

AMC ENTERTAINMENT HOLDINGS, INC.
Form 10-K
March 04, 2014

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from _____ to _____
Commission file number 001-33892

AMC ENTERTAINMENT HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(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:

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Title of Each Class	Name of Each Exchange on Which Registered
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 ☐ No ☒

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒ AMC Entertainment Holdings, Inc. has not been subject to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 for the past 90 days. AMC Entertainment Holdings, Inc. has filed all reports required to be filed since December 17, 2013 when it became subject to the requirements of Section 13.

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

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

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

Large accelerated filer <input type="radio"/>	Accelerated filer <input type="radio"/>	Non-accelerated filer <input checked="" type="radio"/>	Smaller reporting company <input type="radio"/>
(Do not check if a smaller reporting company)			

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on December 31, 2013, 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 \$442,919,699 (21,553,270 shares at a closing price per share of \$20.55).

Shares of Class A common stock outstanding 21,563,274 shares at February 14, 2014

Shares of Class B common stock outstanding 75,826,927 shares at February 14, 2014

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement, in connection with its 2014 annual meeting of stockholders, to be filed within 120 days of December 31, 2013, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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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 U.S. Private Securities Litigation Reform Act of 1995. The words "forecast," "estimate," "project," "intend," "expect," "should," "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, including those discussed in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

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

level of motion picture production and performance of motion pictures in our markets;

risks and uncertainties relating to our significant indebtedness;

limitations on the availability of capital may prevent us from deploying strategic initiatives;

risks of 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 video release windows;

certain covenants in the agreements that govern our indebtedness may limit our ability to take advantage of certain business opportunities;

general political, social and economic conditions;

review by antitrust authorities in connection with acquisition opportunities;

dependence on key personnel for current and future performance;

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

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

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

failures or security breaches of our information systems;

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

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

risks relating to the incurrence of legal liability; and

increased costs in order to comply with governmental regulation.

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.

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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

(a) 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, wholly owned subsidiary of Dalian Wanda Group Co., Ltd. ("Wanda"), a Chinese private conglomerate.

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 were approximately \$355,299,000 after deducting underwriting discounts and commissions and offering expenses. The net proceeds of the IPO were contributed by Holdings to AMCE.

Wanda holds approximately 77.87% of Holdings' outstanding common stock and 91.35% of the combined voting power of Holdings' outstanding common stock as of December 31, 2013 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), the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions.

Wanda Merger: Wanda acquired Holdings on August 30, 2012 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 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 (collectively the "Sponsors"). The Merger consideration totaled \$701,811,000, with \$700,000,000 invested by Wanda and \$1,811,000 invested by members of management. The estimated transaction value was approximately \$2,748,018,000. Funding for the Merger consideration was obtained by Merger Subsidiary pursuant to bank borrowings and cash contributed by Wanda.

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

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see Note 2 Merger to the Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K.

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. Our telephone number at such address is (913) 213-2000. Our Internet address is www.amctheatres.com. The contents of our Internet website are not incorporated into this report.

On November 15, 2012, we changed our fiscal year to a calendar year ending on December 31st of each year. Prior to the change, we had a ⁵²/₅₃ week fiscal year ending on the Thursday closest to the last day of March. All references to "fiscal year", except for fiscal 2013 unless otherwise noted, refer to the fifty-two week fiscal year, which ended on the Thursday closest to the last day of March. The consolidated financial statements include the transition period of March 30, 2012 through December 31, 2012 ("Transition Period").

(b) Financial Information about Segments

We have identified one reportable segment for our theatrical exhibition operations. For information about our operating segment, see Note 17 Operating Segment to the Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K.

(c) 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, 2013, we owned, operated or held interests in 345 theatres with a total of 4,976 screens primarily in North America. Our theatres are predominantly located in major metropolitan markets, which we believe give our circuit a unique profile and offer strategic and operational advantages. 40% of the U.S. population lives within 10 miles of one of our theatres. Our top five markets, in each of which we hold the #1 or #2 share position, are New York (43% share), Los Angeles (27%), Chicago (44%), Philadelphia (29%) and Dallas (28%). For the twelve months ended December 31, 2013, these five metro markets comprised 40% of our revenues and 37% of our attendance. Additionally we hold the #2 position by market share in the 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 customers visited our theatres during each of the calendar years 2013 and 2012. According to publicly available information for our peers, during the calendar year ended December 31, 2013, our circuit led in revenues per patron (\$13.80), average ticket price (\$9.27) and food and beverage per patron (\$3.95). For the same period, our attendance per screen (41,000) and admissions gross profit per screen (\$179,200) 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 attendance per location and/or food and beverage revenues per patron).

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

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

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The following table provides detail with respect to the geographic location of our theatrical exhibition circuit as of December 31, 2013:

Theatrical Exhibition	Theatres(1)	Screens(1)
California	44	660
Illinois	39	478
Texas	21	383
Florida	21	380
New Jersey	22	296
New York	24	266
Indiana	21	258
Georgia	12	179
Michigan	9	178
Colorado	12	166
Arizona	9	160
Washington	11	137
Pennsylvania	10	126
Ohio	8	119
Massachusetts	8	119
Missouri	9	119
Maryland	10	113
Virginia	7	113
Louisiana	7	99
Minnesota	6	96
North Carolina	4	77
Oklahoma	4	70
Wisconsin	4	63
Kansas	2	40
Nebraska	2	38
Connecticut	2	36
Iowa	2	31
District of Columbia	4	31
Nevada	2	28
Kentucky	1	20
Alabama	1	16
Arkansas	1	16
South Carolina	1	14
Utah	1	9
Canada	1	13
China (Hong Kong)(2)	2	13
United Kingdom	1	16
Total Theatrical Exhibition	345	4,976

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

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(2)

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

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 and Kerasotes. Our historic growth has been driven by a combination of organic growth and acquisition strategies, in addition to strategic alliances and partnerships that highlight our ability to capture innovation and value beyond the traditional exhibition space. For example:

In March 2011, we announced the launch of an innovative distribution company called Open Road Films along with another major theatrical exhibition chain. Open Road Films is a dynamic acquisition-based domestic theatrical distribution company that concentrates on wide-release movies. Their first film, *Killer Elite*, was released in September 2011. Subsequent releases through December 31, 2013 include *The Grey*, *Silent House*, *Hit and Run*, *End of Watch*, and *Silent Hill: Revelation*, *A Haunted House*, *Side Effects*, *the Host*, *Jobs*, *Machete Kills*, *Homefront*, and *Justin Bieber's Believe*.

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

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"), and 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, 2013, we owned 19,052,770 common units in NCM, or a 15.01% 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. The estimated fair market value of our units in NCM was approximately \$380.3 million based on the closing price per share of NCM, Inc. on December 31, 2013 of \$19.96 per share, see Note 7 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 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 will focus 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

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substantially complete our planned digital deployments. Future digital cinema developments will be managed by DCIP, subject to certain approvals.

We own a 14.67% interest in DCDC Holdings, 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. Approximately 2/3 of our locations are now equipped to receive content via the DCDC network and we expect to be fully deployed by the end of 2014.

The following table sets forth our historical information, on a continuing operations basis, concerning new builds (including expansions), acquisitions and dispositions (including net construction closures) and end-of-period operated theatres and screens through December 31, 2013:

Fiscal Year	New Builds		Acquisitions		Closures/Dispositions		Total Theatres	
	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens
Beginning balance							301	4,440
2009	5	66			7	60	299	4,446
2010	1	6			11	105	289	4,347
2011	1	14	95	960	33	359	352	4,962
2012	1	12			15	106	338	4,868
Transition period ended								
December 31, 2012			11	166	5	46	344	4,988
Calendar 2013	1	12	4	37	4	61	345	4,976
	9	110	110	1,163	75	737		

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, 2013, we had 2,232 RealD screens, including 17 AMC Prime/ETX screens. Additionally, we have 145 IMAX screens that are 3D enabled. During the year ended December 31, 2013, 3D films licensed by us in the U.S. have generated approximately 40% greater admissions revenue per person than the standard 2D versions of the same film, or approximately \$3.48 additional revenue per ticket.

We are the world's largest IMAX exhibitor with 145 screens (all 3D- enabled) as of December 31, 2013. With a 45% market share in the U.S. (as of December 31, 2013), our IMAX screen count is nearly twice the screen count of the second largest U.S. IMAX exhibitor.

During fiscal 2010, we introduced our proprietary large-screen digital format, ETX, and as of December 31, 2013 we operated at 14 locations. ETX features wall-to-wall screens that are 20% larger than traditional screens, a custom sound system that is three times more powerful than a traditional auditorium, and 3D-enabled digital projection with twice the clarity of high definition. We charge a premium price for the ETX experience, which for the year ended December 31, 2013, produced approximately 61% greater admissions revenue than standard 2D versions of the same movie, or approximately \$5.34 additional revenue per ticket.

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In our ongoing effort to provide a premium sight and sound experience, 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 complete with transducers that allow the guest to "feel" the action. This second generation proprietary large screen format (PLF) takes the best of ETX and makes it better. We believe that the sight, sound, and aesthetic upgrades, including the power recliner, will command a premium ticket price that is higher than ETX. AMC Prime was introduced in three locations in 2013.

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Our tickets are currently on sale over the Internet at the AMC website, Fandango® and Movietickets.com®. During calendar 2013, our Internet ticketing services sold approximately 20.4 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 AMC Prime and ETX, enhanced food and beverage offerings and our premium seating as deployed throughout our circuit on December 31, 2013:

Format	Theatres	Screens
Digital	335	4,852
3D enabled	335	2,232
IMAX (3D enabled)	144	145
AMC Prime/ETX (3D enabled)	17	17
Dine-in theatres	11	182
Premium seating	35	396

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

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

Recliner re-seats are the key feature of full theatre renovations. These exhaustive theatre renovations involve stripping theatres to their basic structure in order to replace finishes throughout, upgrade the sight and sound experience, install modernized points of sale and, most importantly, replace traditional theatre seats with plush, electric recliners that allow customers to deploy a leg rest

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and fully recline at the push of a button. The renovation process typically involves losing 64% seating capacity. In the process of doing a re-seat, where three rows of seats may have existed in the past, only one will exist now and as the recliners are typically six to ten inches wider than a conventional seat, more seats are lost. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving, on average, a 80% increase in attendance at these locations. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. Starting with one 12-screen theatre a little over two years ago, as of December 31, 2013 we now feature recliners re-seats in 35 theatres or 396 screens. During 2014, we expect to convert an additional 15 to 20 locations.

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

Open-source internet ticketing makes all our seats (over 915,000) in all our theatres and auditoriums for all our showtimes (approximately 21,000 per day) as available as possible, on as many websites as possible. This is a significant departure from the prior ten-year practice, when tickets to any one of our buildings were only available on one website. In the two years since we exercised our right to end exclusive contracts, internet tickets sold as a percentage of total tickets sold has increased significantly from approximately 5.5% to 10.3%. 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 63 of our busiest theatres, allows our customers to choose a specific seat in advance of the movie. We believe that knowing there is a specifically chosen seat waiting for a show that promises to be a sellout is comforting to our customers, and removes anxiety around the experience. We believe reserved seating will become increasingly prevalent to the point of being a pre-requisite in the medium-term future.

