AMC ENTERTAINMENT HOLDINGS, INC.
Form 10-K
March 08, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

OR

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

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

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

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

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

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

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

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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

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

Large accelerated filer o	Accelerated filer ý	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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AMC ENTERTAINMENT HOLDINGS, INC.

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2015

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Forward-Looking Statements

In addition to historical information, this Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "may," "will," "forecast," "estimate," "project," "intend," "plan," "expect," "should," "believe" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Similarly, statements made herein and elsewhere regarding our pending acquisition of Carmike are also forward-looking statements, including statements regarding the anticipated closing date of the acquisition, the ability to obtain regulatory approvals or to satisfy closing conditions, the costs of the acquisition or the source or structure of the financings, the expected benefits of the acquisition on our future business, operations and financial performance and our ability to successfully integrate the recently acquired business. These forward-looking statements are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, including those discussed in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

- decreased supply of motion pictures or delayed access to motion pictures;
- quality of motion picture production, spending levels on motion picture marketing, and performance of motion pictures in our markets;
- risks and uncertainties relating to our significant indebtedness;
- limitations on the availability of capital may prevent us from deploying strategic initiatives;
- risks of poor financial results may prevent us from meeting our payment obligations;
- our ability to utilize net operating loss carryforwards to reduce our future tax liability;
- increased competition in the geographic areas in which we operate;
- increased use of alternative film delivery methods or other forms of entertainment;
- shrinking exclusive theatrical release windows;
- certain covenants in the agreements that govern our indebtedness may limit our ability to take advantage of certain business opportunities;
- general political, social and economic conditions;
- review by antitrust authorities in connection with acquisition opportunities;

dependence on key personnel for current and future performance and our ability to attract and retain senior executives and other key personnel;

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

our ability to achieve expected synergies and benefits and performance from our strategic theatre acquisitions and strategic initiatives, execution risks related to our pending and completed acquisitions and other strategic initiatives;

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- with respect to our pending Carmike acquisition, our ability to satisfy closing conditions in the anticipated time frame or at all, obtaining regulatory approval, including the risk that any approval may be on terms or subject to conditions that are not anticipated, obtaining Carmike stockholders approval; the possibility that the acquisition does not close, including in circumstances in which we would be obligated to pay Carmike a termination fee or other damage or expenses;

- our ability to finance the Carmike acquisition on favorable terms;

- our ability to refinance our indebtedness on terms favorable to us;

- failures, unavailability or security breaches of our information systems;

- our investment and equity in earnings from National CineMedia, LLC ("NCM") may be negatively impacted by the competitive environment in which NCM operates and by the risks associated with its strategic initiatives;

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

- risks relating to the incurrence of legal liability;

- increased costs in order to comply with governmental regulation and the impact of governmental investigations concerning potentially anticompetitive conduct including film clearances and partnering with other major exhibitors in joint ventures; and

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

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

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

PART I

Item 1. Business

General Development of Business

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

As of December 31, 2015, Wanda owned approximately 77.85% of Holdings' outstanding common stock and 91.34% of the combined voting power of Holdings' outstanding common stock and has the power to control Holdings' affairs and policies, including with respect to the election of directors (and, through the election of directors, the appointment of management), entering into of mergers, sales of substantially all of our assets and other extraordinary transactions.

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

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

Financial Information about Segments

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

Narrative Description of Business

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

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

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

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

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

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

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

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

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

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

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

In March 2011, we announced the launch of an innovative distribution company called Open Road Films along with another major theatrical exhibition chain. Open Road Films is a dynamic acquisition-based domestic theatrical distribution company that concentrates on wide-release movies. Their first film, *Killer Elite,* was released in September 2011. Releases during calendar 2015 include *The Loft*, *The Gunman*, *Little Boy*, *Dope*, *Rock the Kasbah,* and the Academy Award winning film for Best Picture, *Spotlight*.

In December 2013, NCM spun-off its Fathom Events business to a newly formed limited liability company AC JV, LLC ("AC JV"), owned 32% by each of the Founding Members and 4% by NCM. AC JV focuses exclusively on alternative content programming, including live and pre-recorded concerts, sporting events and other non-film entertainment.

