opinion of management, these interim financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the Company's financial position and results of operations. All significant intercompany balances and transactions have been eliminated in consolidation. There are no noncontrolling (minority) interests in the Company's consolidated subsidiaries; consequently, all of its stockholders' equity, net earnings and total comprehensive income (loss) for the periods presented are attributable to controlling interests. Due to the seasonal nature of the Company's business, results for the year-to-date period ended June 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017. The Company manages its business under two reportable segments for its theatrical exhibition operations, U.S. markets and International markets.

Presentation: In the Consolidated Balance Sheets, assets held for sale within current assets have been presented separately from other current assets in the current year presentation with conforming reclassifications made for the prior period presentation.

Accumulated depreciation and amortization: Accumulated depreciation was $994.9 million and $792.3 million, at June 30, 2017 and December 31, 2016, respectively, related to property. Accumulated amortization of intangible assets was $45.1 million and $35.4 million, at June 30, 2017 and December 31, 2016, respectively.

Table of Contents

NOTE 2—ACQUISITIONS

Nordic Cinema Group Holding AB

On March 28, 2017, the Company completed the acquisition of Nordic Cinema Group Holding AB (“Nordic”) for cash. The purchase price for Nordic was approximately SEK 5,756 million ($654.9 million), which includes payment of interest on the equity value and repayment of shareholder loans. As a result of the acquisition, the Company assumed the indebtedness of Nordic of approximately SEK 1,269 million ($144.4 million) and indebtedness of approximately €156 million ($169.5 million) as of March 28, 2017, which was refinanced subsequent to the acquisition. The Company also assumed approximately SEK 13.5 million ($1.6 million) and approximately €1.0 million ($1.1 million) of interest rate swaps related to the indebtedness which were repaid following the acquisition. All amounts have been converted into US Dollar amounts assuming an SEK/USD exchange rate of 0.11378 and an EUR/USD exchange rate of 1.0865, which were the exchange rates on March 27, 2017. Nordic operated 71 theatres, 467 screens, and approximately 67,000 seats in nearly 50 large and medium-sized cities in the Nordic and Baltic nations, and holds a substantial minority investment in another 51 associated theatres with 216 screens, to which Nordic provides a variety of shared services. Nordic is the largest theatre operator in Scandinavia and the Nordic and Baltic Regions of Europe. Nordic operates in seven countries in the northern region of Europe: Sweden, Finland, Estonia, Latvia, Lithuania, Norway, and Denmark.

The acquisition is being treated as a purchase in accordance with Accounting Standards Codification Topic 805, Business Combinations (“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 a preliminary valuation assessment. Because the values assigned to assets acquired and liabilities assumed are based on preliminary estimates of fair value available as of the date of this Quarterly Report on Form 10-Q, amounts may be adjusted during the measurement period of up to twelve months from the date of acquisition as further information becomes available. Any changes in the fair values of assets acquired and liabilities assumed during the measurement period may result in adjustments to goodwill. The allocation of purchase price is preliminary and subject to changes as appraisals of tangible and intangible assets and liabilities including working capital are finalized, purchase price adjustments are completed and additional information regarding the tax bases of assets and liabilities at the acquisition date becomes available. The following is a summary of a preliminary allocation of the purchase price:

(In millions)	March 28, 2017	Changes	June 30, 2017
Cash	$ 70.5	$ 0.9	$ 71.4
Restricted cash	—	5.9	5.9
Receivables	25.0	(11.6)	13.4
Other current assets	14.0	8.9	22.9
Property (1)	89.8	53.1	142.9
Intangible assets (1) (4)	—	24.9	24.9

Goodwill (2)	872.1	(78.5)	793.6
Deferred tax asset	5.5	(5.1)	0.4
Other long-term assets	41.0	27.5	68.5
Accounts payable	(30.3)	0.1	(30.2)
Accrued expenses and other liabilities	(26.5)	(6.0)	(32.5)
Deferred revenues and income	(43.5)	—	(43.5)
Term Loan Facility (SEK)	(144.4)	—	(144.4)
Term Loan Facility (EUR)	(169.5)	—	(169.5)
Capital lease and financing lease obligations (1)(3)	(29.2)	14.1	(15.1)
Deferred tax liability	(5.2)	(17.5)	(22.7)
Other long-term liabilities (5)	(14.4)	(16.7)	(31.1)
Total estimated purchase price	$ 654.9	$ —	$ 654.9

(1) Amounts recorded for property include land, buildings, capital lease assets, leasehold improvements, furniture, fixtures and equipment. During the three months ended June 30, 2017, the Company recorded measurement period adjustments primarily related to the preliminary valuation of property, intangible assets, equity method investments, financing lease obligations and related tax adjustments.

(2) Amounts recorded for goodwill are not expected to be deductible for tax purposes.

Table of Contents

(3) Including current portion of approximately $3.5 million.

(4) Additional information for intangible assets acquired on March 28, 2017 is presented below:

(In millions)	Weighted Average Amortization Period	Gross Carrying Amount
Acquired intangible assets:		
Amortizable intangible assets:		
Favorable leases	1.3 years	$ 0.5
Favorable subleases	4.5 years	1.3
Screen advertising agreement	5.0 years	12.2
Trade name agreement	4.0 years	1.0
Total, amortizable	4.8 years	$ 15.0
Unamortized intangible assets:		
Trade names		$ 9.9

(5) Amounts recorded for other long-term liabilities include unfavorable leases of approximately $17.3 million.

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

The purchase price paid by the Company in the acquisition resulted in recognition of goodwill because it exceeded the estimated fair value of the assets acquired and liabilities assumed. The Company paid a price in excess of estimated fair value of the assets acquired and liabilities assumed because the acquisition of Nordic enhances its position as the largest movie exhibition company in Europe and broadens and diversifies its European platform. The Company also expects to realize synergy and cost savings related to the acquisition because of purchasing and procurement economies of scale.

During the three and six months ended June 30, 2017, the Company incurred acquisition-related and transition costs for Nordic of approximately $1.8 million and $9.4 million, respectively, which were included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations. The revenues for Nordic during the three and six months ended June 30, 2017 were $69.9 million and $72.4 million, respectively, and net earnings (loss) was an immaterial amount for the three and six months ended June 30, 2017.

Odeon and UCI Cinemas Holdings Limited.

On November 30, 2016, the Company completed the acquisition of Odeon and UCI Cinemas Holdings Limited. ("Odeon") for approximately £510.4 million ($637.1 million) comprised of cash of approximately £384.8 million ($480.3 million) and 4,536,466 shares of the Company's Class A common stock with a fair value of approximately £125.6 million ($156.7 million) based on a closing share price of $34.55 per share on November 29, 2016. The amounts set forth above are based on a GBP/USD exchange rate of approximately 1.25 on November 30, 2016. As of November 30, 2016, Odeon operated 244 theatres and 2,243 screens in four major European markets: United Kingdom, Spain, Italy, and Germany; and three smaller markets: Austria, Portugal and Ireland.

Table of Contents

The acquisition is being treated as a purchase in accordance with 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 a preliminary valuation assessment. Because the values assigned to assets acquired and liabilities assumed are based on preliminary estimates of fair value available as of the date of the Annual Report on Form 10-K, amounts may be adjusted during the measurement period of up to twelve months from the date of acquisition as further information becomes available. Any changes in the fair values of assets acquired and liabilities assumed during the measurement period may result in adjustments to goodwill. The allocation of purchase price is preliminary and subject to changes as appraisals of tangible and intangible assets and liabilities including working capital are finalized, purchase price adjustments are completed and additional information regarding the tax bases of assets and liabilities at the acquisition date becomes available. The following is a summary of a preliminary allocation of the purchase price:

(In millions)	November 30, 2016	Changes	June 30, 2017
Cash	$ 41.6	$ —	$ 41.6
Receivables	26.2	—	26.2
Other current assets	58.1	—	58.1
Property (1)	755.9	(20.1)	735.8
Intangible assets (2)	112.1	—	112.1
Goodwill (3)	898.6	22.1	920.7
Deferred tax asset	18.7	—	18.7
Other long-term assets	29.6	—	29.6
Accounts payable	(78.9)	—	(78.9)
Accrued expenses and other liabilities	(118.2)	—	(118.2)
Deferred revenues and income	(20.4)	—	(20.4)
9% Senior Secured Note GBP due 2018	(382.9)	—	(382.9)
4.93% Senior Secured Note EUR due 2018	(213.7)	—	(213.7)
Capital lease and financing lease obligations (4)	(365.3)	(2.0)	(367.3)
Deferred tax liability	(21.3)	—	(21.3)
Other long-term liabilities (5)	(103.0)	—	(103.0)
Total estimated purchase price	$ 637.1	$ —	$ 637.1

(1) Amounts recorded for property include land, buildings, capital lease assets, leasehold improvements, furniture, fixtures and equipment. During the six months ended June 30, 2017, the Company recorded measurement period adjustments primarily related to the preliminary valuation of property and financing lease obligations. During the six months ended June 30, 2017, the Company sold one theatre and reduced the carrying value to fair value.

(2) Amounts recorded for intangible assets include favorable leases, management agreements and trade names.

(3) Amounts recorded for goodwill are not expected to be deductible for tax purposes.

(4) Including current portion of approximately $26.4 million.

(5) Amounts recorded for other long-term liabilities include unfavorable leases of approximately $48.3 million.