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

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

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®,

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which puts our customers in charge with over 120 drink flavor options in a compact footprint. AMC's operational excellence and history of innovation allowed us first-mover advantage on this new technology, which today is deployed in 65 of our theatres and, we anticipate, will be in all of our circuit by mid-2015. We find that when customers are allowed to browse and choose, overall satisfaction goes up and they spend more. Our food and beverage revenues per patron ("FBPP") improves on average \$0.14 when a *Marketplace* is added to a theatre. We now operate 15 *Marketplaces* with plans to install as many as 5 to 10 more in 2014.

MacGuffins Bar & 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, 2013, we have deployed 55 *MacGuffins*, and with their impressive average, incremental FBPP of \$0.30, we are moving quickly to install an additional 15 to 20 *MacGuffins* during 2014. Due to our success in operating *MacGuffins*, we believe we can leverage our substantial experience when it comes to permitting, installing and commissioning these improvements.

At the top of the scale are our *Dine-In Theatres*. *Dine-In Theatres* are full restaurant operations, giving our customers the ultimate dinner-and-a-movie experience all at a single seat. Compressing by almost half what would otherwise be a four or five hour, multi-destination experience, young people and adults alike are afforded a huge convenience, which puts the idea of going to a movie much more in play. We currently operate 11 *Dine-In Theatres* in any combination of two formats: Cinema Suites, with a full chef-inspired menu and seat-side service in plush, mechanical recliners and Fork and Screens, with a casual menu in a more family-friendly atmosphere. At our eleven locations that were open prior to January 1, 2011, FBPP grew by 158% and revenues grew by 53%. Today, *Dine-In Theatres* represent 3% of our total theatres but generated 9% of our circuit-wide food and beverage revenues. We plan to add two to three *Dine-In Theatre* locations in 2014.

Building on the success of our full-service *Dine-In Theatres*, we are under construction with an emerging concept, *AMC Red Kitchen*. *AMC Red Kitchen* emphasizes freshness, speed and convenience. Customers place their orders at a central station and the order is delivered to our customers at their reserved seat. *AMC Red Kitchen* was developed in conjunction with Union Square Events (a division of Union Square Hospitality Group). Like our other food and beverage concepts, we believe that *AMC Red Kitchen* will become an important part of our toolkit. We plan to add one to two *AMC Red Kitchen* locations in 2014.

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

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

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

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

AMC Stubs® is the industry's first program of its kind. Fee-based (consumers pay \$12/year to belong), it rewards loyalists with in-theatre value (\$10 for every \$100 spent) instead of hard to track "points". The program is fully automated and user-friendly from a customer perspective. As of December 31, 2013 we had 2.6 million member households, which represent approximately 20% of our total weekly box office revenues. Transaction data from this loyal customer base are mined for consumer insights that are used to develop targeted, relevant customer offers, leading to increased attendance and sales. The program increases switching costs (the negative monetary (annual fee) and psychological (lost reward potential) costs associated with choosing a competitive theatre exhibitor), especially for those patrons located near competitors' theatres. We believe that increased switching costs, dissuade customers from choosing a competitor's theatre and lead to higher loyalty.

Our www.amctheatres.com state-of-the-art website leverages adaptive technology that optimizes the users' experience regardless of platform (phone, tablet, laptop, etc.) and has nearly 9.75 million visits per month, with peak months over 13.7 million, generating up to almost 300 million page visits per year. The website generates ticket sales and higher conversion rates by simplifying customers' purchasing decision and process.

The *AMC mobile apps*, available for iOS, Android and Windows devices, have been downloaded nearly 2.5 million times since launch, generating almost a half million sessions per week. This convenient way to purchase tickets also features *Enhanced Maps*, which allows customers to browse for their nearest AMC theatre or favorite AMC theatre amenity, *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', recently at 4.45 million and growing, are more than all our peer competitors counts combined. We are similarly engaged on Twitter (over 230,000 followers), Pinterest (6,000 followers), Instagram (14,000 followers) and YouTube (136,000 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 & 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, 2013, our conversion to these digital systems is substantially complete and 4,852, or 98%, of our screens employ state-of-the-art Sony 4K or similar digital projectors. Importantly, the digital conversions enabled 3D exhibition, and as of December 31, 2013, 2,377 screens (48% of total) are so enabled with at least one 3D enabled screen in 97% of our locations.

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In sight and sound, we believe that size is critical in our customers' decision-making. Consistent with this belief, we are the world's largest IMAX exhibitor, with 145 screens, all 3D-enabled, with nearly twice the screen count of our closest competitor and representing a 45% market share in the United States (as of December 31, 2013). In addition, we currently have our own private label large format, marketed as ETX, in 14 locations (also all 3D enabled) and have recently introduced AMC Prime in three locations. Combined, these 162 screens represent only 3% of our total screens and 8% of our total box office revenues.

The premium sight and sound experiences 3D, ETX and IMAX give our customers more options and earn incremental pricing from our customers. On average, pricing premiums currently amount to \$4.34 per patron, driving better economics for us and the Hollywood studios while also delivering our audience a superior experience. For context, box office gross profit for patron on premium formats averages 15% more than gross profit per patron for conventional 2D formats. We anticipate increasing our premium large-format screen count by 5 to 10 screens in 2014.

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

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

Increasingly, we are playing movies and other content originating from more sources. We believe that as diversity grows in the United States, the ability to adapt and target programming for a fragmented audience will grow increasingly critical. We believe this is something we already do very well. As measured by an Insight Strategy Group survey conducted November 2011, approximately 51% of our audience was Latino or African American. Latino families are Hollywood's, and our, best customers. They go to the movies 6.4x per year (56% more than average), and 65% of Latinos live within 20 miles of an AMC theatre.

For movies targeted at these diverse audiences, we frequently experience attendance levels greater than our average, national market share. For example, AMC recently captured 28% market share of the 2013 Spanish-titled movie *Instructions Not Included*. AMC produced a box office of over \$9 million and an average market share for AMC over 23% during the twelve months ended December 31, 2013 for independent films made for African American audiences. Additionally, during the twelve months ended December 31, 2013, we exhibited 84 Bollywood movies in 61 theatres capturing an above average 40% market share and generating \$11.4 million in box office revenues. Given the population growth patterns from the last US census, we believe that our ability to effectively serve these communities will help strengthen our competitive position.

Through AMC Independent, we have also reached into the independent (or "indie") production and distribution community. Growing quickly, from its inception three years ago, we played 222 films during the twelve months ended December 31, 2013 from this very creative community, generating \$47 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 an effort to grow our

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sources of content and provide access to our screens for content that may not otherwise find its way there.

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

Our Competitive Strengths

We believe we have the following competitive strengths:

Leading Market Share in Important, Affluent & Diverse Markets Across the country's three biggest metropolitan markets New York, Los Angeles and Chicago, representing 18% of the country's total box office we hold a 36% combined market share. We have theatres located in 24 of the top 25 U.S. markets, holding the #1 or #2 position in 20 of those markets based on box office revenue. On any given weekend, half of the top ten theatres for the #1 opening movie title in the United States are AMC theatres. We believe our strong presence in these top markets makes our theatres highly visible and therefore strategically more important to content providers, who rely on the large audiences and marketing momentum provided by major markets to drive opinion-making and deliver a movie's overall box office results.

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

Well Located, Highly Productive Theatres Our theatres are generally located in the top retail centers across the United States. We believe this provides for long-term visibility and higher productivity, and is a key element in the success of our Enhanced Food & Beverage and More Comfort & Convenience initiatives. Our location strategy, combined with our strong major market presence and our focus on a superior customer experience, enable us to deliver industry-leading theatre-level productivity. During the twelve months ended December 31, 2013, eight of the ten highest grossing theatres in the United States were AMC theatres. During the same period our average total revenues per theatre were \$8.1 million. This per unit productivity is important not only to content providers, but also to developers and landlords, for whom per location and per square foot sales numbers are critical measures. The net effect is a close relationship with the commercial real estate community, which gives us first-look and preferred tenant status on emerging opportunities.

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

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

Substantial Operating Cash Flow For the year ended December 31, 2013, the period from August 31, 2012 to December 31, 2012, the period from March 30, 2012 through August 30, 2012 and the fiscal year ended March 29, 2012 our net cash provided by operating activities totaled \$357.3 million, \$73.9 million, \$76.3 million and \$137.0 million, respectively. We believe that our strategic initiatives, highly productive theatre circuit and continued focus on cost control will enable us to generate sufficient cash flow provided by operating activities to 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 Gerardo (Gerry) Lopez, President and Chief Executive Officer, has the expertise that will be required to transform movie-going from a commodity to a differentiated entertainment experience. A dynamic and balanced team of executives combines long-tenured leaders in operations, real estate and finance who contributed to building AMC's hard earned reputation for operations excellence with creative entertainment and restaurant industry executives in marketing, programming and food & beverage who bring to AMC business acumen and experience that support innovation in theatrical exhibition.

In connection with our IPO, we implemented a significant equity based compensation plan that intends to align management's interests with those of our shareholders and will provide additional retention incentives.

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 20,600 AMC associates, constitute an essential strength of our Company. They strive to make movie-going experiences at AMC always a treat. Our auditoriums offer clear and bright projection, our food is hot and our drinks are cold. Our doors, lobbies, hallways and bathrooms are clean and we select and train our people to make smiles happen. We create events and want our customers to always feel special at an AMC theatre. This is an experience delivered almost 200 million times a year.

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

Key Strategic Shareholder In August 2012, Holdings was acquired by Wanda, one of the largest, privately-held conglomerates in China and post IPO remains our single largest shareholder with a 77.87% 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 & beverage, lighting and theatre supply vendors, and to expand our strategic partnership with IMAX. Wanda and AMC are also working together to offer Hollywood studios and other production companies valuable access to

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our industry-leading promotion and distribution platforms, with the goal of gaining greater access to content and playing a more important role in the industry going forward. Wanda is controlled by its chairman, Mr. Jianlin Wang.

Film Licensing

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

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

North American film distributors typically establish geographic film licensing zones and 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, 2013, approximately 93% 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 either aggregate terms established prior to the opening of the picture or on a mutually agreed settlement upon the conclusion of the picture run. Under an aggregate terms formula, we pay the distributor a specified percentage of box office receipts or pay based on a scale of percentages tied to different amounts of box office gross. The settlement process allows for negotiation based upon how a film actually performs.