We hold a 29% interest in Digital Cinema Implementation Partners, LLC ("DCIP"), a joint venture charged with implementing digital cinema in our theatres, which has allowed us to substantially complete our planned digital deployments. Future digital cinema developments will be managed by DCIP, subject to certain approvals.

We own a 15.45% interest in Digital Cinema Distribution Coalition, LLC ("DCDC"), a joint venture with certain other exhibitors and film distributors. DCDC was formed to develop a satellite distribution network for feature films and other digital cinema content. As of December 31, 2015, 331 of our theatre locations are equipped to receive content via the DCDC network with an additional 6 sites scheduled for installation and 40 sites awaiting landlord approvals.

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

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

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

To complement our deployment of digital technology, in 2006 we partnered with RealD to install its 3D enabled systems in our theatres. As of December 31, 2015, we had 2,643 3D screens, including 13 proprietary large format ("PLF") screens and 152 IMAX screens that are 3D enabled. During the year ended December 31, 2015, 3D films licensed by us in the U.S. have generated approximately 41% greater admissions revenue per person than the standard 2D versions of the same film, or approximately $3.68 additional revenue per ticket.

We are the largest IMAX exhibitor in the U.S. with 152 screens (all 3D-enabled) and a 44% market share (as of December 31, 2015). Our IMAX screen count is 70% greater than our closest competitor.

In fiscal 2010, we introduced our proprietary large-screen digital format, ETX, and as of December 31, 2015, we operated ETX at 10 locations. ETX features wall-to-wall screens that are of high definition. In 2013, we developed AMC Prime a concept that further enhances the movie-going experience on all sensory levels: state of the art sound design, a crisp, clear picture, and a comfortable power recliner seat complete with transducers that allow the guest to "feel" the action. This second generation PLF takes the best of ETX and makes it better. In December 2015, we acquired 3 Intense Digital Experience ("IDX") screens as a part of the Starplex Cinemas acquisition.

In April 2015, we, along with Dolby® Laboratories, Inc., announced Dolby Cinema at AMC Prime, a premium cinema offering for moviegoers that combines spectacular image and sound technologies with design and comfort. Dolby Cinema at AMC Prime includes Dolby Vision laser projection and Dolby Atmos® sound, as well as AMC Prime power reclining seats with seat transducers that vibrate with the action on screen. As of December 31, 2015, we have 12 fully operational Dolby Cinema at AMC Prime screens. We intend to convert an additional 30 to 35 screens, including all ETX screens in 2016 to Dolby Cinema at AMC Prime locations. We charge a premium price for our PLF experience, which for the year ended December 31, 2015, produced approximately 63% greater admissions revenue than standard 2D versions of the same movie, or approximately $5.58 additional revenue per ticket.

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

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

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

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

Our Strategy: The Customer Experience Leader

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

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

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

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

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

Recliner seating is the key feature of theatre renovations. These renovations involve stripping theatres to their basic structure in order to replace finishes throughout, upgrade the sight and sound

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

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

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

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

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

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

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

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

Designed for higher volume theatres, *Marketplace* vastly expands menu offerings as well as delivers a more customer engaging, post-pay shopping experience. Today we operate these flexible, highly popular concepts across a wide range of asset types and attendance levels. *Marketplaces* feature grab-and-go and self-serve food and beverages, including Coke Freestyle®. We find that when customers are allowed to browse and choose, overall satisfaction goes up and they spend more. At the close of 2015, we operate 23 *Marketplaces* with plans to install 3 to 5 more in 2016.

MacGuffins Bar and Lounges give us a fresh opportunity to engage our over-21 customers. We believe that few innovations have won over the adult movie goer more decisively than our full service bars featuring premium beers, wines and liquors. Extremely versatile in design with a significant impact on theatre economics, *MacGuffins* is our fastest growing idea in the enhanced food and beverage space. As of December 31, 2015, we have deployed 124 *MacGuffins* and we are moving quickly and expect to install an additional 20 to 25 *MacGuffins* during 2016. Due to our success in operating *MacGuffins*, we believe we can leverage our substantial experience when it comes to permitting, installing and commissioning these improvements.