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

The purchase price paid by the Company in the acquisition resulted in recognition of goodwill because it exceeded the estimated fair value of the assets acquired and liabilities assumed. The Company paid a price in excess of estimated fair value of the assets acquired and liabilities assumed because the acquisition of Odeon allows considerable opportunity in the European markets where it operates to leverage theatre renovations, including power recliners, enhanced food and beverage offerings and premium large format experiences, among others, to drive future growth and value. Odeon also provides the Company with a strong and scalable platform to pursue future international growth opportunities. The Company also expects to realize synergy and cost savings related to the acquisition because of

Table of Contents

purchasing and procurement economies of scale.

During the three and six months ended June 30, 2017 the Company incurred acquisition-related and transition costs for Odeon of approximately $0.9 million and $4.8 million, respectively, which were included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations. The revenues for Odeon during the three and six months ended June 30, 2017 were $223.6 million and $508.8 million, respectively, and the net loss was $23.1 million and $5.5 million, respectively.

Carmike Cinemas, Inc.

On December 21, 2016, the Company completed the acquisition of Carmike Cinemas, Inc. ("Carmike") for approximately $858.2 million comprised of cash of approximately $584.3 million and 8,189,808 shares of the Company's Class A common stock with a fair value of approximately $273.9 million (based on a closing share price of $33.45 per share on December 20, 2016). The Company also assumed debt of $230.0 million aggregate principal amount of 6.00% Senior Secured Notes due June 15, 2023 (the "Senior Secured Notes due 2023"). As of December 21, 2016, Carmike operated 271 theatres and 2,923 screens located in 41 states.

The acquisition is being treated as a purchase in accordance with 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 a preliminary valuation assessment. Because the values assigned to assets acquired and liabilities assumed are based on preliminary estimates of fair value available as of the date of the Annual Report on Form 10-K, amounts may be adjusted during the measurement period of up to twelve months from the date of acquisition as further information becomes available. Any changes in the fair values of assets acquired and liabilities assumed during the measurement period may result in adjustments to goodwill. The allocation of purchase price is preliminary and subject to changes as appraisals of tangible and intangible assets and liabilities including working capital are finalized, purchase price adjustments are completed and additional information regarding the tax bases of assets and liabilities at the acquisition date becomes available. The following is a summary of a preliminary allocation of the purchase price:

(In millions)	December 21, 2016	Changes	June 30, 2017
Cash	$ 86.5	$ 0.1	$ 86.6
Receivables	12.3	—	12.3
Other current assets	14.2	—	14.2
Property (1)	719.6	(0.4)	719.2
Intangible assets (2)	25.9	—	25.9
Goodwill (3)	624.8	0.3	625.1

Other long-term assets	19.4	—	19.4
Accounts payable	(37.0)	—	(37.0)
Accrued expenses and other liabilities	(53.0)	—	(53.0)
Deferred revenues and income	(19.9)	—	(19.9)
Deferred tax liability	(19.5)	—	(19.5)
6% Senior Secured Notes due 2023	(242.1)	—	(242.1)
Capital and financing lease obligations (4)	(222.0)	—	(222.0)
Other long-term liabilities (5)	(51.0)	—	(51.0)
Total estimated purchase price	$ 858.2	$ —	$ 858.2

(1) Amounts recorded for property includes land, buildings, capital lease assets, leasehold improvements, furniture, fixtures and equipment. During the six months ended June 30, 2017, the Company sold 13 theatres and reduced the carrying value to fair value.

(2) Amounts recorded for intangible assets include favorable leases and trade name.

(3) Amounts recorded for goodwill are not expected to be deductible for tax purposes.

(4) Including current portion of approximately $30.4 million.

(5) Amounts recorded for other long-term liabilities include unfavorable leases of approximately $51.0 million.

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

The purchase price paid by the Company in the acquisition resulted in recognition of goodwill because it exceeded the estimated fair value of the assets acquired and liabilities assumed. The Company paid a price in excess of estimated fair value of the assets acquired and liabilities assumed because the acquisition of Carmike increased and diversified its domestic footprint and made the Company the largest theatre operator in the United States in terms of revenues and offers a unique opportunity to introduce guest-focused strategic initiatives to millions of Carmike's movie-goers. The Company also expects to realize significant synergy and cost savings related to the acquisition because of purchasing and procurement economies of scale and general and administrative expense savings, particularly with respect to the consolidation of corporate related functions and elimination of redundancies.

During the three and six months ended June 30, 2017, the Company incurred acquisition-related and transition costs for Carmike of approximately $7.2 million and $13.1 million, respectively, which were included in general and administrative expense: merger, acquisition and transaction costs in the Consolidated Statements of Operations. Carmike was acquired on December 21, 2016 and the Company immediately began integrating the operations. The revenues for the three and six months ended June 30, 2017 were $168.8 million and $368.0 million, respectively, and the net earnings (loss) was $(7.3) million and $5.0 million, respectively.

Department of Justice Final Judgment - In connection with the acquisition of Carmike the Company entered into a Final Judgment with the United States Department of Justice ("DOJ") on March 7, 2017, pursuant to which the Company agreed to take certain actions to enable it to complete its acquisition of Carmike, including divest 17 movie theatres (and certain related assets) in the 15 local markets where the Company and Carmike are direct competitors to one or more acquirers acceptable to the DOJ (the Company received gross proceeds of $25.1 million related to divested theatre assets that were held for sale and sold during the three months ended June 30, 2017); establish firewalls to ensure the Company does not obtain National CineMedia, LLC's ("NCM" or "NCM LLC"), Screenvision's or other exhibitors competitively sensitive information; relinquish seats on NCM's board of directors and all other NCM governance rights; and transfer 24 theatres comprising 384 screens (which represent less than 2% of NCM's total network) to the Screenvision network. This includes five Carmike theatres that implemented the Screenvision network prior to completion of the Carmike acquisition, an AMC theatre required to extend its existing term with the Screenvision network, and an AMC theatre that was also included in the divestitures. The settlement agreement also requires the Company to divest the majority of its equity interests in National CineMedia, Inc. ("NCMI") common shares and NCM LLC common units so that by June 20, 2019, it owns no more than 4.99% of NCM's outstanding equity interests per the following schedule: (i) on or before December 20, 2017, AMC must own no more than 15% of NCM's outstanding equity interests (as of June 30, 2017, the Company classified a portion of its investment in NCM as assets held for sale of $110.5 million); (ii) on or before December 20, 2018, AMC must own no more than 7.5% of

NCM's outstanding equity interests; and (iii) on or before June 20, 2019 AMC must own no more than 4.99% of NCM's outstanding equity interests. In addition, in accordance with the terms of the settlement, effective December 20, 2016, Craig R. Ramsey, executive vice president and Chief Financial Officer of the Company, resigned his position as a member of the Board of Directors of National CineMedia, Inc.

Table of Contents

Goodwill activity is presented below:

(In millions)	U.S. Markets	International Markets	Total
Balance as of December 31, 2016	$ 3,044.8	$ 888.2	$ 3,933.0
Acquisition of Nordic	—	872.1	872.1
Adjustments to acquisition of Nordic Cinemas (1)	—	(78.5)	(78.5)
Adjustments to acquisition of Odeon Cinemas (1)	—	22.1	22.1
Adjustments to acquisition of Carmike Cinemas (1)	0.3	—	0.3
Effect of foreign currency exchange	—	83.2	83.2
Balance as of June 30, 2017	$ 3,045.1	$ 1,787.1	$ 4,832.2

(1) For adjustments to goodwill see respective tables above.

Pro Forma Results of Operations (Unaudited)

The following selected comparative unaudited pro forma results of operation information for the three months and six months ended June 30, 2017 and June 30, 2016 assumes that the Odeon, Carmike, and Nordic acquisitions occurred at the beginning of 2016, and reflects the full results of operations for the years presented. The pro forma results have been prepared for comparative purposes only and do not purport to indicate the results of operations which would actually have occurred had the combination been in effect on the dates indicated, or which may occur in the future. These amounts have been calculated after applying the Company's accounting policies and adjusting the results of Odeon, Carmike, and Nordic to reflect the preliminary fair value adjustments to property and equipment and financing obligations. The pro forma financial information presented includes the effects of adjustments related to preliminary values assigned to long-lived assets, including depreciation charges from acquired property and equipment, interest expense and incremental shares issued from financing the acquisitions and the related income tax effects and the elimination of Carmike and AMC historical revenues and expenses for theatres in markets that were divested as required by the Department of Justice. Merger, acquisition and transaction costs directly related to the acquisitions have not been removed as provided in ASC 805, Business Combinations.

	Pro Forma Three Months Ended June 30,		Pro Forma Six Months Ended June 30,	
(In millions)	2017	2016	2017	2016
Revenues	$ 1,201.1	$ 1,243.3	$ 2,560.5	$ 2,601.3
Operating income (loss)	$ (22.1)	$ 20.4	$ 42.7	$ 124.5
Net earnings (loss)	$ (178.1)	$ (66.2)	$ (173.0)	$ (68.6)
Income (loss) per share:				

Basic	$ (1.36)	$ (0.50)	$ (1.37)	$ (0.52)
Diluted	$ (1.36)	$ (0.50)	$ (1.37)	$ (0.52)

NOTE 3—INVESTMENTS

Investments in non-consolidated affiliates and certain other investments accounted for under the equity method generally include all entities in which the Company or its subsidiaries have significant influence, but not more than 50% voting control, and are recorded in the Consolidated Balance Sheets in other long-term assets. Investments in non-consolidated affiliates as of June 30, 2017 include a 24.7% interest in NCM, a 29.0% interest in Digital Cinema Implementation Partners, LLC (“DCIP”), a 14.6% interest in Digital Cinema Distribution Coalition, LLC (“DCDC”), a 50.0% interest in Open Road Releasing, LLC, operator of Open Road Films, LLC (“Open Road Films”), a 32.0% interest in AC JV, LLC (“AC JV”), owner of Fathom Events, a 16.8% interest in SV Holdco, owner of Screenvision, a 50.0% interest in Digital Cinema Media (“DCM”), 50.0% interest in five U.S. motion picture theatres and one IMAX® screen and approximately 50.0% interest in 51 theatres in Europe acquired in the Nordic acquisition. Indebtedness held by equity method investees is non-recourse to the Company.