There are several distributors which provide a substantial portion of quality first-run motion pictures to the exhibition industry. These include Paramount Pictures, Twentieth Century Fox, Warner Bros. Distribution, Buena Vista Pictures (Disney), Sony Pictures Releasing, Universal Pictures, and Lionsgate. Films licensed from these distributors accounted for approximately 85% of our admissions revenues for the year ended December 31, 2013. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's motion pictures in any given year. In calendar 2013, our largest single distributor accounted for 17.2% of our box office admissions.

Food & Beverage

Food & beverage sales are our second largest source of revenue after box office admissions. Food & beverage items include popcorn, soft drinks, candy, hot dogs, premium food & beverage items, specialty drinks (including premium beers, wine and mixed drinks), healthy choice items and made to order hot foods including menu choices such as curly fries, chicken tenders and mozzarella sticks. Different varieties of food & beverage items are offered at our theatres based on preferences in that particular geographic region. As of December 31, 2013, we have implemented dine-in theatre concepts at 11 locations, which feature full kitchen facilities, seat-side servers and a separate bar and lounge area.

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

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

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

Employees

As of December 31, 2013, we employed approximately 900 full-time and 19,700 part-time employees. Approximately 52% of our U.S. theatre associates 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 advanced from 2011 to 2013. Calendar year 2013 was, in fact, the industry's best ever, in terms of revenues, with box office revenues of \$10.9 billion (0.8% growth over 2012), and with over 1.3 billion admissions in the U.S. and Canada.

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

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 & Beverage Kiosks, Marketplaces, Coke Freestyle, MacGuffins* or *Dine-in Theatres*), more comfort and convenience (recliner re-seats, open-source internet ticketing, reserved seating), engagement and loyalty (*AMC Stubs*, open-source internet ticketing, mobile apps, social media) or sight and sound (digital projectors, 3D, our own AMC Prime and ETX format 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. As this transition accelerates, we believe movie exhibition's attraction as an investment will grow.

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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
2013	\$ 10,921	1,343	\$ 8.13	5,281	39,264
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
2005	8,841	1,379	6.41	5,713	37,040

According to the most recently available information from NATO, there are approximately 1,359 companies competing in the U.S./Canada theatrical exhibition industry, approximately 669 of which operate four or more screens. Industry participants vary substantially in size, from small independent operators to large international chains. Based on information obtained from Rentrak, we believe that the four largest exhibitors (in terms of box office revenue) generated approximately 62% of the box office revenues in 2013. This statistic is up from 35% in 2000 and is evidence that the theatrical exhibition business in the United States has 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.

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

Regulatory Environment

The distribution of motion pictures is, in large part, regulated by federal and state antitrust laws and has been the subject of numerous antitrust cases. The consent decrees, resulting from one of those cases to which we were not a party, have a material impact on the industry and us. Those consent

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decrees bind certain major motion picture distributors and require the motion pictures of such distributors to be offered and licensed to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis.

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

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

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

Significant Acquisitions and Dispositions

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

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

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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(d) Financial Information About Geographic Areas

For information about the geographic areas in which we operate, see Note 17 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, 2013, revenues from our continuing theatre operations outside the United States accounted for less than 1% of our total revenues. There are significant differences between the theatrical exhibition industry in the United States and in these international markets.

(e) 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 14, 2014:

Name	Age	Position(s) Held
Gerardo I. Lopez	54	Chief Executive Officer, President and Director (Holdings and AMCE)
Craig R. Ramsey	62	Executive Vice President and Chief Financial Officer (Holdings and AMCE)
Elizabeth Frank	44	Executive Vice President, Chief Content & Programming Officer (Holdings and AMCE)
John D. McDonald	56	Executive Vice President, U.S. Operations (Holdings and AMCE)
Mark A. McDonald	55	Executive Vice President, Global Development (Holdings and AMCE)
Stephen A. Colanero	47	Executive Vice President and Chief Marketing Officer (Holdings and AMCE)
Kevin M. Connor	51	Senior Vice President, General Counsel and Secretary (Holdings and AMCE)
Chris A. Cox	48	Senior Vice President and Chief Accounting Officer (Holdings and AMCE)
Christina Sternberg	42	Senior Vice President, Corporate Strategy and Communications (Holdings and AMCE)
Carla Sanders	48	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.

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

Mr. Craig R. Ramsey has served as Executive Vice President and Chief Financial Officer of AMC since April 2002. 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.

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

Mr. John D. McDonald has served as Executive Vice President, U.S. Operations of 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.

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

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1994 to January 2006. Mr. Colanero holds a B.S. degree in Accounting from Villanova University and a M.B.A. in Marketing and Strategic Management from The Wharton School at the University of Pennsylvania.

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

Mr. Chris A. Cox has served as Senior Vice President and Chief Accounting Officer of 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. Christina Sternberg has served as Senior Vice President, Corporate Strategy and Communications of AMC since August 2012. Previously, Ms. Sternberg served as Senior Vice President, Design, Construction and Development from December 2009 to August 2012. Ms. Sternberg served as Senior Vice President, Domestic Development from July 2009 to August 2012. Ms. Sternberg served as Senior Vice President, Design, Construction and Facilities from April 2009 to July 2009. Ms. Sternberg served as Vice President, Design, Construction and Facilities of AMC from April 2005 to April 2009. Ms. Sternberg began her career at AMC in 1998 as a controller. Ms. Sternberg is a member of the International Council of Shopping Centers and the Urban Land Institute. Ms. Sternberg holds a B.S. from the University of California-Davis and an MBA from the Kellogg School of Management at Northwestern University. Ms. Sternberg is a member of the National Association of Theatre Owners Advisory Board of Directors.

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 currently a board member for the Quality Hill Playhouse and Big Brothers Big Sisters of Kansas City. Ms. Sanders has 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

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favorable licensing terms for first-run films or to obtain licenses at all. With only 7 distributors representing approximately 85% of the U.S. box office in 2013, there is a high level of concentration in the industry. Our business may be adversely affected if our access to motion pictures is limited or delayed because of deterioration in our relationships with one or more distributors or for some other reason. To the extent that we are unable to license a popular film for exhibition in our theatres, our operating results may be adversely affected.

We depend on motion picture production and performance.

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

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

We have a significant amount of debt, all of which is debt of our subsidiaries. As of December 31, 2013, we had outstanding \$2,195.0 million of indebtedness (\$2,093.7 million face amount), which consisted of \$767.5 million under our Senior Secured Credit Facility (\$769.2 million face amount), \$647.7 million of our senior notes (\$600.0 million face amount), \$655.3 million of our existing subordinated notes (\$600.0 million face amount), \$8.3 million promissory note and \$116.2 million of existing capital and financing lease obligations, and \$138.5 million would have been available for borrowing as additional senior debt under our Senior Secured Credit Facility. As of December 31, 2013, we also had approximately \$3.7 billion of undiscounted rental payments under operating leases (with initial base terms generally between 15 to 20 years). The amount of our indebtedness and lease and other financial obligations could have important consequences to you. For example, it could:

increase our vulnerability to general adverse economic and industry conditions;

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

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

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

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

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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 re-seats, enhanced food & beverage and premium sight & sound, require significant capital expenditures to implement. Our net capital expenditures aggregated approximately \$260.8 million for the year ended December 31, 2013 and \$72.8 million and \$40.1 million during the period August 31, 2012 through December 31, 2012 and the period March 30, 2012 through August 30, 2012, respectively. We estimate that our gross cash outflows for capital expenditures will be approximately \$245.0 million for the year ending December 31, 2014. 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, and the year ended 2013, 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, and \$364.4 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, 2013, we had federal income tax loss carryforward of \$619.2 million and estimated state income tax loss carryforward of \$405.5 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 2016 and will completely expire in 2031. Our state tax loss carryforwards may be used over various periods ranging from 1 to 20 years.

We have experienced numerous "ownership changes" within the meaning of Section 382(g) of the Internal Revenue Code of 1986, as amended, including the Merger. These ownership changes have and

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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 and downloads via the Internet. We also compete for the public's leisure time and disposable income with other forms of entertainment, including sporting events, amusement parks, live music concerts, live theatre and restaurants. An increase in the popularity of these alternative film delivery methods and other forms of entertainment could reduce attendance at our theatres, limit the prices we can charge for admission and materially adversely affect our business and results of operations.

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

Over the last decade, the average video release window, which represents the time that elapses from the date of a film's theatrical release to the date a film is available on DVD or similar on-demand release, an important downstream market, has decreased from approximately six months to approximately three to four months. If patrons choose to wait for a DVD release rather than attend a theatre for viewing the film, it may adversely impact our business and results of operations, financial condition and cash flows. Within the last two years, several major film studios have tested premium video-on-demand products released in homes approximately 60 days after a movie's theatrical debut,

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which threatened the length of the release window. We cannot assure you that this release window, which is determined by the film studios, will not shrink further or be eliminated altogether, which could have an adverse impact on our business and results of operations.

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

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

incur or guarantee additional indebtedness;

pay dividends or make other distributions to our stockholders;

make restricted payments;

incur liens;

engage in transactions with affiliates; and

enter into business combinations.

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

Although the indentures for our notes contain a fixed charge coverage test that limits our ability to incur indebtedness, this limitation is subject to a number of significant exceptions and qualifications. Moreover, the indentures do not impose any limitation on our incurrence of 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 28.6% of our revenues in calendar 2013, 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

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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. As a result, we may not be able to succeed in acquiring other exhibition companies or we may have to dispose of a significant number of theatres in key markets in order to complete such acquisitions.

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

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

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

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

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

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

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

In addition, the improvement of our existing theatres through our enhanced food and beverage and recliner re-seat initiatives is subject to substantial risks, such as difficulty 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;

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the risks of entering markets in which we have little or no experience;

the potential impairment of relationships with employees;

the possibility that any liabilities we may incur or assume may prove to be more burdensome than anticipated; and

the possibility that the acquired theatres do not perform as expected.

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

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

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

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

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

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and results of operations.

Our investment in and revenues from 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

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adversely affected and our investment in and revenues and dividends from NCM may be adversely impacted.

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

The opening of new theatres by us and certain of our competitors has drawn audiences away from some of our older theatres. In addition, demographic changes and competitive pressures have caused some of our theatres to become unprofitable. Since not all theatres are appropriate for our new initiatives, we may have to close certain theatres or recognize impairment losses related to the decrease in value of particular theatres. We review long-lived assets, including intangibles, marketable securities and non-consolidated entities for impairment as part of our annual budgeting process and whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. We recognized non-cash impairment losses in 1996 and in each fiscal year thereafter except for 2005, the Transition Period and calendar 2013. Our impairment losses of long-lived assets from continuing operations over this period aggregated to \$298.1 million. Beginning fiscal 1999 through December 31, 2013, we also incurred theatre and other closure expenses, including theatre lease termination charges aggregating approximately \$144.4 million. Deterioration in the performance of our theatres could require us to recognize additional impairment losses and close additional theatres, which could have an adverse effect on the results of our operations. We continually monitor the performance of our theatres, and factors such as changing consumer preferences for filmed entertainment in international markets and our inability to sublease vacant retail space could negatively impact operating results and result in future closures, sales, dispositions and significant theatre and other closure charges prior to expiration of underlying lease agreements.