At the top of the scale are our *Dine-In Theatres*. *Dine-In Theatres* are full restaurant operations, giving our customers the ultimate dinner-and-a-movie experience all at a single seat. Compressing by almost half what would otherwise be a four or five hour, multi-destination experience, young people and adults alike are afforded a huge convenience, which puts the idea of going to a movie much more in play. We currently operate 19 *Dine-In Theatres* that deliver chef-inspired menus with seat-side or deliverly service to luxury recliners with tables. Our recent *Dine-In Theatre* concepts are designed to capitalize on the latest food service trend, the fast casual eating experience. Today, our *Dine-In Theatres* represent 5% of our total theatres and generate 11% of our circuit-wide food and beverage revenues. We plan to add one to two *Dine-In Theatre* concepts in 2016.

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

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

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

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

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

> *AMC Stubs®* is the industry's first program of its kind. Fee-based, it rewards loyalists with in-theatre value ($10 for every $100 spent). The program is fully automated and user-friendly from a customer perspective. As of December 31, 2015, we had over 2.5 million member households, which represent approximately 21% of our total weekly box office revenues. Transaction data from this loyal customer base are mined for consumer insights that are used to develop targeted, relevant customer offers, leading to increased attendance and sales. The program increases switching costs (the negative monetary (annual fee) and psychological (lost reward potential) costs associated with choosing a competitive theatre exhibitor), especially for those patrons located near competitors' theatres. We believe that increased switching costs dissuade customers from choosing a competitor's theatre and lead to higher loyalty.

> Our www.amctheatres.com state-of-the-art *website* leverages Responsive Web Design technology that optimizes the users' experience regardless of platform (phone, tablet, laptop, etc.) and for 2015, had over 13 million visits per month, with peak months over 17 million, generating over 420 million page visits for the year. The website generates ticket sales and higher conversion rates by simplifying customers' purchasing decision and process.

> The *AMC mobile apps*, available for iOS, Android and Windows devices, have been downloaded over 5.7 million times since launch, generating over half a million sessions per week. This convenient way to purchase tickets also features *Enhanced Maps,* which allows customers to browse for their nearest AMC theatre or favorite AMC theatre amenity, *Mobile Gift Cards*, which allows for last minute gifting directly from the mobile phone, and *My AMC,* which allows customers to generate a personalized movie queue of coming releases.

> On the *social media* front, our Facebook 'Likes', are at nearly 4.5 million and are still more than all our peer competitors' counts combined. We are similarly engaged on Twitter (over 300,000 followers), Instagram (55,000 followers) and YouTube (nearly 300,000 subscribers). Our participation in these social networks keeps movie-going top of mind and allows targeted campaigns and offers with clear 'calls to action' that generate incremental attendance and incremental revenues per patron.

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

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

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

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

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

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

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

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

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

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

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

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

Our Competitive Strengths

We believe we have the following competitive strengths:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Film Licensing

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

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

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

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

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

Food and Beverage

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

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

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

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

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

Employees

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

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

Theatrical Exhibition Industry and Competition

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

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

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

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

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

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

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

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

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

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

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

Regulatory Environment

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

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

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

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

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

Significant Acquisitions and Dispositions

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

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

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

Seasonality

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

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Financial Information About Geographic Areas

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

Available Information

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

Executive Officers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 1A.

RISK FACTORS

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

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

We depend on motion picture production and performance.

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

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

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

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

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

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

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

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

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

We have had significant financial losses in previous years.

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

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

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

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

We are subject, at times, to intense competition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- the inability of stockholders to call special meetings.

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

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

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

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

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

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

Item 1B. Unresolved Staff Comments.

None.

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Item 2. Properties.

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

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

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

We lease our corporate headquarters in Leawood, Kansas.

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

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

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

Item 3. Legal Proceedings.