Table of Contents

RealD Inc. Common Stock. During the six months ended June 30, 2016, the Company sold all of its 1,222,780 shares in RealD Inc. and recognized a gain on sale of $3.0 million.

Equity in Earnings (Losses) of Non-Consolidated Entities

Aggregated condensed financial information of the Company's significant non-consolidated equity method investments (DCIP and NCM) is shown below:

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
(In millions)	2017	2016	2017	2016
Revenues	$ 144.2	$ 160.2	$ 261.6	$ 277.0
Operating costs and expenses	103.2	104.7	204.3	210.5
Net earnings	$ 41.0	$ 55.5	$ 57.3	$ 66.5

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

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
(In millions)	2017	2016	2017	2016
National CineMedia, LLC	$ (198.5)	$ 5.0	$ (204.5)	$ 2.9
Digital Cinema Implementation Partners, LLC	7.8	6.9	15.2	12.6
Other	(4.3)	—	(8.0)	0.6
The Company's recorded equity in earnings (loss)	$ (195.0)	$ 11.9	$ (197.3)	$ 16.1

1) Equity in (earnings) losses of non-consolidated entities includes an other-than-temporary impairment of the Company's investment in NCM, LLC and NCM, Inc. of $202.6 million and $204.5 million for the three months and six months ended June 30, 2017. The other-than-temporary impairment charge under the U.S. markets segment reflects recording our units and shares at the publicly quoted per share price on June 30, 2017 of $7.42 based on the Company's determination that the decline in the price per share during the quarter was other than temporary.

NCM Transactions. As of June 30, 2017, the Company owned 37,992,630 common membership units, or a 24.7% interest, in NCM LLC and 200,000 common shares of NCM, Inc. The estimated fair market value of the common units in NCM LLC and the common stock investment in NCM, Inc. was approximately $283.4 million based on the publicly quoted price per share of NCM, Inc. on June 30, 2017 of $7.42 per share.

The Company recorded the following related party transactions with NCM:

(In millions)	As of June 30, 2017	As of December 31, 2016
Due from NCM for on-screen advertising revenue	$ 2.4	$ 2.6
Due to NCM for Exhibitor Services Agreement	1.1	1.4
Promissory note payable to NCM	4.2	4.2

	Three Months Ended		Six Months Ended	
(In millions)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net NCM screen advertising revenues	$ 19.4	$ 10.1	$ 31.0	$ 20.7
NCM beverage advertising expense	1.7	1.5	3.6	3.0

Table of Contents

The Company recorded the following changes in the carrying amount of its investment in NCM, LLC and equity in losses of NCM, LLC during the six months ended June 30, 2017:

(In millions)	Investment in NCM(1)	Exhibitor Services Agreement(2)	Accumulated Other Comprehensive (Income)/Loss	Cash Received	Equity in Loss (3)	G&A: Mergers and Acquisitions Expense	Advertising (Revenue)
Ending balance at December 31, 2016	$ 323.9	$ (359.2)	$ (4.0)				
Receipt of common units	235.2	(235.2)	—				
Receipt of excess cash distributions	(14.3)	—	—	$ 14.3	$ —	$ —	$ —
Surrender of common units for transferred theatres	(36.4)	35.7	—	—	0.7	—	—
Surrender of common units for make whole agreement	(23.1)	—	—	—	0.5	22.6	—
Other-than-temporary impairment loss (4)	(203.3)	—	—	—	203.3	—	—
Amortization of ESA	—	12.9	—	—	—	—	(12.9)
For the period ended or balance as of June 30, 2017	$ 282.0	$ (545.8)	$ (4.0)	$ 14.3	$ 204.5	$ 22.6	$ (12.9)

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

(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 2037, using a units-of-revenue method, as described in ASC 470-10-35 (formerly EITF 88-18, Sales of Future Revenues).

	Common Membership Units Tranche 1	Tranche 2 (a)
Beginning balance at December 31, 2012	17,323,782	—
Additional units received in the quarter ended June 30, 2013	—	1,728,988
Additional units received in the quarter ended June 30, 2014	—	141,731
Additional units received in the quarter ended June 30, 2015	—	469,163

Additional units received in the quarter ended December 31, 2015	—	4,399,324
Units exchanged for NCM, Inc. shares in December 2015	—	(200,000)
Additional units received in the quarter ended March 31, 2017	—	18,787,315
Surrender of units for transferred theatres in March 2017	—	(2,850,453)
Surrender of units for exclusivity waiver in March 2017	—	(1,807,220)
Ending balance at June 30, 2017	17,323,782	20,668,848

(a) The additional units received in June 2013, June 2014, June 2015, December 2015, and March 2017 were measured at fair value (Level 1) using NCM, Inc.'s stock price of $15.22, $15.08, $14.52, $15.75 and $12.52, respectively.

(3) Excludes an other-than-temporary impairment loss of $1.2 million related to the Company's common stock investment in NCM, Inc. See Note 7 – Fair Value Measurements for further information regarding an other-than-temporary impairment losses.

Table of Contents

(4) The Company recorded an other-than-temporary impairment loss for NCM, Inc. of $1.2 million, and NCM, LLC of $203.3 million for a total other-than-temporary impairment of $204.5 million during the six months ended June 30, 2017. The other-than-temporary impairment charges reflect recording our units and shares at the publicly quoted per share price on June 30, 2017 of $7.42 based on the Company's determination that the decline in the price per share during the quarter was other than temporary. See Note 7 – Fair Value Measurements for further information regarding an other-than-temporary impairment loss.

During the six months ended June 30, 2017 and June 30, 2016, the Company recorded investment income, net of related amortization of $5.5 million and $7.2 million, respectively, related to the NCM tax receivable agreement.

NCM Agreement

On March 9, 2017, the Company reached an agreement with NCM to implement the requirements of the final judgment entered in connection with the DOJ approval of the Carmike transaction, as discussed in Note 2 – Acquisitions. Pursuant to the agreement, the Company received 18,425,423 NCM common units in March 2017 related to annual attendance at the Carmike theatres and 361,892 NCM common units related to the 2016 common unit adjustment. Because the Carmike theatres were subject to a pre-existing agreement with a third party and will not receive advertising services from NCM, the Company will be obligated to make quarterly payments to NCM reflecting the estimated value of the advertising services at the Carmike theatres as if NCM had provided such services. The quarterly payments will continue until the earlier of (i) the date the theatres are transferred to the NCM network or (ii) expiration of the ESA with NCM. All calculations will be made pursuant to the terms of the existing ESA and Common Unit Adjustment Agreement with NCM. With regard to the existing AMC theatres on the NCM network that are required under the final judgment to be transferred to another advertising provider, the Company returned 2,850,453 (valued at $36.4 million) NCM common units to NCM in March 2017, calculated under the Common Unit Adjustment Agreement as if such theatres had been disposed of on March 3, 2017. The Company is not obligated to make quarterly payments with respect to the transferred theatres. In addition, the Company returned 1,807,220 additional NCM common units (valued at $22.6 million) in exchange for a waiver of exclusivity by NCM as to the required transferred theatres for the term of the final judgment, which was classified as general and administrative: Merger, acquisition and transaction costs when the common units were returned to NCM during the three months ended March 31, 2017. The Company recorded a loss of $1.2 million on the return of NCM common units as per the Common Unit Adjustment Agreement and exclusivity waiver for the difference between the average carrying value of the units and the fair value on the date of return. As a result of the agreement, the Company received 14,129,642 net additional NCM common units, valued at $176.9 million based on the market price of NCM, Inc. stock on March 16, 2017 of $12.52. Due to the structure of the transactions, the Company will no longer anticipate recognizing taxable gain upon receipt of new NCM common units. The Company has also agreed to reimburse NCM up to $1.0 million for expenses related to the negotiation of this agreement. The Company has classified 14.9 million NCM common units (approximately $110.5 million) as held for sale as of June 30, 2017, which it must sell before December 20, 2017 to reach the 15% ownership level discussed above in the Department of Justice Final Judgment. The Company recorded in: Equity in (earnings) loss of non-consolidated entities an other-than-temporary impairment charge of $202.6 million and $204.5 million to reduce the carrying value of its investment in NCM to Level 1 fair value during the three months and six months ended June 30, 2017, respectively. The other-than-temporary impairment charge reflects recording our units and shares at the publicly quoted per share price on June 30, 2017 of $7.42 based on the Company's determination that the decline in the price per share during the quarter was other than

temporary.

Digital Cinema Media. The Company acquired its investment in DCM on November 30, 2016 in connection with the acquisition of Odeon. The Company receives advertising services from DCM for its Odeon theatres in International markets through a joint venture in which it has a 50% ownership interest. During the three and six months ended June 30, 2017, the Company recorded revenue of $6.7 million and $12.1 million, respectively, and a recorded receivable as of June 30, 2017 of $0.9 million for cinema advertising.

DCIP Transactions. The Company pays equipment rent monthly and records the equipment rental expense on a straight-line basis over 12 years.