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

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

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

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

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

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We own and operate facilities throughout the United States and are subject to the environmental laws and regulations of those jurisdictions, particularly laws governing the cleanup of hazardous materials and the management of properties. We might in the future be required to participate in the cleanup of a property that we own or lease, or at which we have been alleged to have disposed of hazardous materials from one of our facilities. In certain circumstances, we might be solely responsible for any such liability under environmental laws, and such claims could be material.

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

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 expect that our first dividend will be with respect to the first quarter of 2014. 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 payments covenants in our debt instruments will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control. In addition, dividend payments are not mandatory or guaranteed, and our board of directors may never declare a dividend, decrease the level of dividends or entirely discontinue the payment of dividends. We may not pay dividends as a result of the following additional factors, among others:

we are not legally or contractually required to pay dividends;

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

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

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

the indentures governing our debt securities,

the terms of our Senior Secured Credit Facility, and

the terms of any other outstanding or future indebtedness incurred by us or any of our subsidiaries;

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

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

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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 \$528.7 million as of December 31, 2013. As a result of the foregoing limitations on our ability to make distributions, we cannot assure you that we will be able to make all of our intended quarterly dividend payments.

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

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. Provided the holders comply with the applicable volume limits and other conditions prescribed in Rule 144 under the Securities Act, all of these restricted securities are currently freely tradeable. The SEC adopted revisions to Rule 144 that, among other things, shorten the holding period applicable to restricted securities under certain circumstances from one year to six months.

We and our officers and directors have agreed that, for a period of 180 days from December 17, 2013, and Wanda has agreed that for a period of 365 days from the same date, we and they will not, without the prior written consent of Citigroup Global Markets Inc. ("Citigroup") and Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") dispose of or hedge any shares or any securities convertible into or exchangeable for our common stock, subject to certain exceptions. Citigroup and Merrill Lynch in their sole discretion may release any of the securities subject to these lock-up agreements at any time, which, in the case of officers and directors, shall be with notice. Following the expiration of the applicable lock-up period, all these shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144.

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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's interests may not be aligned with our public stockholders'.

Our Class B common stock has three votes per share, and our Class A common stock, which is the publicly traded stock, has one vote per share. As of December 31, 2013, Wanda owns approximately 75,826,927 shares of Class B common stock, or 77.87% of our outstanding common stock, representing approximately 91.35% 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 supervoting rights of our Class B common stock and other anti-takeover protections in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage or prevent a takeover of our Company, even if an acquisition would be beneficial to our stockholders.

Provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as amended, as well as provisions of the Delaware General Corporation Law (the "DGCL") and the supermajority rights of our Class B common stockholder, could delay or make it 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 or Wanda, in the case of a vacancy of a Wanda board designee, to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;

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

the inability of stockholders to call special meetings.

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

Our incorporation under Delaware law, the ability of our board of directors to create and issue a new series of preferred stock or a stockholder rights plan and certain other provisions of our amended and restated certificate of incorporation and amended and restated bylaws could impede a merger, takeover or other business combination involving 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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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, 2013:

Property Holding Classification	Theatres	Screens
Owned	18	169
Leased pursuant to ground leases	6	73
Leased pursuant to building leases	314	4,644
Total	338	4,886

Our theatre leases generally have initial terms ranging from 15 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 & beverage, seating and other equipment required for each of our theatres are owned. The majority of our digital projection equipment is leased from DCIP.

Please refer to page 6 for the geographic locations of our Theatrical Exhibition circuit as of December 31, 2013. See Note 5 Property to the audited Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Item 3. Legal Proceedings.

Pursuant to Rule 12b-23 under the Securities Exchange Act of 1934, as amended, 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 14 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.

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

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.

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 2013	
	High	Low
Fourth Quarter (December 18, 2013 - December 31, 2013)	\$ 20.72	\$ 18.81

On February 14, 2014, there were approximately 60 stockholders of record of our Class A common Stock and one stockholder of record of our Class B common Stock. Prior to December 18, 2013, there was no established public trading market for our common stock.

Temporary Equity

Certain members of management have the right to require Holdings to purchase the Class A common stock held by them pursuant to the terms of a stockholders agreement. Beginning on January 1, 2016 (or upon the termination of a management stockholder's employment by us without cause, by the management stockholder for good reason, or due to the management stockholder's death or disability) management shareholders will have the right, in limited circumstances, to require Holdings to purchase shares of Holdings 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, combinations and the like. The Class A common stock is classified as temporary equity, apart from permanent equity, as a result of the contingent redemption feature contained in the stockholder agreement.

The Company determined the amount reflected in temporary equity for the Class A common stock held by such members of management based on the price paid per share by the management shareholders and Wanda at the date of the Merger.

Dividend Policy

No dividends were paid during calendar year 2013. Subject to legally available funds, we intend to pay a quarterly cash dividend at an annual rate initially equal to approximately \$0.79 per share (or a quarterly rate initially equal to approximately \$0.20 per share) of Holdings' Class A and Class B common stock. We expect that our first dividend will be with respect to the first quarter of 2014. 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 our Senior Secured Credit Facility and the indentures governing our subsidiaries' debt securities. In addition, our ability to pay dividends to our stockholders will be subject to the terms of our indebtedness. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources included elsewhere in this Annual Report on Form 10-K for additional information regarding our ability to pay dividends. The declaration and

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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.

Unregistered Sales of Equity Securities and Use of Proceeds

Sale of Unregistered Securities

On August 30, 2012, Holdings sold 1,434,736 of its then existing Class A common stock to Wanda America Investment Holding Co. Ltd for aggregate consideration of \$750.0 million, including \$50.0 million capital contribution. On August 30, 2012, Holdings sold 3,497 shares of its then existing Class N Common stock to certain members of management for \$517.2 per share. On September 27, 2012, Holdings sold 96,688 of its then existing Class A common stock to Wanda America Investment Holding Co. Ltd for aggregate consideration of \$50.0 million. These transactions were exempt from registration pursuant to Section 4(2) of the Securities Act, as they were transactions by an issuer that did not involve a public offering of securities. The transactions described above are sales of Holdings' common stock prior to the reclassification of Holdings' Class A common stock and Class N common stock on December 17, 2013 (the "Reclassification"). See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations The Reclassification".

In connection with the Reclassification, Holdings issued 173,147 shares of its Class A common stock and 75,826,927 shares of its Class B common stock to holders of common stock of Holdings. This transaction was effected without registration under the Securities Act in reliance on the exemption from registration provided under Section 4(2) promulgated thereunder.

Initial Public Offering

On December 17, 2013, Holdings' registration statement on Form S-1 (File No. 333-190904) was declared effective by the Securities and Exchange Commission. Citigroup and Merrill Lynch acted as joint book-running managers. The IPO commenced as of December 17, 2013 and did not terminate before all of the securities registered in the registration statement were sold. 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 \$355.3 million after deducting underwriting discounts and commissions of approximately \$19.9 million and offering expenses of approximately \$3.7 million. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates. The net proceeds of approximately \$355.3 million were contributed to AMCE, and AMCE used a portion of the proceeds (approximately \$137 million) to fund the tender offer for its 8.75% Senior Fixed Rate Notes due 2019. Holdings intends to use the remaining proceeds to retire outstanding indebtedness or for general corporate purposes, including capital expenditures. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations Significant Events".

Issuer Purchase of Equity Securities

Holdings purchased 32,684 shares of Class A common stock treasury stock of \$588,000 on December 17, 2013. As a result of the IPO, members of management incurred a tax liability associated with Holdings' common stock owned since the date of the Merger. Management elected to satisfy \$588,000 of the tax withholding obligation by tendering 32,684 shares of Class A common stock to Holdings. See "Temporary Equity" section above for further information.

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Item 6. Selected Financial Data.

	Years Ended(1)					
	12 Months Ended December 31, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)	52 Weeks Ended April 1, 2010 (Predecessor)
(In thousands, except operating data)						
Statement of Operations Data:						
Revenues:						
Admissions	\$ 1,847,327	\$ 548,632	\$ 816,031	\$ 1,721,295	\$ 1,644,837	\$ 1,659,549
Food and beverage	786,912	229,739	342,130	689,680	644,997	627,235
Other revenue	115,189	33,121	47,911	111,002	72,704	71,021
Total revenues	2,749,428	811,492	1,206,072	2,521,977	2,362,538	2,357,805
Operating Costs and Expenses:						
Film exhibition costs	976,912	291,561	436,539	916,054	860,470	901,076
Food and beverage costs	107,325	30,545	47,326	93,581	79,763	69,164
Operating expense(2)	726,641	230,434	297,328	696,783	691,264	588,365
Rent	451,828	143,374	189,086	445,326	451,874	419,227
General and administrative:						
Merger, acquisition and transactions costs	2,883	3,366	4,417	3,958	16,838	2,578
Management fee			2,500	5,000	5,000	5,000
Other(3)	97,288	29,110	27,023	51,495	58,157	58,274
Depreciation and amortization	197,537	71,633	80,971	212,817	211,444	186,350
Impairment of long-lived assets				285	12,779	3,765
Operating costs and expenses	2,560,414	800,023	1,085,190	2,425,299	2,387,589	2,233,799
Operating income (loss)	189,014	11,469	120,882	96,678	(25,051)	124,006
Other expense (income)	(1,415)	49	960	1,965	42,687	(74,202)
Interest expense:						
Corporate borrowings	129,963	45,259	67,614	172,159	177,459	168,439
Capital and financing lease obligations	10,264	1,873	2,390	5,968	6,198	5,652
Equity in (earnings) losses of non-consolidated entities	(47,435)	2,480	(7,545)	(12,559)	(17,178)	(30,300)
Gain on NCM transactions					(64,441)	
Investment expense (income)(4)	(2,084)	290	(41)	17,619	(484)	(286)
Earnings (loss) from continuing operations before income taxes	99,721	(38,482)	57,504	(88,474)	(169,292)	54,703
Income tax provision (benefit)(5)	(263,383)	3,500	2,500	2,015	1,950	(36,300)
Earnings (loss) from continuing operation	363,104	(41,982)	55,004	(90,489)	(171,242)	91,003
Earnings (loss) from discontinued operations, net of income tax provision(6)	1,296	(688)	35,153	(3,609)	(3,062)	(11,092)
Net earnings (loss)	\$ 364,400	\$ (42,670)	\$ 90,157	\$ (94,098)	\$ (174,304)	\$ 79,911

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Basic earnings (loss) per share:

Earnings (loss) from continuing operations	\$	4.74	\$	(0.56)	\$	0.87	\$	(1.43)	\$	(2.70)	\$	1.44
Earnings (loss) from discontinued operations		0.02		(0.01)		0.55		(0.06)		(0.05)		(0.18)