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

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information

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

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

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

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

Holders of Common Stock

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

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

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

Dividend Policy

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

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

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

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

Calendar 2015

Declaration Date	Record Date	Date Paid	Amount per Share of Common Stock	Total Amount Declared (In thousands)(1)
February 3, 2015	March 9, 2015	March 23, 2015	$ 0.20	$ 19,637
April 27, 2015	June 8, 2015	June 22, 2015	0.20	19,635
July 28, 2015	September 8, 2015	September 21, 2015	0.20	19,622
October 29, 2015	December 7, 2015	December 21, 2015	0.20	19,654

Calendar 2014

Declaration Date	Record Date	Date Paid	Amount per Share of Common Stock	Total Amount Declared (In thousands)(1)
April 25, 2014	June 6, 2014	June 16, 2014	$ 0.20	$ 19,576
July 29, 2014	September 5, 2014	September 15, 2014	0.20	19,576
October 27, 2014	December 5, 2014	December 15, 2014	0.20	19,577

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

Securities Authorized for Issuance Under Equity Compensation Plans

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

Unregistered Sales of Equity Securities and Use of Proceeds

Sale of Unregistered Securities

None.

Issuer Purchase of Equity Securities

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

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs

Calendar 2015	$

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Performance Graph

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

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

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

COMPARISON OF 2 YEAR CUMULATIVE TOTAL RETURN*
Among AMC Entertainment Holdings, Inc., the S&P 500 Index, and a Peer Group

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

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

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

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Item 6. Selected Financial Data.

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

Average shares outstanding Basic	97,963	97,506	76,527	74,988	63,335	63,335
Diluted earnings (loss) per share:						
Earnings (loss) from continuing operations	$ 1.06	$ 0.65	$ 4.74	$ (0.56)	$ 0.86	$ (1.43)
Gain (loss) from discontinued operations		0.01	0.02	(0.01)	0.55	(0.06)
Diluted earnings (loss) per share	$ 1.06	$ 0.66	$ 4.76	$ (0.57)	$ 1.41	$ (1.49)
Average shares outstanding Diluted	98,029	97,700	76,527	74,988	63,715	63,335

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

(1)

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

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

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

(2)

During the twelve months ended December 31, 2015, other general and administrative expense included the annual incentive compensation expense of $14,759,000 and stock-based compensation expense of $10,480,000. During the twelve months ended December 31, 2014, other general and administrative expense included the annual incentive compensation expense of $13,327,000 and stock-based compensation expense of $11,293,000. During the twelve months ended December 31, 2013, other general and administrative expense included both the annual incentive compensation expense of $19,563,000 and the management profit sharing plan expense of $11,300,000 related to improvements in net earnings, an IPO stock award of $12,000,000 to certain members of management, and early retirement and severance expense of $3,279,000. During the period of August 31, 2012 through December 31, 2012, other general and administrative expense included both the annual incentive compensation expense of $11,733,000 and the management profit sharing plan expense of $2,554,000 related to improvements in net earnings. Other general and administrative expense for the fifty-two weeks ended March 29, 2012 included annual incentive compensation expense of $8,642,000.

(3)

During the twelve months ended December 31, 2015, AMCE recorded a loss on extinguishment related to the redemption of the Notes due 2020 of approximately $9,318,000 and a loss on the modification of the Senior Secured Credit Facility of $1,366,000. During the twelve months ended December 31, 2014, AMCE redeemed its Notes due 2019 resulting in a net gain of $8,386,000.

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(4) Investment expense (income) includes an impairment loss of $1,370,000 and $17,751,000 during the twelve months ended December 31, 2013 and the fifty-two weeks ended March 29, 2012, respectively, related to the Company's investment in a marketable equity security.

Prior to the date of the Merger on August 30, 2012, distributions received under the tax receivable agreement from NCM, Inc. were recorded as additional proceeds received in a similar fashion to the receipt of excess cash distributions from NCM. Following the date of the Merger, the Company recorded an intangible asset of $20,900,000 as the fair value of the tax receivable agreement. The tax receivable agreement intangible asset is amortized on a straight-line basis against investment income over the remaining life of the Exhibitor Services Agreement ("ESA") and cash proceeds from the tax receivable agreement are recorded to investment income.