Table of Contents

The Company recorded the following related party transactions with DCIP:

(In millions)	As of June 30, 2017	As of December 31, 2016
Due from DCIP for equipment and warranty purchases	$ 2.5	$ 2.1
Deferred rent liability for digital projectors	8.2	8.4

	Three Months Ended		Six Months Ended	
(In millions)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Digital equipment rental expense	$ 1.4	$ 1.2	$ 2.9	$ 2.5

Open Road Films Transactions. During the three and six months ended June 30, 2017, the Company recorded additional equity losses in Open Road of $4.2 million and $8.9 million, respectively, related to certain advances to and on behalf of Open Road. The losses would be reversed upon reimbursement by Open Road related to the advances. The Company's share of cumulative losses from Open Road Films in excess of the Company's capital commitment was $41.0 million as of June 30, 2017 and $43.7 million as of December 31, 2016.

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

(In millions)	As of June 30, 2017	As of December 31, 2016
Due from Open Road Films	$ 2.8	$ 4.8
Film rent payable to Open Road Films	—	0.1

	Three Months Ended		Six Months Ended	
(In millions)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Film exhibition costs:				
Gross film exhibition cost on Open Road Films	$ 0.8	$ 2.1	$ 5.1	$ 5.7

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

(In millions)	As of June 30, 2017	As of December 31, 2016
Due to AC JV for Fathom Events programming	$ 1.0	$ 0.6

	Three Months Ended		Six Months Ended	
(In millions)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Film exhibition costs:				
Gross exhibition cost on Fathom Events programming	$ 3.2	$ 1.7	$ 6.8	$ 3.7

Table of Contents

NOTE 4—CORPORATE BORROWINGS

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

(In millions)	June 30, 2017	December 31, 2016
Revolving Credit Facility Due 2020 (5.75% as of June 30, 2017)	$ 50.0	$ —
Senior Secured Credit Facility-Term Loan due 2022 (3.46% as of June 30, 2017)	867.4	871.8
Senior Secured Credit Facility-Term Loan due 2023 (3.47% as of June 30, 2017)	498.8	500.0
Bridge Loan Agreement due 2017 (7%)	—	350.0
5% Promissory Note payable to NCM due 2019	4.2	4.2
5.875% Senior Subordinated Notes due 2022	375.0	375.0
6.0% Senior Secured Notes due 2023	230.0	230.0
6.375% Senior Subordinated Notes due 2024 (£500 million par value)	649.7	308.4
5.75% Senior Subordinated Notes due 2025	600.0	600.0
5.875% Senior Subordinated Notes due 2026	595.0	595.0
6.125% Senior Subordinated Notes due 2027	475.0	—
Capital and financing lease obligations, 5.75% - 11.5%	670.3	675.4
Deferred charges	(108.8)	(82.9)
Net premiums	27.8	9.4
	4,934.4	4,436.3
Less: current maturities	(86.2)	(81.2)
	$ 4,848.2	$ 4,355.1

Bridge Loan Agreement

On December 21, 2016, the Company entered into a bridge loan agreement with Citicorp North America, Inc., as administrative agent and the other lenders party thereto (the “Bridge Loan Agreement”). The Company borrowed $350.0 million of interim bridge loans (the “Interim Bridge Loans”) on December 21, 2016 under the Bridge Loan Agreement and recorded approximately $4.4 million in deferred financing costs. The proceeds of the Interim Bridge Loans were used to partially finance the acquisition of Carmike.

On February 13, 2017, the Company repaid the aggregate principal amount of Interim Bridge Loans of $350.0 million with a portion of the proceeds from its public offering of shares of Holdings Class A common stock, as discussed in Note 5 – Stockholders’ Equity. The Company recorded a loss of $0.4 million in other income, which included a write-off of deferred financing costs of $3.7 million, partially offset by a gain of $3.3 million on the extinguishment of indebtedness related to the redemption of the interim bridge loan.

Third Amendment to Credit Agreement

On May 9, 2017, the Company entered into the Third Amendment to Credit Agreement with Citicorp North America, Inc., as administrative agent and the other lenders party thereto (the Third Amendment"), amending the Credit Agreement dated as of April 30, 2013. The Third Amendment decreased the applicable margin for the term loans outstanding under the Credit Agreement from 1.75% to 1.25% with respect to base rate borrowings and 2.75% to 2.25% with respect to LIBOR borrowings. The Company expensed $1.0 million during the three and six months ended June 30, 2017 for third party fees related to the Third Amendment to the Company's Senior Secured Credit Agreement.

Fourth Amendment to Credit Agreement

On June 13, 2017, the Company entered into the Fourth Amendment to Credit Agreement with Citicorp North America, Inc., as administrative agent and the other lenders party thereto (the "Fourth Amendment"), amending the Credit Agreement dated as of April 30, 2013. The Fourth Amendment increased the revolving loan commitment under the Credit Agreement from $150.0 million to $225.0 million.

Notes Due 2027

On March 17, 2017, the Company issued $475.0 million aggregate principal amount of its 6.125% Senior

Table of Contents

Subordinated Notes due 2027 (the "Notes due 2027"). The Company recorded deferred financing costs of approximately $19.8 million related to the issuance of the Notes due 2027. The Notes due 2027 mature on May 15, 2027. The Company will pay interest on the Notes due 2027 at 6.125% per annum, semi-annually in arrears on May 15th and November 15th, commencing on November 15, 2017. The Company may redeem some or all of the Notes due 2027 at any time on or after May 15, 2022 at 103.063% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after May 15, 2025, plus accrued and unpaid interest to the redemption date. In addition, the Company may redeem up to 35% of the aggregate principal amount of the Notes due 2027 using net proceeds from certain equity offerings completed on or prior to May 15, 2020 at a redemption price as set forth in the indenture governing the Notes due 2027. The Company may redeem some or all of the Notes due 2027 at any time prior to May 15, 2022 at a redemption price equal to 100% of their aggregate principal amount and accrued and unpaid interest to, but not including, the date of redemption, plus an applicable make-whole premium. The Company used the net proceeds from the Notes due 2027 private offering to pay a portion of the consideration for the acquisition of Nordic plus related refinancing of Nordic debt assumed in the acquisition.

The Notes due 2027 are general unsecured senior subordinated obligations of the Company and are fully and unconditionally guaranteed on a joint and several senior subordinated unsecured basis by all of its existing and future domestic restricted subsidiaries that guarantee its other indebtedness. Following the closing of the Nordic acquisition on March 28, 2017, neither Nordic nor any of its subsidiaries guaranteed the Notes due 2027.

The indenture governing the Notes due 2027 contains covenants limiting other indebtedness, dividends, purchases or redemptions of stock, transactions with affiliates, and mergers and sales of assets.

On March 17, 2017, in connection with the issuance of the Notes due 2027, the Company entered into a registration rights agreement. Subject to the terms of the registration rights agreement, the Company is required to (1) file one or more registration statements with the SEC not later than 270 days from the issuance date with respect to the registered offer to exchange the notes for new notes of the Company having terms identical in all material respects to the notes and (2) use its commercially reasonable efforts to cause the exchange offer registration statement to be declared effective under the Securities Act within 365 days of the issuance date. The Company filed its Form S-4 registration statement related to the registration rights agreement with the Securities and Exchange Commission on April 19, 2017, and it was declared effective June 7, 2017. All of the original notes were exchanged as of July 12, 2017.

Sterling Notes Due 2024

On March 17, 2017, the Company issued £250.0 million additional aggregate principal amount of its 6.375% Senior Subordinated Notes due 2024 (the "Sterling Notes due 2024") at 106% plus accrued interest from November 8, 2016 in a private offering. These additional Sterling Notes due 2024 were offered as additional notes under an indenture pursuant to which the Company had previously issued and has outstanding £250.0 million aggregate principal amount of its 6.375% Sterling Notes due 2024. The Company recorded deferred financing costs of approximately $12.7 million related to the issuance of the additional Sterling Notes due 2024. The Sterling Notes due 2024 mature on

November 15, 2024. The Company will pay interest on the Sterling Notes due 2024 at 6.375% per annum, semi-annually in arrears on May 15th and November 15th, commencing on May 15, 2017. Interest on the additional Sterling Notes will accrue from November 8, 2016. The Company may redeem some or all of the Sterling Notes due 2024 at any time on or after November 15, 2019 at 104.781% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after November 15, 2022, plus accrued and unpaid interest to the redemption date. In addition, the Company may redeem up to 35% of the aggregate principal amount of the Sterling Notes due 2024 using net proceeds from certain equity offerings completed on or prior to November 15, 2019. On or prior to November 15, 2019, the Company may redeem the Sterling Notes due 2024 at par, including accrued and unpaid interest plus a make-whole premium. The Company used the net proceeds from the additional Sterling Notes to pay a portion of the consideration for the acquisition of Nordic plus related refinancing of Nordic debt assumed in the acquisition.

The Sterling Notes due 2024 are general unsecured senior subordinated obligations of the Company and are fully and unconditionally guaranteed on a joint and several senior subordinated unsecured basis by all of its existing and future domestic restricted subsidiaries that guarantee its other indebtedness. Following the closing of the Nordic acquisition on March 28, 2017, neither Nordic or any of its subsidiaries guaranteed the Sterling Notes due 2024.

The indenture governing the Sterling Notes due 2024 contains covenants limiting other indebtedness, dividends, purchases or redemptions of stock, transactions with affiliates, and mergers and sales of assets.

Table of Contents

On March 17, 2017, in connection with the issuance of the additional Sterling Notes due 2024, the Company entered into a registration rights agreement. Subject to the terms of the registration rights agreement, the Company is required to (1) file one or more registration statements with the SEC not later than 270 days from November 8, 2016 with respect to the registered offer to exchange the notes for new notes of the Company having terms identical in all material respects to the notes and (2) use its commercially reasonable efforts to cause the exchange offer registration statement to be declared effective under the Securities Act within 365 days of November 8, 2016. The Company filed its Form S-4 registration statement related to the registration rights agreement with the Securities and Exchange Commission on April 19, 2017, and it was declared effective June 7, 2017. All of the original notes were exchanged as of July 12, 2017.