Basic earnings (loss) per share	\$	4.76	\$	(0.57)	\$	1.42	\$	(1.49)	\$	(2.75)	\$	1.26
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Average shares outstanding-Basic		76,527.26		74,987.96		63,335.34		63,335.34		63,324.44		63,324.44
Diluted earnings (loss) per share:												
Earnings (loss) from continuing operations	\$	4.74	\$	(0.56)	\$	0.86	\$	(1.43)	\$	(2.70)	\$	1.43
Earnings (loss) from discontinued operations		0.02		(0.01)		0.55		(0.06)		(0.05)		(0.17)

Diluted earnings (loss) per share	\$	4.76	\$	(0.57)	\$	1.41	\$	(1.49)	\$	(2.75)	\$	1.26
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Average shares outstanding-Diluted		76,527.26		74,987.96		63,715.11		63,335.34		63,324.44		63,448.23
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(In thousands, except operating data)	Years Ended(1)					
	From Inception		March 30,		52 Weeks	
	August 31,		2012		52 Weeks	
	12 Months	2012	through	through	Ended	Ended
	Ended	through	December 31,	August 30,	March 29,	March 31,
	December 31,	December 31,	2012	2012	2012	2011
	2013	2012				2010
	(Successor)	(Successor)	(Predecessor)	(Predecessor)	(Predecessor)	(Predecessor)
Balance Sheet Data (at period end):						
Cash and equivalents	\$ 546,454	\$ 133,071		\$ 277,605	\$ 417,408	\$ 611,593
Corporate borrowings	2,078,811	2,078,675		2,146,534	2,312,108	2,271,914
Other long-term liabilities	370,946	433,151		426,829	432,439	309,591
Capital and financing lease obligations	116,199	122,645		62,220	65,675	57,286
Stockholders' equity	1,507,470	766,774		157,601	265,949	439,542
Total assets	5,046,724	4,273,838		3,640,267	3,855,954	3,774,912
Other Data:						
Net cash provided by operating activities	\$ 357,342	\$ 73,892	\$ 76,372	\$ 137,029	\$ (16,168)	\$ 198,936
Capital expenditures	(260,823)	(72,774)	(40,116)	(139,359)	(129,347)	(97,011)
Screen additions	12			12	14	6
Screen acquisitions	37	166			960	
Screen dispositions	29	15	31	106	359	105
Construction openings (closures), net	(32)	18	(18)			
Average screens continuing operations(7)	4,859	4,732	4,742	4,811	4,920	4,319
Number of screens operated	4,976	4,988	4,819	4,868	4,962	4,347
Number of theatres operated	345	344	333	338	352	289
Screens per theatre	14.4	14.5	14.5	14.4	14.1	15.0
Attendance (in thousands) continuing operations(4)	199,270	60,336	90,616	194,205	188,810	194,155

- (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.
- 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 consolidated financial statements presented herein are those of Successor from its inception on August 31, 2012 through December 31, 2013, and those of Predecessor for all periods prior to the Merger date. As a result of the application of "push down" accounting at the time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable.
- (2) Includes theatre and other closure expense for calendar 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012 and for fiscal years 2012, 2011, and 2010 of \$5,823,000, \$2,381,000, \$4,191,000, \$7,449,000, \$60,763,000, and \$2,573,000, respectively. In the fourth quarter of fiscal 2011, the Company permanently closed 73 underperforming screens in six theatre locations while continuing to operate 89 screens at these locations, and discontinued development of and ceased use of certain vacant and under-utilized retail space at four other theatres, resulting in a charge of \$55,015,000 for theatre and other closure expense.
- (3) During calendar 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 fiscal years 2012, 2011, and 2010 included annual incentive compensation expense of \$8,642,000, \$3,521,000, and \$12,236,000, respectively.
- (4) Investment expense (income) includes an impairment loss of \$1,370,000 and \$17,751,000 during calendar 2013 and fiscal 2012, respectively, related to the Company's investment in a marketable equity security.

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- (5) During calendar 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 11 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 includes earnings and losses from discontinued operations related to seven theatres in Canada and one theatre in the UK that were sold or closed in the Transition Period and 44 theatres in Mexico that were sold during fiscal 2009. During the 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 sales price adjustment was related to tax attributes of the theatres sold in Canada which were not determinable or probable of collection at the date of the sale.
- (7) Includes consolidated theatres only.

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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, breakage income from gift card and packaged tickets sales, on-line ticketing fees and arcade games located in theatre lobbies. As of December 31, 2013, we owned, operated or had interests in 345 theatres and 4,976 screens.

During the twelve months ended December 31, 2013, we opened one new theatre with a total of 12 screens and acquired four theatres with 37 screens in the U.S., permanently closed 4 theatres with 29 screens in the U.S., and temporarily closed 371 screens and reopened 339 screens in the U.S. to implement our strategy and install consumer experience upgrades.

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

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

Food and beverage sales are our second largest source of revenue after box office admissions. Food and beverage items traditionally include popcorn, soft drinks, candy and hot dogs. Different varieties of food and beverage items are offered at our theatres based on preferences in the particular geographic region. Our traditional food and beverage strategy emphasizes prominent and appealing 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.

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To address recent consumer trends, we are expanding our menu of enhanced food and beverage products to include made-to-order drinks and meals, customized coffee, healthy snacks, premium beers, wine and mixed drinks and other gourmet products. We plan to invest across a spectrum of enhanced food and beverage formats, ranging from simple, less capital-intensive food and beverage design improvements to the development of new dine-in theatre options to rejuvenate theatres approaching the end of their useful lives as traditional movie theatres and, in some of our larger theatres, to more efficiently monetize attendance. The costs of these conversions in some cases are partially covered by investments from the theatre landlord. We have successfully implemented our dine-in theatre concepts at 11 locations, which feature full kitchen facilities, seat-side servers and a separate bar and lounge area. Starting in 2014, we plan to invest an average of \$45,000,000 annually over the next five years in enhanced food and beverage offerings across approximately 200 theatres. Consistent with previous experience, we expect landlords to contribute an average of \$10,000,000 of capital annually to fund these projects.

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

During the 2013 calendar year, films licensed from our seven largest distributors based on revenues accounted for approximately 85% of our U.S. admissions revenues. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor's films in any given year.

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

We continually upgrade the quality of our theatre circuit by adding new screens through new builds (including expansions) and acquisitions, substantial upgrades to seating concepts, expansion of food and beverage offerings, including dine-in theatres, and by disposing of older screens through closures and sales. We are an industry leader in the development and operation of theatres. Typically, our theatres have 12 or more screens and offer amenities to enhance the movie-going experience, such as stadium seating providing unobstructed viewing, digital sound and premium seat design. Over the next five years starting in 2014, we intend to invest approximately \$600,000,000 in recliner re-seat conversions. Consistent with previous experience, we expect landlords will contribute an average of \$35,000,000 of capital annually to fund these projects.

Recliner re-seats are the key feature of full theatre renovations. These exhaustive theatre renovations involve stripping theatres to their basic structure in order to replace finishes throughout, upgrade the sight and sound experience, install modernized points of sale and, most importantly, replace traditional theatre seats with plush, electric recliners that allow customers to deploy a leg rest and fully recline at the push of a button. The renovation process typically involves losing 64% 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 80% 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.

As of December 31, 2013, we had 2,232 3D enabled screens, including Amc Prime/ETX 3D enabled screens, and 145 IMAX 3D enabled screens; approximately 48% of our screens were 3D

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enabled screens, including IMAX 3D enabled screens, and approximately 2.9% of our screens were IMAX 3D enabled screens. We are the largest IMAX exhibitor in the world with a 45% market share in the United States and each of our IMAX local installations is protected by geographic exclusivity. The following table identifies the upgrades to our theatre circuit during the periods indicated:

Format	Number of Screens As of December 31, 2013	Number of Screens As of December 31, 2012
Digital	4,852	4,428
3D enabled	2,232	2,234
IMAX (3D enabled)	145	134
AMC Prime/ETX (3D enabled)	17	15
Dine-in theatres	182	182
Premium seating	396	79
Stock-Based Compensation		

The Board of Directors approved awards of 10,004 shares of Holdings' Class A common stock, 244,016 restricted stock units ("RSUs"), and 244,016 performance stock units (based on target) ("PSUs") granted on January 2, 2014, to certain of our employees and directors under the 2013 Equity Incentive Plan. The fair value of the stock at the date of grant was \$20.18 per share and was based on the closing price of Holdings' stock on January 2, 2014. For the fully vested stock and RSU awards, we expect to recognize expense of approximately \$202,000 and \$2,328,000, respectively, during the three months ended March 31, 2014. For the RSU awards containing a performance target, assuming the performance condition is achieved, we will recognize expense of approximately \$2,596,000 over the performance and vesting period, in accordance with ASC 718-20-55-37, during the twelve months ended December 31, 2014. For the PSU awards containing a performance target, the awards vest ratably based on a scale ranging from 80% to 120% of the performance target with the vested amount ranging from 30% to 150%. Assuming attainment of the PSU performance target at 100%, we expect to recognize expense for these awards of approximately \$4,924,000 over the performance and vesting period, in accordance to ASC 718-20-55-37, during the twelve months ended December 31, 2014.

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

Upon the change of control as a result of the Merger, all of the stock options and restricted stock interests under both the amended and restated 2004 Stock Option Plan and the 2010 Equity Incentive Plan were cancelled and holders received payments aggregating approximately \$7,035,000. We had previously recognized stock-based compensation expense of \$3,858,000 related to these stock options and restricted stock interests. We did not recognize an expense for the remaining \$3,177,000 of unrecognized stock-based compensation expense. Our accounting policy for any cost triggered by the consummation of the Merger was to recognize the cost when the Merger was consummated. Accordingly, the unrecognized stock-based compensation expense for stock options and restricted stock interest has not been recorded in the Consolidated Statement of Operations for the Predecessor period since that statement depicts the results of operations just prior to consummation of the transaction. In addition, since the Successor period reflects the effects of push-down accounting, these costs have also not been recorded as an expense in the Successor period. However, the costs were reflected in the purchase accounting adjustments which were applied in arriving at the opening balances of the

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Successor. See Note 2 Merger included elsewhere in this Annual Report on Form 10-K for additional information.

Significant Events

On January 15, 2014, AMCE launched a cash tender offer and consent solicitation for any and all of its then outstanding 8.75% Senior Fixed Rate Notes due 2019 ("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 at 5:00 p.m. New York City time (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 were tendered from the Consent Date to the expiration date of the tender offer. The consents received exceeded the number needed to approve the proposed amendments to the indenture under which the Notes due 2019 were issued. On February 7, 2014, AMCE amended the indenture governing the Notes due 2019 to eliminate substantially all of the restrictive covenants and certain events of default and other related provisions. 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. AMCE expects to record a gain on extinguishment related to the cash tender offer and redemption of the Notes due 2019 of approximately \$4,383,000 in Other expense during the three months ended March 31, 2014.