(5) During the twelve months ended December 31, 2013, the Company reversed its recorded valuation allowance for deferred tax assets. The Company generated sufficient earnings in the United States federal and state tax jurisdictions where it had recorded valuation allowances to conclude that it did not need valuation allowances in these tax jurisdictions. This reversal is reflected as a non-cash income tax benefit recorded during the twelve months ended December 31, 2013. See Note 9 Income Taxes to the Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K.

(6) All fiscal years presented include gains and losses from discontinued operations related to seven theatres in Canada and one theatre in the UK that were sold or closed in the Transition Period. During the period of March 30, 2012 through August 30, 2012, the Company recorded gains, net of lease termination expense, on the disposition of the seven Canada theatres and the one United Kingdom theatre of approximately $39,382,000, primarily due to the write-off of long-term lease liabilities extinguished in connection with the sales and closure. During the twelve months ended December 31, 2013, we received $4,666,000 for a sales price adjustment from the sale of theatres located in Canada. The gain from discontinued operations during the twelve months ended December 31, 2013, was partially offset by income taxes, legal and professional fees, and contractual repairs and maintenance expenses.

(7) Includes consolidated theatres only.

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

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

Overview

We are one of the world's largest theatrical exhibition companies and an industry leader in innovation and operational excellence. Our Theatrical Exhibition revenues are generated primarily from box office admissions and theatre food and beverage sales. The balance of our revenues are generated from ancillary sources, including on-screen advertising, fees earned from our AMC Stubs customer frequency membership program, rental of theatre auditoriums, income from gift card and packaged tickets sales, on-line ticketing fees and arcade games located in theatre lobbies. As of December 31, 2015, we owned, operated or had interests in 387 theatres and 5,426 screens.

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

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

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percentages tied to different amounts of box office gross. The settlement process allows for negotiation based upon how a film actually performs.

Recliner seating is the key feature of theatre renovations. These renovations involve stripping theatres to their basic structure in order to replace finishes throughout, upgrade the sight and sound experience, install modernized points of sale and, most importantly, replace traditional theatre seats with plush, electric recliners that allow customers to deploy a leg rest and fully recline at the push of a button. The renovation process typically involves losing up to two-thirds of a given auditorium's seating capacity. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving, on average, a 75% increase in attendance at these locations. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. The reseated theatres attract more midweek audiences than normal theatres and tend to draw more adults who pay higher ticket prices than teens or young children. We typically do not change ticket prices in the first year after construction, however, in subsequent years we typically increase our ticket prices at our reseated theatres.

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

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

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

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

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

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Food and beverage sales are our second largest source of revenue after box office admissions. Food and beverage items traditionally include popcorn, soft drinks, candy and hot dogs. Different varieties of food and beverage items are offered at our theatres based on preferences in the particular geographic region. Our traditional food and beverage strategy emphasizes prominent and appealing food and beverage counters designed for rapid service and efficiency, including a customer friendly self-serve experience. We design our theatres to have more food and beverage capacity to make it easier to serve larger numbers of customers. Strategic placement of large food and beverage stands within theatres increases their visibility, aids in reducing the length of lines, allows flexibility to introduce new concepts and improves traffic flow around the food and beverage stands.

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

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

During the 2015 calendar year, films licensed from our seven largest distributors based on revenues accounted for approximately 89% of our U.S. admissions revenues. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's films in any given year.

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

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

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

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

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

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

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

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

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

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

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

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

Significant Events

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

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

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

Corporate Borrowings.

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

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

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

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

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

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

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

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

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

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

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

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

Declaration Date	Record Date	Date Paid	Amount per Share of Common Stock	Total Amount Declared (In thousands)
February 3, 2015	March 9, 2015	March 23, 2015	$ 0.20	$ 19,637
April 27, 2015	June 8, 2015	June 22, 2015	0.20	19,635
July 28, 2015	September 8, 2015	September 21, 2015	0.20	19,622
October 29, 2015	December 7, 2015	December 21, 2015	0.20	19,654
April 25, 2014	June 6, 2014	June 16, 2014	0.20	19,576
July 29, 2014	September 5, 2014	September 15, 2014	0.20	19,576
October 27, 2014	December 5, 2014	December 15, 2014	0.20	19,577