As of June 30, 2017, the Company was in compliance with all debt covenants.

NOTE 5—STOCKHOLDERS' EQUITY

Common Stock Rights and Privileges

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

Dividends

The following is a summary of dividends and dividend equivalents paid to stockholders during the six months ended June 30, 2017:

Declaration Date	Record Date	Date Paid	Amount per Share of Common Stock	Total Amount Declared (In millions)
February 14, 2017	March 13, 2017	March 27, 2017	$ 0.20	$ 26.2
April 27, 2017	June 5, 2017	June 19, 2017	0.20	26.5

During the six months ended June 30, 2017, the Company paid dividends and dividend equivalents of $52.5 million, decreased additional paid-in capital for 191,429 shares surrendered to pay payroll and income taxes by $6.4 million and accrued $0.7 million for the remaining unpaid dividends at June 30, 2017. The aggregate dividends paid for Class A common stock and Class B common stock, were approximately $22.2 million and $30.3 million, respectively.

On August 3, 2017, Holdings' Board of Directors declared a cash dividend in the amount of $0.20 per share of Class A and Class B common stock, payable on September 25, 2017 to stockholders of record on September 11, 2017.

On August 3, 2017, Holdings' Board of Directors approved a $100.0 million share repurchase program to repurchase AMC Class A common stock over a two-year period.

Repurchases may be made at management's discretion from time to time through open market transactions including block purchases, through privately negotiated transactions, or otherwise over the next two years in accordance with all applicable securities laws and regulations. The extent to which AMC repurchases its shares, and the timing of such repurchases, will depend upon a variety of factors, including liquidity, capital needs of the business, market

conditions, regulatory requirements and other corporate considerations, as determined by AMC's management team. Repurchases may be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The repurchase program does not obligate the Company to repurchase any minimum dollar amount or number of shares and may be suspended for periods or discontinued at any time. The Company had 55,078,572 shares of Class A common stock outstanding as of July 31, 2017.

On February 13, 2017, the Company completed an additional public offering of 20,330,874 shares of Class A common stock at a price of $31.50 per share ($640.4 million), resulting in net proceeds of $616.8 million after underwriters commission and other professional fees. The Company used a portion of the net proceeds to repay the aggregate principal amount of the Interim Bridge Loan of $350.0 million and general corporate purposes.

Related Party Transactions

As of June 30, 2017 and December 31, 2016, the Company recorded a receivable due from Wanda of $0.4 million and $10.6 million, respectively, for reimbursement of general administrative and other expense incurred on behalf of Wanda and a pledged capital contribution. During the six months ended June 30, 2017, the Company recorded $0.3 million of cost reductions for general and administrative services provided on behalf of Wanda. Wanda owns Legendary Entertainment, a motion picture production company. The Company will occasionally play Legendary's films in its theatres, as a result of transactions with independent film distributors.

Temporary Equity

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

During the six months ended June 30, 2017, a former employee who held 27,197 shares, relinquished his put right, therefore the related share amount of $0.3 million was reclassified to additional paid in capital, a component of

stockholders' equity.

Stock-Based Compensation

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

The Company recognized stock-based compensation expense of $3.9 million and $1.7 million within general and administrative: other during the three months ended June 30, 2017 and June 30, 2016, respectively, and $4.0 million and $2.8 million during the six months ended June 30, 2017 and June 30, 2016, respectively. The Company's financial statements reflect an increase to additional paid-in capital related to stock-based compensation of $2.6 million during the six months ended June 30, 2017. During the six months ended June 30, 2017, the Company determined that achieving the three-year performance thresholds of the 2016 Performance Stock Units was improbable and reversed $2.6 million of stock-based compensation expense and ceased accruing any additional expense on these units. If the Company later determines that the performance thresholds of the 2016 Performance Stock Units is probable, then historical expense would be reinstated and accruals would resume.

As of June 30, 2017, including the 2017 grants, there was approximately $21.2 million of total estimated unrecognized compensation cost, assuming attainment of the performance targets at 100%, related to stock-based compensation arrangements expected to be recognized during the remainder of calendar 2017, calendar 2018, and

Table of Contents

calendar 2019. The Company expects to recognize compensation cost of $8.0 million, $8.7 million, and $4.5 million during the remainder of calendar 2017 and during each calendar 2018 and calendar 2019, respectively.

2013 Equity Incentive Plan

The 2013 Equity Incentive Plan provides for grants of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance stock units, stock awards, and cash performance awards. The maximum number of shares of Holdings' common stock available for delivery pursuant to awards granted under the 2013 Equity Incentive Plan is 9,474,000 shares. At June 30, 2017, the aggregate number of shares of Holdings' common stock remaining available for grant was 7,257,686 shares.

Awards Granted in 2017

The Company's Board of Directors approved awards of stock, restricted stock units ("RSUs"), and performance stock units ("PSUs") to certain of the Company's employees and directors under the 2013 Equity Incentive Plan. The fair value of the stock at the grant dates of March 31, 2017, May 11, 2017 and June 5, 2017, was $31.45 per share, $27.50 per share and $25.00 per share, respectively, was based on the closing price of Holdings' stock.

The award agreements generally had the following features:

· Stock Award: On March 31, 2017, five members of Holdings' Board of Directors were granted awards of 13,684 fully vested shares of Class A common stock in the aggregate. The Company recognized approximately $0.4 million of expense in general and administrative: other expense during the six months ended June 30, 2017, in connection with these share grants.

· Restricted Stock Unit Awards: Each RSU represents the right to receive one share of Class A common stock at a future date. The RSUs vest over 3 years with 1/3 vesting on each of January 2, 2018, 2019, and 2020. The RSUs will be settled within 30 days of vesting. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the RSUs began to accrue with respect to the RSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the RSUs.

On March 31, 2017, RSU awards of 189,109 units were granted to certain members of management The grant date fair value was approximately $5.9 million based on a stock price of $31.45 on March 31, 2017.

On May 11, 2017, RSU awards of 2,301 units were granted to certain members of management. The grant date fair value was approximately $0.1 million based on a stock price of $27.50 on May 11, 2017.

On June 5, 2017, RSU awards of 10,316 units were granted to certain members of management. The grant date fair value was approximately $0.3 million based on a stock price of $25.00 on June 5, 2017.

On March 31, 2017, RSU awards of 129,214 units were granted to certain executive officers covered by Section 162(m) of the Internal Revenue Code. The RSUs will be forfeited if Holdings does not achieve a specified cash flow from operating activities target for each of the years ending December 31, 2017, 2018 and 2019. The RSUs vest over 3 years with 1/3 vesting in each of 2018, 2019 and 2020 upon certification that the cash flow from operating activities target was met for the previous year. The vested RSUs will be settled within 30 days of vesting. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the RSUs began to accrue with respect to the RSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the RSUs. The grant date fair value was approximately $4.1 million based on the probable outcome of the performance targets and a stock price of $31.45 on March 31, 2017. During the three and six months ended June 30, 2017, the Company recognized $0.5 million expense in general and administrative: other expense in connection with these awards.

During the three months and six months ended June 30, 2017, the Company recognized $1.1 million expense in general and administrative: other expense in connection with these awards.

Table of Contents

· Performance Stock Unit Award: On March 31, 2017, May 11, 2017 and June 5, 2017, PSU awards were granted to certain members of management and executive officers, with three year cumulative adjusted EBITDA, diluted earnings per share, and net profit performance target conditions and service conditions, covering a performance period beginning January 1, 2017 and ending on December 31, 2019. The PSUs will vest based on achieving 80% to 120% of the performance targets with the corresponding vested unit amount ranging from 30% to 200%. If the performance target is met at 100%, the PSU awards granted on March 31, 2017, May 11, 2017, and June 5, 2017, will vest at 318,323 units, 2,301 units and 10,316 units, respectively. No PSUs will vest if Holdings does not achieve the three year cumulative adjusted EBITDA, diluted earnings per share, and net profit minimum performance target. Additionally, unvested PSU's shall be ratably forfeited upon termination of service prior to December 31, 2019. If service terminates prior to January 2, 2018, all unvested PSU's shall be forfeited, if service terminates prior to January 2, 2019, 2/3 of unvested PSU's shall be forfeited and if service terminates prior to January 2, 2020, 1/3 of unvested PSU's shall be forfeited. The vested PSUs will be settled within 30 days of vesting which will occur upon certification of performance results. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the PSUs began to accrue with respect to the PSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the PSUs. During the three months and six months ended June 30, 2017, the Company recognized $1.8 million expense for these awards. The grant date fair value was approximately $10.3 million based on the probable outcome of the performance conditions at 100% and a stock price of $31.45 on March 31, 2017, a stock price of $27.50 on May 11, 2017 and a stock price of $25.00 on June 5, 2017.

· Performance Stock Unit Transition Award: In recognition of the shift from one year to three year performance periods for annual equity awards in 2016, on March 31, 2017, PSU transition awards were granted to certain members of management and executive officers, with 2017 adjusted EBITDA, diluted earnings per share, and net profit performance target conditions and service condition, covering a performance period beginning January 1, 2017 and ending on December 31, 2017. The PSUs will vest based on achieving 80% to 120% of the performance target with the corresponding vested unit amount ranging from 30% to 150%. If the performance target is met at 100%, the transition PSU awards granted on March 31, 2017 will vest at 39,908 units. No PSUs will vest if Holdings does not achieve the adjusted EBITDA, diluted earnings per share, and net profit performance target conditions or the participant's service does not continue through the last day of the performance period. The vested PSUs will be settled within 30 days of vesting which will occur upon certification of performance results. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the PSUs began to accrue with respect to the PSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the PSUs. During the three months and six months ended June 30, 2017, the Company recognized $0.4 million expense for these awards. The grant date fair value was $1.3 million based on the probable outcome of the performance condition at 100% and a stock price of $31.45 on March 31, 2017.