On February 7, 2014, AMCE completed the offering of \$375,000,000 aggregate principal amount of its senior subordinated notes due 2022 (the "Notes due 2022") in a private offering. 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 Holdings' IPO, to pay the consideration and consent payments for the tender offer for the Notes due 2019, plus any accrued and unpaid interest and related transaction fees and expenses.

On February 7, 2014, in connection with the issuance of the Notes due 2022, AMCE entered into a registration rights agreement. Subject to the terms of the registration rights agreement, within 120 days after the issue date of the Notes due 2022, AMCE will file one or more registration statements pursuant to the Securities Act of 1933, as amended, relating to the having substantially identical terms Notes due 2022 as part of our offer to exchange freely tradable exchange notes, the Notes due 2022, and will use its commercially reasonable efforts to cause the registration statement to become effective within 210 days after the issue date. If AMCE fails to meet these requirements, a special interest rate will accrue on the principal amount of the Notes due 2022 at a rate of \$0.192 per week per \$1,000 principal amount to the date such failure has been cured.

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.

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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. AMCE used a portion of the proceeds (approximately \$137 million) to fund the tender offer for the Notes due 2019. We intend to use the remaining proceeds to retire outstanding indebtedness or for general corporate purposes, including capital expenditures. Wanda holds approximately 77.87% of Holdings' outstanding common stock and 91.35% of the combined voting power of Holdings' outstanding common stock as of December 31, 2013 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), the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions.

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 both the former Senior Secured Credit Facility terms loan due 2016 (the "Term Loan due 2016") and the term loans due 2018 (the "Term Loan due 2018"). The Senior Secured Credit Facility is comprised of a \$150,000,000 Revolving Credit Facility, which matures on April 30, 2018, and a \$775,000,000 term loan, which matures on April 30, 2020. The Term Loan due 2020 requires repayments of principal of 0.25% of the original principal amount, or \$1,937,500, per quarter, with the remaining principal payable upon maturity. The term loan was issued at a 0.25% discount which will be amortized to interest expense over the term of the loan. 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 during 2013. Concurrently with the Term Loan due 2020 borrowings on April 30, 2013, AMCE redeemed all of the outstanding Term Loan due 2016 and the Term Loan due 2018 at a redemption price of 100% of the outstanding aggregate principal balance of \$464,088,000 and \$296,250,000, respectively, plus accrued and unpaid interest. We recorded a net gain of approximately \$(130,000) in other expense (income) due to the Term Loan due 2016 premium write-off and the expense for the third-party costs in connection with the repurchase of the Term Loan due 2016 and the Term Loan due 2018 during the twelve months ended December 31, 2013. See Note 9 Corporate Borrowings and Capital and Financing Lease Obligations under Part II Item 8 of this Annual Report on Form 10-K for additional information concerning the new senior secured credit facility.

In December 2012, we completed the acquisition of 4 theatres and 61 screens from Rave Reviews Cinemas, LLC and 6 theatres and 95 screens from Rave Digital Media, LLC, (and together "Rave theatres"). The purchase price for the Rave theatres, paid in cash, was \$88,683,000, net of cash acquired, and is subject to working capital and other purchase price adjustments. Approximately \$881,000 of the total purchase price was paid during the twelve months ended December 31, 2013. For additional information about this acquisition, see Note 3 Acquisition to our Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K.

On November 15, 2012, we changed our fiscal year to a calendar year ending on December 31st of each year. Prior to the change, we had a ⁵²/₅₃ week fiscal year ending on the Thursday closest to the last day of March. All references to "fiscal year", unless otherwise noted, refer to the fifty-two week fiscal year, which ended on the Thursday closest to the last day of March. The consolidated financial statements include the transition period of March 30, 2012 through December 31, 2012 ("Transition Period").

On August 30, 2012, Wanda acquired Holdings through a merger between Holdings and Merger Subsidiary, an indirect subsidiary of Wanda, whereby Merger Subsidiary merged with and into Holdings with Holdings continuing as the surviving corporation and as an indirect subsidiary of Wanda. In

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connection with the change of control pursuant to the Merger, our assets and liabilities were adjusted to fair value on the closing date of the Merger by application of "push down" accounting. As a result of the application of "push down" accounting in connection with the Merger, our financial statement presentations herein distinguish between a predecessor period ("Predecessor"), for periods prior to the Merger, and a successor period ("Successor"), for periods subsequent to the Merger. The Successor applied "push down" accounting and its financial statements reflect a new basis of accounting that is based on the fair value of assets acquired and liabilities assumed as of the Merger date, August 30, 2012. As a result of the application of "push down" accounting at the time of the Merger, the financial statements for the Predecessor period and for the Successor period are presented on different bases and are, therefore, not comparable. See Note 2 Merger of the Notes to our Consolidated Financial Statements under Part II Item 8 of this Annual Report on Form 10-K.

In July and August of 2012, we sold 6 and closed 1 of our 8 theatres located in Canada. One theatre with 20 screens was closed prior to the end of the lease term and we made a payment to the landlord of \$7,562,000 to terminate this lease. Two theatres with 48 screens were sold under an asset purchase agreement to Empire Theatres Limited and 4 theatres with 86 screens were sold under a share purchase agreement to Cineplex, Inc. During the period of March 30, 2012 through August 30, 2012, the total net proceeds we received from these sales were approximately \$1,472,000, and are subject to purchase price adjustments. The operations of these 7 theatres have been eliminated from our ongoing operations. We do not have any significant continuing involvement in the operations of these 7 theatres after the dispositions. During August of 2012, we sold one theatre in the UK with 12 screens. Proceeds from this sale were \$395,000 and are subject to working capital and other purchase price adjustments as described in the sales agreement. The results of operations of these 8 theatres have been classified as discontinued operations. We are in discussions with the landlords regarding the ongoing operations at the remaining theatre located in Canada and the remaining theatre located in the UK. We recorded gains, net of lease termination expense, on the sales of these theatres of approximately \$39,392,000, which were included in discontinued operations during the period of March 30, 2012 through August 30, 2012, and reflect 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 sales price adjustment was related to tax attributes of the theatres sold in Canada which were not determinable or probable of collection at the date of the sale. We completed our tax returns, for periods prior to the date of sale, during the twelve months ended December 31, 2013 at which time the buyer was able to determine amounts due pursuant to the sales price adjustment and remit them to us. We recorded the additional gain on sale following the guidance for gain contingencies in ASC 450-30-25-1 when the gains were realizable. The earnings from discontinued operations were partially offset by legal and professional fees and contractual repairs and maintenance expenses during the twelve months ended December 31, 2013.

On June 22, 2012, AMCE announced it had received the requisite consents from holders of each of our Notes due 2019 and our 9.75% Senior Subordinated Notes due 2020, (the "Notes due 2020", and, collectively with the Notes due 2019, the "Notes") for (i) a waiver of the requirement for it to comply with the "change of control" covenant in each of the Indenture governing the Notes due 2019 and the Indenture governing the Notes due 2020 (collectively the "Indentures") in connection with the Merger (the "Waivers"), including its obligation to make a "change of control offer" in connection with the Merger with respect to each series of Notes, and (ii) certain amendments to the Indentures to reflect the change in ownership going forward by adding Wanda and its affiliates to the definition of "Permitted Holder" under each of the Indentures. AMCE entered into supplemental indentures to give effect to the Waivers and certain amendments to the Indentures, which became operative upon payment of the applicable consent fee immediately prior to the closing of the Merger. The holders of each of the Notes due 2019 and Notes due 2020 who validly consented to the Waiver and the proposed amendments received a consent fee of \$2.50 per \$1,000 principal amount at the closing date of the

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Merger. Our accounting policy for any cost triggered by the consummation of the Merger was to recognize the cost when the Merger was consummated. Accordingly, these consent fees have not been recorded in the Consolidated Statement of Operations for the Predecessor period since that statement depicts the results of operations just prior to consummation of the transaction. In addition, since the Successor period reflects the effects of push-down accounting, these costs have also not been recorded as an expense in the Successor period. However, the costs were reflected in the purchase accounting adjustments which were applied in arriving at the opening balances of the Successor.

On April 6, 2012, AMCE redeemed \$51,035,000 aggregate principal amount of its 8% Senior Subordinated Notes due 2014 ("Notes due 2014") pursuant to a cash tender offer at a price of \$1,000 per \$1,000 principal amount. We used the net proceeds from the issuance of the Term Loan due 2018, which was borrowed on February 22, 2012, to pay for the consideration of the cash tender offer plus accrued and unpaid interest on the principal amount of the Notes due 2014. On August 30, 2012, prior to the consummation of the Merger, AMCE issued a call notice for our remaining outstanding Notes due 2014 at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date. On August 30, 2012, AMCE irrevocably deposited \$141,027,000 plus accrued and unpaid interest to September 1, 2012 with a trustee to satisfy and to discharge our obligations under the Notes due 2014 and the indenture. We recorded a loss on redemption of \$1,297,000 prior to the Merger in other expense (income) related to the extinguishment of the Notes due 2014.

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

In accordance with ASC 250, *Accounting Changes and Error Corrections*, we concluded that this accounting change represented a change in accounting estimate effected by a change in accounting principle and accordingly, accounted for the change as a change in estimate following a cumulative catch-up method. As a result, the cumulative catch-up adjustment recorded during the thirteen weeks ended June 28, 2012 resulted in an additional \$14,969,000 of gift card breakage income under the Proportional Method. We will continue to review historical gift card redemption information at each reporting period to assess the continued appropriateness of the gift card breakage rates and pattern of redemption.

On February 22, 2012, AMCE entered into an incremental amendment to our former Senior Secured Credit Facility pursuant to which it borrowed the Term Loan due 2018, the proceeds of which, together with cash on hand, were used to fund the cash tender offer and redemption of the Notes due 2014 and to repay the existing Term Loan due 2013. The Term Loan due 2018 was issued under the former Senior Secured Credit Facility for \$300,000,000 aggregate principal amount and net proceeds received were \$297,000,000. The Term Loan due 2018 required repayments of principal of 1% per annum and the remaining principal payable upon maturity on February 22, 2018. The Term Loan due 2018 bore interest at 4.25% as of March 29, 2012, which was based on LIBOR plus 3.25% and subject to a 1.00% minimum LIBOR rate. On February 22, 2012, AMCE redeemed the outstanding Term Loan due 2013 at a redemption price of 100% of the then outstanding aggregate principal balance of

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\$140,657,000. The Term Loan due 2013 bore interest at 2.0205% on February 22, 2012, which was based on LIBOR plus 1.75%. We recorded a loss on extinguishment of the Term Loan due 2013 of \$383,000, during the fifty-two weeks ended March 29, 2012.