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

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

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

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

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

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

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

Critical Accounting Policies and Estimates

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

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

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

We review long-lived assets, including definite-lived intangibles, investments in non-consolidated equity method investees, marketable equity securities and internal use software for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable. We identify impairments related to internal use software when management determines that the remaining carrying value of the software will not be realized through future use. We review internal management reports on a quarterly basis as well as monitor current and potential future competition in the markets where we operate for indicators of triggering events or circumstances that indicate potential impairment of individual theatre assets. We evaluate theatres using historical and projected data of theatre level cash flow as our primary indicator of potential impairment and consider the seasonality of our business when making these evaluations. We perform our impairment analysis during the last quarter of the year. Under these analyses, if the sum of the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount of the asset group, an impairment loss is recognized in the amount by which the carrying value of the asset exceeds its estimated fair value. Assets are evaluated for impairment on an individual theatre basis, which management believes is the lowest level for which there are identifiable cash flows. The impairment evaluation is based on the estimated cash flows from continuing use until the expected disposal date for the fair value of furniture, fixtures and equipment. The expected disposal date does not exceed the remaining lease period unless it is probable existing renewal options will be exercised and may be less than the remaining lease period when we do not expect to operate the theatre to the end of its lease term. The fair value of assets is determined as either the expected selling price less selling costs (where appropriate) or the present value of the estimated future cash flows. The fair value of furniture,

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

We have recorded impairment charges primarily related to long-lived assets of $1,702,000, $3,149,000 and $1,370,000 during the twelve months ended December 31, 2015, December 31, 2014 and December 31, 2013, respectively. There are a number of estimates and significant judgments that are made by management in performing these impairment evaluations. Such judgments and estimates include estimates of future revenues, cash flows, capital expenditures, and the cost of capital, among others. We believe we have used reasonable and appropriate business judgments. There is considerable management judgment with respect to cash flow estimates and appropriate multiples and discount rates to be used in determining fair value, and, accordingly, actual results could vary significantly from such estimates, which fall under Level 3 within the fair value measurement hierarchy. These estimates determine whether impairments have been incurred and also quantify the amount of any related impairment charge. Given the nature of our business and our recent history, future impairments are possible and they may be material, based upon business conditions that are constantly changing and the competitive business environment in which we operate.

Our recorded goodwill was $2,406,691,000 and $2,289,800,000 as of December 31, 2015 and December 31, 2014, respectively. We evaluate goodwill and our indefinite-lived trademarks for impairment annually during our fourth fiscal quarter and any time an event occurs or circumstances change that would more likely than not reduce the fair value for a reporting unit below its carrying amount. Our goodwill is recorded in our Theatrical Exhibition operating segment, which is also the reporting unit for purposes of evaluating recorded goodwill for impairment. If the carrying value of the reporting unit exceeds its fair value, we are required to reallocate the fair value of the reporting unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit.

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

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

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

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

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

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

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

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Operating Results

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

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

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

(1) Includes consolidated theatres only.

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

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The following table sets forth our reconciliation of Adjusted EBITDA:

Reconciliation of Adjusted EBITDA
(unaudited)

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

(1) During the twelve months ended December 31, 2013, we reversed our recorded valuation allowance for deferred tax assets. We generated sufficient earnings in the United States federal and state tax jurisdictions where we had recorded valuation allowances to allow us to conclude that we did not need valuation allowances in these tax jurisdictions. This reversal is reflected as a non-cash income tax benefit recorded during the twelve months ended December 31, 2013.

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

(3) Other expense for the twelve months ended December 31, 2015 was due to a net loss on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2020 and modification of our Senior Secured Credit Agreement. Other income for the twelve months ended December 31, 2014 was due to net gains on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2019.

(4) Non-cash expense included in general and administrative: other.

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

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

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

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

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

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

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

Reconciliation of Adjusted EBITDA to Free Cash Flow
(unaudited)

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

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

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

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

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

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

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

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

General and Administrative Expense:

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

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

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

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

Other Expense (Income):

Other expense (income). Other expense (income) during the twelve months ended December 31, 2015 was due to a loss on extinguishment of indebtedness related to the cash tender offer and redemption of the Notes due 2020 of $9,318,000 and loss on mo