The following table represents the nonvested RSU and PSU activity for the six months ended June 30, 2017:

	Shares of RSU and PSU	Weighted Average Grant Date Fair Value
Beginning balance at January 1, 2017	556,510	$ 24.88

Granted	701,788	31.23
Vested	(191,429)	24.68
Forfeited	(42,205)	31.39
Nonvested at June 30, 2017	1,024,664	$ 28.95

NOTE 6—INCOME TAXES

The Company's worldwide effective income tax rate is based on expected income, statutory rates and tax planning opportunities available in the various jurisdictions in which it operates. For interim financial reporting, the Company estimates the worldwide annual income tax rate based on projected taxable income for the full year and

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

The worldwide effective tax rate based on annual projected earnings for the year ending December 31, 2017 is projected to be 41.8%. The actual rate for the six months ended June 30, 2017 is 41.4%.

During the six months ended June 30, 2017, the Company recorded two discrete tax benefits. The first related to excess tax benefits recognized under Accounting Standards Update 2016-09 "Compensation – Stock Compensation" of approximately $2.6 million. The second related to the tax benefit on the NCM other-than-temporary impairment of approximately $78.9 million.

The Company's consolidated tax rate for the six months ended June 30, 2017 differs from the statutory tax rate primarily due to the foreign tax rate differential driven by Odeon and Nordic earnings, valuation allowances recorded in the Odeon jurisdictions, the domestic discrete items, state income taxes, permanent items and credits.

Tax contingencies and other income tax liabilities were $15.3 million and $12.7 million as of June 30, 2017 and December 31, 2016, respectively, and are included in other long-term liabilities. The increase relates primarily to state income taxes and state income tax credits.

The Company also continues to be subject to examination by the IRS and the fiscal year ended March 29, 2012 (tax year 2011) is currently under extended statute. The Company believes its allowances for income tax contingencies are adequate. Based on the information currently available, the Company does not anticipate a material (or significant) increase or decrease to its tax contingencies within the next 12 months.

The Company is subject to income tax in many jurisdictions outside the U.S. The Company's operations in certain jurisdictions remain subject to examination for tax years 2013 to 2016, some of which are currently under audit by local tax authorities. The resolutions of these audits are not expected to be material to the Company's consolidated financial statements.

NOTE 7—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.

Table of Contents

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 June 30, 2017:

		Fair Value Measurements at June 30, 2017 Using		
(In millions)	Total Carrying Value at June 30, 2017 (1)	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Other long-term assets:				
Money market mutual funds	$ 0.3	$ 0.3	$ —	$ —
Equity securities, available-for-sale:				
Mutual fund large U.S. equity	2.5	2.5	—	—
Mutual fund small/mid U.S. equity	3.5	3.5	—	—
Mutual fund international	1.2	1.2	—	—
Mutual fund balanced	0.6	0.6	—	—
Mutual fund fixed income	1.4	1.4	—	—
Total assets at fair value	$ 9.5	$ 9.5	$ —	$ —

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

Valuation Techniques. The Company's money market mutual funds are invested in funds that seek to preserve principal, are highly liquid, and therefore are recorded on the balance sheet at the principal amounts deposited, which equals fair value. The equity securities, available-for-sale, primarily consist of common stock and mutual funds invested in equity, fixed income, and international funds and are measured at fair value using quoted market prices. See Note 9—Accumulated Other Comprehensive Income for the unrealized gain on the equity securities recorded in accumulated other comprehensive income.

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

		Fair Value Measurements at June 30, 2017 Using		
(In millions)	Total Carrying Value at June 30, 2017	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)

Assets held for sale:				
Equity interest in NCMI	$ 0.6	$ 0.6	$ —	$ —
Equity interest in NCM LLC	109.9	109.9	—	—
Other long-term assets:				
Equity interest in NCMI	0.9	0.9	—	—
Equity interest in NCM LLC	172.1	172.1	—	—

Equity interests in NCMI and NCM LLC were considered impaired and were written down to their fair value during the three and six months ended June 30, 2017 of $202.6 million and $204.5 million, respectively.

On June 30, 2017, the Company reviewed the fair value of its equity interests in NCMI common shares and NCM LLC common units, which are recorded in the Consolidated Balance Sheets in assets held for sale and other long-term assets. The Company's equity interests in common shares and common units had been in an unrealized loss position for approximately three months at June 30, 2017. The Company reviewed the unrealized loss for a possible impairment and determined that the loss as of June 30, 2017 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 June 30, 2017, the Company recognized an other-than-temporary impairment loss of $202.6 million within equity in (earnings) loss of non-consolidated entities, as the Company determined the decline in fair value below carrying value to be other than temporary at June 30, 2017. Consideration was given to financial condition and near-term prospects of the issuer and ability to retain the equity interests in the issuers for a period of time sufficient to allow for any anticipated recovery in market value.

Table of Contents

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

		Fair Value Measurements at June 30, 2017 Using		
(In millions)	Total Carrying Value at June 30, 2017	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current maturities of corporate borrowings	$ 15.2	$ —	$ 14.1	$ 1.4
Corporate borrowings	4,249.1	—	4,476.9	2.8

Valuation Technique. Quoted market prices and observable market based inputs were used to estimate fair value for Level 2 inputs. The Level 3 fair value measurement represents the transaction price of the corporate borrowings under market conditions.

NOTE 8—THEATRE AND OTHER CLOSURE AND DISPOSITION OF ASSETS

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

	Six Months Ended	
(In millions)	June 30, 2017	June 30, 2016
Beginning balance	$ 34.6	$ 43.0
Theatre and other closure expense	1.7	2.6
Transfer of assets and liabilities	0.8	—
Foreign currency translation adjustment	0.6	(0.5)
Cash payments	(6.0)	(6.3)

Ending balance	$ 31.7	$ 38.8

In the accompanying Consolidated Balance Sheets, as of June 30, 2017, the current portion of the ending balance totaling $8.9 million is included with accrued expenses and other liabilities and the long-term portion of the ending balance totaling $22.8 million is included with other long-term liabilities. Theatre and other closure reserves for leases that have not been terminated were recorded at the present value of the future contractual commitments for the base rents, taxes and maintenance.

During the three months ended June 30, 2017 and the three months ended June 30, 2016, the Company recognized theatre and other closure expense of $0.8 million and $1.1 million, respectively, and during the six months ended June 30, 2017 and June 30, 2016, the Company recognized theatre and other closure expense of $1.7 million and $2.6 million, respectively. Theatre and other closure expense included the accretion on previously closed properties with remaining lease obligations.

Table of Contents

NOTE 9—ACCUMULATED OTHER COMPREHENSIVE INCOME

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

(In millions)	Foreign Currency	Pension and Other Benefits (1)	Unrealized Net Gain from Marketable Securities	Unrealized Net Gain from Equity Method Investees' Cash Flow Hedge	Total
Balance, December 31, 2016	$ (1.8)	$ (3.6)	$ 0.3	$ 2.6	$ (2.5)
Other comprehensive income (loss) before reclassifications	74.9	—	0.3	(0.1)	75.1
Amounts reclassified from accumulated other comprehensive income	—	(0.5)	(0.1)	0.1	(0.5)
Other comprehensive income (loss)	74.9	(0.5)	0.2	—	74.6
Balance, June 30, 2017	$ 73.1	$ (4.1)	$ 0.5	$ 2.6	$ 72.1

(In millions)	Foreign Currency	Pension and Other Benefits (1)	Unrealized Net Gain from Marketable Securities	Unrealized Net Gain from Equity Method Investees' Cash Flow Hedge	Total
Balance, December 31, 2015	$ 2.1	$ (3.3)	$ 1.5	$ 2.5	$ 2.8
Other comprehensive income (loss) before reclassifications	0.6	—	0.4	(0.6)	0.4
	—	—	(1.8)	0.2	(1.6)

Amounts reclassified from accumulated other comprehensive income					
Other comprehensive income (loss)	0.6	—	(1.4)	(0.4)	(1.2)
Balance, June 30, 2016	$ 2.7	$ (3.3)	$ 0.1	$ 2.1	$ 1.6

The tax effects allocated to each component of other comprehensive income (loss) during the three months ended June 30, 2017 and June 30, 2016 is as follows:

	Three Months Ended June 30, 2017			June 30, 2016		
(In millions)	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Unrealized foreign currency translation adjustment	$ 84.0	$ (6.9)	$ 77.1	$ 1.1	$ (0.4)	$ 0.7
Pension and other benefit adjustments:						
Amortization of net (gain) loss reclassified into general and administrative: other	(0.6)	—	(0.6)	—	—	—
Marketable securities:						
Unrealized net holding gain (loss) arising during the period	0.2	(0.1)	0.1	0.1	—	0.1
Realized net gain reclassified into investment expense (income)	(0.1)	—	(0.1)	—	—	—
Equity method investees' cash flow hedge:						
Unrealized net holding loss arising during the period	(0.1)	—	(0.1)	(0.3)	0.1	(0.2)
Realized net loss reclassified into equity in earnings of non-consolidated entities	0.1	—	0.1	0.2	(0.1)	0.1
Other comprehensive income (loss)	$ 83.5	$ (7.0)	$ 76.5	$ 1.1	$ (0.4)	$ 0.7