On February 7, 2012, AMCE launched a cash tender offer to purchase up to \$160,000,000 aggregate principal amount of its outstanding \$300,000,000 aggregate principal amount of Notes due 2014. On February 21, 2012, holders of \$108,955,000 aggregate principal amount of the Notes due 2014 tendered pursuant to the cash tender offer. On February 22, 2012, AMCE accepted for purchase \$58,063,000 aggregate principal amount for total consideration equal to (i) \$972.50 per \$1,000 in principal amount of notes validly tendered plus (ii) \$30 per \$1,000 in principal amount of the notes validly tendered. On March 7, 2012, AMCE accepted for purchase the remaining \$50,892,000 aggregate principal amount of our Notes due 2014 tendered on February 21, 2012 for total consideration equal to (i) \$972.50 per \$1,000 in principal amount of notes validly tendered plus (ii) \$30 per \$1,000 in principal amount of the notes validly tendered. AMCE also accepted \$10,000 aggregate principal amount of Notes due 2014 tendered after February 21, 2012 for total consideration equal to \$972.50 per \$1,000 in principal amount of the notes validly tendered. We recorded a loss on extinguishment of \$640,000 related to the cash tender offer and redeemed our Notes due 2014 during the fifty-two weeks ended March 29, 2012. On March 7, 2012, AMCE announced its intent to redeem \$51,035,000 aggregate principal amount of Notes due 2014 at a price of \$1,000 per \$1,000 principal amount such that an aggregate of \$160,000,000 of Notes due 2014 would be retired through the tender offer and redemption. On April 6, 2012, AMCE completed the redemption of \$51,035,000 aggregate principal amount of Notes due 2014 at a redemption price of 100% of the principal amount plus accrued and unpaid interest.

On December 29, 2011, we reviewed the fair value of our investment in RealD Inc. common stock, which is accounted for as an equity security, available for sale, and is recorded in the Consolidated Balance Sheets in other long-term assets at fair value (Level 1). Our investment in RealD Inc. common stock had been in an unrealized loss position for approximately six months at December 29, 2011. We reviewed the unrealized loss for a possible other-than-temporary impairment and determined that the loss as of December 29, 2011 was other-than-temporary. The impairment analysis requires significant judgment to identify events or circumstances that would likely have a significant adverse effect on the future value of the investment. On December 29, 2011, we recognized an impairment loss of \$17,751,000 within investment (income) expense, related to unrealized losses previously recorded in accumulated other comprehensive loss, as we have determined the decline in fair value below historical cost to be other than temporary at December 29, 2011. Consideration was given to the financial condition and near-term prospects of the issuer, the length of time and extent to which the fair value has been less than cost and our intent and ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value.

AMCE used cash on hand to pay a dividend distribution of \$109,591,000 on December 6, 2011 to its stockholder, Holdings, which was treated as a reduction of additional paid-in capital. Holdings used the available funds to pay corporate overhead expenses incurred in the ordinary course of business, and on January 25, 2012, to repay its Term Loan Facility due June 2012, plus accrued and unpaid interest.

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

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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, 2013, we had 2,603,000 AMC Stubs members. Our AMC Stubs members represent approximately 20% of our attendance during 2013 with an average ticket price 2% lower than our non-members and food and beverage expenditures per patron 25% higher than non-members. The following table reflects AMC Stubs activity for the twelve months ended December 31, 2013:

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

The following table reflects AMC Stubs activity for the period August 31, 2012 through December 31, 2012 (Successor):

(In thousands)	AMC Stubs Revenue for August 31, 2012 through December 31, 2012				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, August 31, 2012	\$ 12,345	\$ 19,175			
Membership fees received	5,802		\$	\$	\$
Rewards accumulated, net of expirations:					
Admissions		382		(382)	
Food and beverage		9,522			(9,522)
Rewards redeemed:					
Admissions		(4,218)		4,218	
Food and beverage		(9,042)			9,042
Amortization of deferred revenue	(7,551)		7,551		
For the period ended or balance as of December 31, 2012	\$ 10,596	\$ 15,819	\$ 7,551	\$ 3,836	\$ (480)

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The following table reflects AMC Stubs activity for the period March 30, 2012 through August 30, 2012 (Predecessor):

(In thousands)	AMC Stubs Revenue for March 30, 2012 through August 30, 2012				
	Deferred Membership Fees	Deferred Rewards	Other Theatre Revenues (Membership Fees)	Admissions Revenues	Food and Beverage Revenues
Balance, March 30, 2012	\$ 13,693	\$ 20,961			
Membership fees received	9,283		\$	\$	\$
Rewards accumulated, net of expirations:					
Admissions		4,146		(4,146)	
Food and beverage		16,385			(16,385)
Rewards redeemed:					
Admissions		(7,335)		7,335	
Food and beverage		(14,982)			14,982
Amortization of deferred revenue	(10,631)		10,631		
For the period ended or balance as of August 30, 2012	\$ 12,345	\$ 19,175	\$ 10,631	\$ 3,189	\$ (1,403)

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

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

In December of 2008, we sold all of our interests in Cinemex, which we then operated 44 theatres with 493 screens primarily in the Mexico City Metropolitan Area, to Entretenimiento GM de Mexico S.A. de C.V. ("Entretenimiento"). As of December 31, 2013, we continue to be involved in litigation with Entretenimiento related to tax payments and refunds we believe are due to us from the sale. While we believe we are entitled to these amounts from Cinemex, the collection has and will continue to require litigation, which we initiated on April 30, 2010. The case was tried in November 2013, and a judgment was entered in January 2014. The net result was a judgment in favor of Entretenimiento of approximately \$500,000 which we have recorded as of December 31, 2013 as a liability. We intend to appeal this decision. Any purchase price tax collections received or legal fees paid related to the sale of the Cinemex theatres have been classified as discontinued operations for all periods presented.

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

The Reclassification

On December 17, 2013, we reclassified each share of our existing Class A common stock and Class N common stock by filing an amendment to our certificate of incorporation. Pursuant to the Reclassification, each holder of shares of existing Class A common stock received 49.514 shares of Class B common stock for one share of existing Class A common stock, and each holder of shares of Class N common stock received 49.514 shares of new Class A common stock for one share of Class N common stock. Following the Reclassification, holders of our Class A common stock are entitled to one vote per share and holders of our Class B common stock are entitled to three votes per share, and such holders generally vote as a class on all matters. Our Class B common stock is only held by Wanda. Because of the three-to-one voting ratio between our Class B and Class A common stock, Wanda controls a majority of the combined voting power of our Common Stock and therefore will 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.

Impact of the IPO

We anticipate that the IPO will have an impact on our future operating results in several areas. We expect that we will incur increased expenses relating to maintaining our New York Stock Exchange listing and incremental accounting and legal expense for public company reporting and compliance and insurance. We currently estimate that the aggregate annual incremental expense for these matters will be between \$2,750,000 and \$3,250,000. We also anticipate that we will incur increased stock-related compensation expense in connection with our 2013 Equity Incentive Plan. See Note 10 Stockholders' Equity of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information. In addition, we used a portion of the net proceeds in calendar 2014 to repay outstanding indebtedness and decreased our interest expense.

Critical Accounting Estimates

Our Consolidated Financial Statements are prepared in accordance with U.S. GAAP. In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our Consolidated Financial Statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with 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. See Note 11 Income Taxes of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information and in particular our reversal of recorded valuation allowance for the twelve months ended December 31, 2013.

Our significant accounting policies are discussed in Note 1 to our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further information. A listing

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of some of the more critical accounting estimates that we believe merit additional discussion and aid in better understanding and evaluating our reported financial results are as follows.

Impairments. We evaluate goodwill and other indefinite lived intangible assets for impairment annually or more frequently as specific events or circumstances dictate. Impairment for other long-lived assets (including finite lived intangibles) is done whenever events or changes in circumstances indicate that these assets may not be fully recoverable. We have invested material amounts of capital in goodwill and other intangible assets in addition to other long-lived assets. We operate in a very competitive business environment and our revenues are highly dependent on movie content supplied by film producers. In addition, it is not uncommon for us to closely monitor certain locations where operating performance may not meet our expectations. Because of these and other reasons we have recorded material impairment charges primarily related to long-lived assets. Impairment charges were \$1,370,000 during the twelve months ended December 31, 2013 and \$20,778,000 in fiscal 2012. 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.

Our recorded goodwill was \$2,289,800,000 and \$2,249,153,000 as of December 31, 2013 and December 31, 2012, respectively. We evaluate goodwill and our trademarks for impairment annually during our fourth fiscal quarter and any time an event occurs or circumstances change that would more likely than not reduce the fair value for a reporting unit below its carrying amount. Our goodwill is recorded in our Theatrical Exhibition operating segment, which is also the reporting unit for purposes of evaluating recorded goodwill for impairment. If the carrying value of the reporting unit exceeds its fair value, we are required to reallocate the fair value of the reporting unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit.

At December 31, 2013 and December 31, 2012, we assessed qualitative factors and reached a determination that it is not more likely than not that the fair value of our reporting unit is less than its carrying value and therefore the two step method, as described in ASC 350-20, is not necessary. Factors considered in determining this conclusion include but are not limited to recent improvements in industry box office results; increases in the market value of our long-term debt; the fair value of our equity as determined by Holdings' closing stock price on December 31, 2013 exceeded our carrying value as of December 31, 2013; our operating results including revenues, cash flows from operating activities and Adjusted EBITDA improved from fiscal 2012; and the equity values of our publicly traded peer competitors increased during the calendar 2013 and the Transition Period.

There was no goodwill impairment as of December 31, 2013 and December 31, 2012.

Film Exhibition Costs. We have agreements with film companies who provide the content we make available to our customers. We are required to routinely make estimates and judgments about box office receipts for certain films and for films provided by specific film distributors in closing our books each period. These estimates are subject to adjustments based upon final settlements and determinations of final amounts due to our content providers that are typically based on a film's box office receipts and how well it performs. In certain instances this evaluation is done on a film by film basis or in the aggregate by film production suppliers. We rely upon our industry experience and

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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, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal year 2012, our film exhibition costs totaled \$976,912,000, \$291,561,000, \$436,539,000 and \$916,054,000, 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. Our federal and state tax operating loss carry forward of approximately \$662,685,000 and \$408,275,000, respectively at December 31, 2013, require 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 7.55% to 9.0%. We have recorded theatre and other closure expense, which is included in operating expense in the Consolidated Statements of Operations, of \$5,823,000, \$2,381,000, \$4,191,000 and \$7,449,000 during the twelve months ended December 31, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal year ended March 29, 2012, respectively.