Table of Contents

The tax effects allocated to each component of other comprehensive income (loss) during the six months ended June 30, 2017 and June 30, 2016 is as follows:

	Six Months Ended June 30, 2017			June 30, 2016		
(In millions)	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Unrealized foreign currency translation adjustment (1)	$ 81.4	$ (6.5)	$ 74.9	$ 1.0	$ (0.4)	$ 0.6
Pension and other benefit adjustments:						
Amortization of net (gain) loss reclassified into general and administrative: other	(0.5)	—	(0.5)	—	—	—
Marketable securities:						
Unrealized net holding gain (loss) arising during the period	0.5	(0.2)	0.3	0.7	(0.3)	0.4
Realized net gain reclassified into investment expense (income)	(0.1)	—	(0.1)	(2.9)	1.1	(1.8)
Equity method investees' cash flow hedge:						
Unrealized net holding gain (loss) arising during the period	(0.1)	—	(0.1)	(1.0)	0.4	(0.6)
Realized net loss reclassified into equity in earnings of non-consolidated entities	0.1	—	0.1	0.3	(0.1)	0.2
Other comprehensive income (loss)	$ 81.3	$ (6.7)	$ 74.6	$ (1.9)	$ 0.7	$ (1.2)

(1) Deferred tax impacts of foreign currency translation for the Odeon and Nordic international operations have not been recorded due to the Company's intent to remain permanently invested.

NOTE 10—OPERATING SEGMENTS

The Company reports information about operating segments in accordance with ASC 280-10, Segment Reporting, which requires financial information to be reported based on the way management organizes segments within a company for making operating decisions and evaluating performance. Beginning with the Company's acquisition of Odeon in 2016, the Company has identified two reportable segments for its theatrical exhibition operations, U.S. markets and International markets. The International markets segment consists of operations in the United Kingdom, Germany, Spain, Italy, Ireland, Austria, Portugal, Sweden, Finland, Estonia, Latvia, Lithuania, Norway, and Denmark.

Each segment's revenue is derived from admissions, food and beverage sales and other ancillary revenues, primarily screen advertising, AMC Stubs membership fees, ticket sales, gift card income and exchange ticket income. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, as defined in the reconciliation table below. The Company does not report asset information by segment because that information is not used to evaluate the performance of or allocate resources between segments.

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

	Three Months Ended		Six Months Ended	
Revenues (In millions)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
U.S. markets	$ 907.4	$ 762.5	$ 1,899.6	$ 1,526.7
International markets	294.9	1.5	584.1	3.3
Total revenues	$ 1,202.3	$ 764.0	$ 2,483.7	$ 1,530.0

	Three Months Ended		Six Months Ended	
Adjusted EBITDA (1) (In millions)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
U.S. markets (2)	$ 115.0	$ 129.8	$ 312.9	$ 276.2
International markets	20.8	(0.2)	74.0	(0.1)
Total Adjusted EBITDA	$ 135.8	$ 129.6	$ 386.9	$ 276.1

(1) The Company presents Adjusted EBITDA as a supplemental measure of its performance. The Company defines Adjusted EBITDA as net earnings (loss) plus (i) income tax provision (benefit), (ii) interest expense and (iii) depreciation and amortization, as further adjusted to eliminate the impact of certain items that the Company

Table of Contents

does not consider indicative of its ongoing operating performance and to include attributable EBITDA from equity investments in theatre operations in international markets and any cash distributions of earnings from its other equity method investees. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, which is consistent with how Adjusted EBITDA is defined in our debt indentures.

(2) Distributions from NCM are reported entirely within the U.S. markets segment.

Capital Expenditures (In millions)	Three Months Ended June 30, 2017	June 30, 2016	Six Months Ended June 30, 2017	June 30, 2016
U.S. markets	$ 139.4	$ 82.6	$ 289.7	$ 140.3
International markets	17.3	—	28.3	—
Total capital expenditures	$ 156.7	$ 82.6	$ 318.0	$ 140.3

Financial Information About Geographic Area:

Revenues (In millions)	Three Months Ended June 30, 2017	June 30, 2016	Six Months Ended June 30, 2017	June 30, 2016
United States	$ 907.4	$ 762.5	$ 1,899.6	$ 1,526.7
United Kingdom	109.4	1.5	241.0	3.3
Sweden	37.0	—	38.5	—
Italy	35.1	—	94.1	—
Spain	39.2	—	85.2	—
Germany	28.0	—	60.4	—
Finland	19.2	—	19.9	—
Other foreign countries	27.0	—	45.0	—
Total	$ 1,202.3	$ 764.0	$ 2,483.7	$ 1,530.0

Long-term assets, net (In millions)	As of June 30, 2017	As of December 31, 2016
United States	$ 6,254.2	$ 6,156.9
International	2,935.2	1,801.3
Total long-term assets (1)	$ 9,189.4	$ 7,958.2

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

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

	Three Months Ended		Six Months Ended	
(In millions)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net earnings (loss)	$ (176.5)	$ 24.0	$ (168.1)	$ 52.3
Plus:				
Income tax provision (benefit)	(109.6)	16.4	(118.8)	34.5
Interest expense	69.9	27.0	132.0	54.1
Depreciation and amortization	133.3	62.3	258.6	122.7
Certain operating expenses (1)	3.5	3.8	8.8	7.2
Equity in (earnings) losses of non-consolidated entities (2)	195.0	(11.9)	197.3	(16.1)
Cash distributions from non-consolidated entities (3)	2.2	0.6	26.6	18.3
Attributable EBITDA (4)	1.0	—	1.0	—
Investment (income) expense	0.6	0.2	(5.0)	(9.8)
Other expense (income) (5)	1.0	(0.1)	(1.2)	(0.1)

Table of Contents

General and administrative expense—unallocated:				
Merger, acquisition and transaction costs (6)	11.5	5.6	51.7	10.2
Stock-based compensation expense (7)	3.9	1.7	4.0	2.8
Adjusted EBITDA	$ 135.8	$ 129.6	$ 386.9	$ 276.1

(1) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses included in operating expenses. The Company has excluded these items as they are non-cash in nature, include components of interest cost for the time value of money or are non-operating in nature.

(2) Equity in (earnings) losses of non-consolidated entities includes an other-than-temporary impairment of the Company's investment in NCM of $202.6 million and $204.5 million for the three months and six months ended June 30, 2017. The other-than-temporary impairment charge reflects recording our units and shares at the publicly quoted per share price on June 30, 2017 of $7.42 based on the Company's determination that the decline in the price per share during the quarter was other than temporary.

(3) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. The Company believes including cash distributions is an appropriate reflection of the contribution of these investments to its operations.

(4) Attributable EBITDA includes the EBITDA from equity investments in theatre operators in certain international markets. See below for a reconciliation of the Company's equity earnings of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where the Company holds a significant market share, the Company believes attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. The Company also provide services to these theatre operators including information technology systems, certain on-screen advertising services and our gift card and package ticket program. As these investments relate only to our Nordic acquisition, this represents the first time the Company has made this adjustment and does not impact prior historical presentations of Adjusted EBITDA.

Table of Contents

(In millions)	Three Months Ended June 30, 2017	June 30, 2016	Six Months Ended June 30, 2017	June 30, 2016
Equity in loss of non-consolidated entities	$ 195.0	$ —	$ 197.3	$ —
Less:				
Equity in loss of non-consolidated entities excluding international theatre JV's	195.3	—	197.6	—
Equity in earnings of International theatre JV's	0.3	—	0.3	—
Depreciation and amortization	0.7	—	0.7	—
Attributable EBITDA	$ 1.0	$ —	$ 1.0	$ —

(5) Other income for the six months ended June 30, 2017 includes a $2.7 million foreign currency transaction gain, partially offset by $1.0 million in fees relating to third party fees expensed related to the Third Amendment to the Company's Senior Secured Credit Agreement, and a $0.4 million loss on the redemption of the Bridge Loan Facility. Other expense for the three months ended June 30, 2017 includes $1.0 million in fees relating to third party fees expensed related to the Third Amendment to the Company's Senior Secured Credit Agreement.

(6) Merger, acquisition and transition costs are excluded as they are non-operating in nature.

(7) Non-cash or non-recurring expense included in general and administrative: other.

NOTE 11—EMPLOYEE BENEFIT PLANS

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

Net periodic benefit cost (credit) recognized for the plans in general and administrative: other during the three months ended June 30, 2017 and June 30, 2016 consists of the following:

(In millions)	U.S. Pension Benefits June 30, 2017	U.S. Pension Benefits June 30, 2016	International Pension Benefits June 30, 2017	International Pension Benefits June 30, 2016
Components of net periodic benefit cost:				
Service cost	$ —	$ —	$ 0.1	$ —
Interest cost	1.0	1.1	0.7	—
Expected return on plan assets	(0.8)	(0.9)	(0.8)	—
Net periodic benefit cost (credit)	$ 0.2	$ 0.2	$ —	$ —

Net periodic benefit cost (credit) recognized for the plans in general and administrative: other during the six months ended June 30, 2017 and June 30, 2016 consists of the following:

(In millions)	U.S. Pension Benefits June 30, 2017	U.S. Pension Benefits June 30, 2016	International Pension Benefits June 30, 2017	International Pension Benefits June 30, 2016
Components of net periodic benefit cost:				
Service cost	$ —	$ —	$ 0.1	$ —
Interest cost	2.1	2.2	1.3	—
Expected return on plan assets	(1.6)	(1.8)	(1.6)	—
Net periodic benefit cost (credit)	$ 0.5	$ 0.4	$ (0.2)	$ —

Table of Contents

NOTE 12—COMMITMENTS AND CONTINGENCIES

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

On May 28, 2015, the Company received a Civil Investigative Demand ("CID") from the Antitrust Division of the United States Department of Justice in connection with an investigation under Sections 1 and 2 of the Sherman Antitrust Act. Beginning in May 2015, the Company also received CIDs from the Attorneys General for the States of Ohio, Texas, Washington, Florida, New York, Kansas, and from the District of Columbia, regarding similar inquiries under those states' antitrust laws. The CIDs request the production of documents and answers to interrogatories concerning potentially anticompetitive conduct, including film clearances and participation in certain joint ventures. The Company may receive additional CIDs from antitrust authorities in other jurisdictions in which it operates. The Company does not believe it has violated federal or state antitrust laws and is cooperating with the relevant governmental authorities. However, the Company cannot predict the ultimate scope, duration or outcome of these investigations.

NOTE 13—NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard is effective for the Company on January 1, 2019, with early adoption permitted. The Company has not yet decided whether it will early adopt the new standard. A modified retrospective transition approach is required for leases existing at, or entered into after the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

The Company expects that this standard will have a material effect on its consolidated financial statements. While the Company is continuing to assess the effect of adoption, the Company currently believes the most significant changes relate to (1) the recognition of new ROU assets and lease liabilities on our balance sheet for theatres subject to operating leases; (2) the derecognition of existing assets and liabilities for certain sale-leaseback transactions (including those arising from build-to-suit lease arrangements for which construction is complete and the Company is leasing the constructed asset) that currently do not qualify for sale accounting; and (3) the derecognition of existing assets and liabilities for certain assets under construction in build-to-suit lease arrangements that the Company will lease when construction is complete. The Company does not expect a significant change in our leasing activity between now and adoption. The Company expects to elect all of the standard's available practical expedients on adoption. However, the Company has not quantified the effects of these expected changes from the new standard.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), ("ASU 2014-09"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. generally accepted accounting principles when it becomes effective. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from the contracts with customers. On July 9, 2015, the FASB decided to delay the effective date of ASU 2014-09 by one year. The new standard is effective for the Company on January 1, 2018. The standard permits the use of either a retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial

Table of Contents

statements including the Company’s Exhibitor’s Services Agreement with NCM, its customer frequency program, gift card and exchange ticket income and other ancillary or contractual revenues. The Company believes its Exhibitor’s Services Agreement with NCM includes a significant financing component and expects that as a result advertising revenues will increase significantly with a similar offsetting increase in interest expense. The Company has selected the cumulative effect transition method, and expects to adopt in the first quarter of 2018.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350). ASU 2017-04 simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendment should be applied on a prospective basis. This standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating this new guidance to determine the impact it will have on its consolidated financial statements.

NOTE 14—EARNINGS 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 per share includes the effects of unvested RSU’s with a service condition only and unvested contingently issuable RSUs and PSUs that have service and performance conditions, if dilutive.

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

	Three Months Ended		Six Months Ended	
(In millions, except per share data)	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Numerator:				
Net earnings (loss) from continuing operations	$ (176.5)	$ 24.0	$ (168.1)	$ 52.3
Denominator (shares in thousands):				
Weighted average shares for basic earnings per common share	131,166	98,194	126,290	98,197
Common equivalent shares for RSUs and PSUs	—	110	—	40
Shares for diluted earnings per common share	131,166	98,304	126,290	98,237

Basic earnings (loss) per common share	$ (1.35)	$ 0.24	$ (1.33)	$ 0.53
Diluted earnings (loss) per common share	$ (1.35)	$ 0.24	$ (1.33)	$ 0.53

Vested RSUs and PSU's have dividend rights identical to the Company's Class A and Class B common stock and are treated as outstanding shares for purposes of computing basic and diluted earnings per share. Certain unvested RSUs and unvested PSUs are subject to performance conditions and are included in diluted earnings per share, if dilutive, based on the number of shares, if any, that would be issuable under the terms of the Company's 2013 Equity Incentive Plan ("Plan") if the end of the reporting period were the end of the contingency period. During the three and six months ended June 30, 2017, unvested PSU's and Transition PSU's of 194,731 at the minimum performance target were not included in the computation of diluted loss per share since the shares would not be issuable under the terms of the Plan, if the end of the reporting period were the end of the contingency period and they would also be anti-dilutive. During the three and six months ended June 30, 2017, unvested RSU's and RSU's Section 162 (m) of 338,629 were not included in the computation of diluted loss per share because they would be anti-dilutive.

NOTE 15—CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, Financial statements of guarantors and issuers of guaranteed securities registered or being registered. Each of the subsidiary guarantors are 100% owned by Holdings. The subsidiary guarantees of the

Table of Contents

Company's Notes due 2022, the Sterling Notes due 2024, the Notes due 2025, the Notes due 2026, and the Notes due 2027 are full and unconditional and joint and several and subject to customary release provisions. The Company and its subsidiary guarantors' investments in its consolidated subsidiaries are presented under the equity method of accounting.

Consolidating Statement of Operations

Three Months Ended June 30, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Revenues					
Admissions	$ —	$ 462.2	$ 299.2	$ —	$ 761.4
Food and beverage	—	235.4	138.7	—	374.1
Other theatre	—	40.0	26.8	—	66.8
Total revenues	—	737.6	464.7	—	1,202.3
Operating costs and expenses					
Film exhibition costs	—	243.4	136.4	—	379.8
Food and beverage costs	—	33.4	28.7	—	62.1
Operating expense	—	216.1	173.1	—	389.2
Rent	—	124.5	75.3	—	199.8
General and administrative:					
Merger, acquisition and transaction costs	—	10.4	1.1	—	11.5
Other	0.9	27.2	18.1	—	46.2
Depreciation and amortization	—	73.7	59.6	—	133.3
Operating costs and expenses	0.9	728.7	492.3	—	1,221.9
Operating income (loss)	(0.9)	8.9	(27.6)	—	(19.6)
Other expense (income):					
Equity in net (earnings) loss of subsidiaries	172.4	35.5	—	(207.9)	—
Other income	—	1.0	—	—	1.0
Interest expense:					
Corporate borrowings	59.1	61.1	0.5	(61.1)	59.6
Capital and financing lease obligations	—	2.0	8.3	—	10.3
Equity in earnings of non-consolidated entities	—	195.4	(0.4)	—	195.0
Investment income	(55.9)	(4.9)	0.3	61.1	0.6
Total other expense (income)	175.6	290.1	8.7	(207.9)	266.5
Earnings (loss) before income taxes	(176.5)	(281.2)	(36.3)	207.9	(286.1)
Income tax provision (benefit)	—	(108.8)	(0.8)	—	(109.6)
Net earnings (loss)	$ (176.5)	$ (172.4)	$ (35.5)	$ 207.9	$ (176.5)

Table of Contents

Consolidating Statement of Operations

Three Months Ended June 30, 2016:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Revenues					
Admissions	$ —	$ 480.3	$ 0.9	$ —	$ 481.2
Food and beverage	—	243.1	0.5	—	243.6
Other theatre	—	39.1	0.1	—	39.2
Total revenues	—	762.5	1.5	—	764.0
Operating costs and expenses					
Film exhibition costs	—	262.5	0.5	—	263.0
Food and beverage costs	—	34.0	0.1	—	34.1
Operating expense	—	199.2	0.8	—	200.0
Rent	—	122.4	0.4	—	122.8
General and administrative:					
Merger, acquisition and transaction costs	—	5.6	—	—	5.6
Other	—	20.6	—	—	20.6
Depreciation and amortization	—	62.3	—	—	62.3
Operating costs and expenses	—	706.6	1.8	—	708.4
Operating income (loss)	—	55.9	(0.3)	—	55.6
Other expense (income):					
Equity in net (earnings) loss of subsidiaries	(22.0)	—	—	22.0	—
Other expense (income)	—	(0.1)	—	—	(0.1)
Interest expense:					
Corporate borrowings	24.9	27.2	—	(27.2)	24.9
Capital and financing lease obligations	—	2.1	—	—	2.1
Equity in earnings of non-consolidated entities	—	(11.9)	—	—	(11.9)
Investment income	(26.9)	0.2	(0.3)	27.2	0.2
Total other expense (income)	(24.0)	17.5	(0.3)	22.0	15.2
Earnings (loss) before income taxes	24.0	38.4	—	(22.0)	40.4
Income tax provision	—	16.4	—	—	16.4
Net earnings (loss)	$ 24.0	$ 22.0	$ —	$ (22.0)	$ 24.0

Table of Contents

Consolidating Statement of Operations

Six Months Ended June 30, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Revenues					
Admissions	$ —	$ 964.1	$ 614.8	$ —	$ 1,578.9
Food and beverage	—	485.3	286.4	—	771.7
Other theatre	—	82.1	51.0	—	133.1
Total revenues	—	1,531.5	952.2	—	2,483.7
Operating costs and expenses					
Film exhibition costs	—	517.3	282.1	—	799.4
Food and beverage costs	—	67.0	54.9	—	121.9
Operating expense	—	436.2	309.4	—	745.6
Rent	—	247.9	142.3	—	390.2
General and administrative:					
Merger, acquisition and transaction costs	—	50.6	1.1	—	51.7
Other	1.5	49.3	29.8	—	80.6
Depreciation and amortization	—	146.4	112.2	—	258.6
Operating costs and expenses	1.5	1,514.7	931.8	—	2,448.0
Operating income (loss)	(1.5)	16.8	20.4		