Gift card and packaged ticket breakage. As noted in our significant accounting policies for revenue, we defer 100% of these items and recognize these amounts as they are redeemed by customers or breakage income is recognized. A vast majority of gift cards are used or partially used. However a portion of the gift cards and packaged ticket sales we sell to our customers are not redeemed and not used in whole or in part. Non-redeemed or partially redeemed cards or packaged tickets are known as "breakage" in our industry. We are required to estimate breakage and do so based upon our historical redemption patterns. Our history indicates that if a card or packaged ticket is not used for 18 months or longer, its likelihood of being used past this 18 month period is remote. In the fourth quarter of fiscal 2012, we changed our accounting method for estimating gift card breakage income. Prior to the fourth quarter of fiscal 2012, we recognized breakage income when gift card redemptions were deemed remote and we determined that there was no legal obligation to remit the unredeemed gift cards to the relevant tax jurisdiction ("Remote Method"), which based on historical information we concluded to be 18 months after the gift card was issued. In the fourth quarter of fiscal 2012, we accumulated a sufficient level of historical data from a large pool of homogeneous transactions to allow management to reasonably and objectively determine an estimated gift card breakage rate and the pattern of actual gift card redemptions. Accordingly, we changed our method for recognizing gift card breakage income to recognize breakage income and derecognize the gift card

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liability for unredeemed gift cards in proportion to actual redemptions of gift cards ("Proportional Method"). We recognize breakage income for gift cards using the Proportional Method, pursuant to which we apply a breakage rate for our five gift card sales channels which range from 14% to 23% of our current month sales, and we recognize that total amount of breakage for that current month's sales as income over the next 24 months in proportion to the pattern of actual redemptions. We have determined our breakage rates and redemption patterns using data accumulated over ten years on a company-wide basis. Breakage for packaged tickets continues to be recognized as the redemption of these items is determined to be remote, that is if a ticket has not been used within 18 months after being purchased. As a result of fair value accounting with the Merger, we will not recognize any breakage income on package tickets until 18 months after the date of the Merger. Additionally, concurrent with the accounting change discussed above, we changed our presentation of gift card breakage income from other income to other theatre revenues during fiscal 2012, with conforming changes made for all prior periods presented. During fiscal 2012, we recognized \$32,633,000 of net gift card breakage income, of which \$14,969,000 represented the adjustment related to the change from the Remote Method to the Proportional Method. During the twelve months ended December 31, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal year ended March 29, 2012, we recognized \$19,510,000, \$3,483,000, \$7,776,000, and \$32,633,000 of income, respectively, related to the derecognition of gift card liabilities, which was recorded in other theatre revenues in the Consolidated Statements of Operations.

Operating Results

As a result of the August 30, 2012 Merger described above, our Predecessor does not have financial results for the twelve months ended December 31, 2012. We have prepared separate discussion and analysis of our consolidated operating results for the twelve months ended December 31, 2013 (Successor), the period August 31, 2012 through December 31, 2012 (Successor), and the period March 30, 2012 through August 30, 2012 (Predecessor).

The following table sets forth our revenues, operating costs and expenses attributable to our theatrical exhibition operations. Reference is made to Note 17 Operating Segment to the

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Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for additional information therein.

(In thousands)	12 Months Ended December 31, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)	52 Weeks Ended March 31, 2011 (Predecessor)
Revenues					
Theatrical exhibition					
Admissions	\$ 1,847,327	\$ 548,632	\$ 816,031	\$ 1,721,295	\$ 1,644,837
Food and beverage	786,912	229,739	342,130	689,680	644,997
Other theatre	115,189	33,121	47,911	111,002	72,704
 Total revenues	 2,749,428	 811,492	 1,206,072	 2,521,977	 2,362,538
Operating Costs and Expenses					
Theatrical exhibition					
Film exhibition costs	976,912	291,561	436,539	916,054	860,470
Food and beverage costs	107,325	30,545	47,326	93,581	79,763
Operating expense	726,641	230,434	297,328	696,783	691,264
Rent	451,828	143,374	189,086	445,326	451,874
General and administrative expense:					
Merger, acquisition and transaction costs	2,883	3,366	4,417	3,958	16,838
Management Fee			2,500	5,000	5,000
Other	97,288	29,110	27,023	51,495	58,157
Depreciation and amortization	197,537	71,633	80,971	212,817	211,444
Impairment of long-lived assets				285	12,779
 Operating costs and expenses	 2,560,414	 800,023	 1,085,190	 2,425,299	 2,387,589
 Operating income (loss)	 189,014	 11,469	 120,882	 96,678	 (25,051)
Other expense (income)					
Other expense (income)	(1,415)	49	960	1,965	42,687
Interest expense:					
Corporate borrowings	129,963	45,259	67,614	172,159	177,459
Capital and financing lease obligations	10,264	1,873	2,390	5,968	6,198
Equity in earnings of non-consolidated entities	(47,435)	2,480	(7,545)	(12,559)	(17,178)
Gain on NCM transactions					(64,441)
Investment expense (income)	(2,084)	290	(41)	17,619	(484)
 Total other expense	 89,293	 49,951	 63,378	 185,152	 144,241
 Earnings (loss) from continuing operations before income taxes	 99,721	 (38,482)	 57,504	 (88,474)	 (169,292)
Income tax provision (benefit)	(263,383)	3,500	2,500	2,015	1,950

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Earnings (loss) from continuing operations	363,104	(41,982)	55,004	(90,489)	(171,242)
Earnings (loss) from discontinued operations, net of income taxes	1,296	(688)	35,153	(3,609)	(3,062)

Net earnings (loss)	\$ 364,400	\$ (42,670)	\$ 90,157	\$ (94,098)	\$ (174,304)
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	12 Months Ended December 31, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)
Operating Data Continuing Operations:				
Screen additions	12			12
Screen acquisitions	37	166		
Screen dispositions	29	15	31	106
Construction openings (closures), net	(32)	18	(18)	
Average screens continuing operations(1)	4,859	4,732	4,742	4,811
Number of screens operated	4,976	4,988	4,819	4,868
Number of theatres operated	345	344	333	338
Screens per theatre	14.4	14.5	14.5	14.4
Attendance (in thousands) continuing operations(1)	199,270	60,336	90,616	194,205

(1)

Includes consolidated theatres only, excludes 8 theatres with 166 screens sold in July and August of 2012 and included in discontinued operations.

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)

		From Inception		
	12 Months	August 31,	March 30,	52 Weeks
	Ended	2012	2012	Ended
	December 31,	through	through	March 29,
	2013	December 31,	August 30,	2012
(In thousands)	(Successor)	(Successor)	(Predecessor)	(Predecessor)
Earnings (loss) from continuing operations	\$ 363,104	\$ (41,982)	\$ 55,004	\$ (90,489)
Plus:				
Income tax provision (benefit)(1)	(263,383)	3,500	2,500	2,015
Interest expense	140,227	47,132	70,004	178,127
Depreciation and amortization	197,537	71,633	80,971	212,817
Impairment of long-lived assets				285
Certain operating expenses(2)	13,913	7,675	5,858	16,275
Equity in (earnings) losses of non-consolidated entities(3)	(47,435)	2,480	(7,545)	(12,559)
Cash distributions from non-consolidated entities	31,501	10,226	7,051	33,112
Investment expense (income)	(2,084)	290	(41)	17,619
Other expense (income)	(127)	49	1,297	1,977
General and administrative expense unallocated:				
Merger, acquisition and transaction costs	2,883	3,366	4,417	3,958
Management fee			2,500	5,000
Stock-based compensation expense(4)	12,000		830	1,962
Adjusted EBITDA	\$ 448,136	\$ 104,369	\$ 222,846	\$ 370,099

- (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) During the twelve months ended December 31, 2013, equity in earnings of non-consolidated entities was primarily due to equity in earnings from NCM of \$23,196,000, DCIP of \$18,660,000 and Open Road Releasing of \$4,861,000.
- (4) During the twelve months ended December 31, 2013, we granted an IPO stock award of \$12,000,000 to certain members of management.

Adjusted EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net earnings (loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of

liquidity (as determined in accordance with GAAP). Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We have included Adjusted EBITDA because we believe it provides management and investors with additional information to measure our performance and liquidity, estimate our value and evaluate our ability to service debt.

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

does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments;

does not reflect changes in, or cash requirements for, our working capital needs;

does not reflect the significant interest expenses, or the cash requirements necessary to service interest or principal payments, on our debt;

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

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

does not reflect management fees that were paid to our former sponsors.

Results of Operations For the Twelve Months Ended December 31, 2013 (Successor)

Revenues. Total revenues were \$2,749,428,000 during the twelve months ended December 31, 2013. Revenues consisted of (i) admission revenues of \$1,847,327,000, or 67.2% of total revenues, (ii) food and beverage revenues of \$786,912,000, or 28.6% of total revenues, and (iii) other theatre revenues of \$115,189,000, or 4.2% of total revenues. Other theatre revenues were primarily comprised of advertising revenues, AMC Stubs membership fees earned, breakage income from gift cards, and theatre rentals. Attendance at our theatres was 199,270,000 patrons during this period.

Operating costs and expenses. Operating costs and expenses were \$2,560,414,000 during the twelve months ended December 31, 2013. Film exhibition costs were \$976,912,000, or 52.9% of admission revenues, and food and beverage costs were \$107,325,000, or 13.6% of food and beverage revenues, during the twelve months ended December 31, 2013. As a percentage of revenues, operating expense was 26.4% during the twelve months ended December 31, 2013. Rent expense was \$451,828,000 during the twelve months ended December 31, 2013.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$2,883,000 during the twelve months ended December 31, 2013, primarily due to the professional and legal fees, acquisition of the Rave theatres, and costs related to our IPO.

Other. Other general and administrative expense was \$97,288,000 during the twelve months ended December 31, 2013. Other general and administrative expense includes 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 calendar 2013. For calendar 2014, the cash management profit sharing plan will be replaced with stock-based compensation.

Depreciation and amortization. Depreciation and amortization was \$197,537,000 during the twelve months ended December 31, 2013.

Other income. Other income of \$1,415,000 during the twelve months ended December 31, 2013, was primarily due to business interruption insurance recoveries.

Interest expense. Interest expense was \$140,227,000 during the twelve months ended December 31, 2013. On April 30, 2013, we entered into a new Senior Secured Credit Facility. The

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applicable rate for borrowings of \$775,000,000 under the new Senior Secured Credit Facility Term Loan due 2020 at April 30, 2013 was 3.5% based on LIBOR. Prior to their redemption with proceeds of the Term Loan due 2020, the applicable rate for borrowings of \$464,088,000 under the Term Loan due 2016 at April 30, 2013 was 4.25% based on LIBOR and the applicable rate for borrowings of \$296,250,000 under the Term Loan due 2018 was 4.75%. Interest expense during the twelve months ended December 31, 2013, was impacted by the decrease in interest rates for corporate borrowings, offset by the increase in aggregate principal amounts of borrowings. In addition, interest expense was partially offset by the amortization of premiums of \$12,873,000 during the twelve months ended December 31, 2013. See Note 9 Corporate Borrowings and Capital and Financing Lease Obligations of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information.

Equity in earnings of non-consolidated entities. Equity in earnings of non-consolidated entities were \$47,435,000 during the twelve months ended December 31, 2013 and was primarily due to equity in earnings from NCM of \$23,196,000, DCIP of \$18,660,000, and Open Road Releasing of \$4,861,000. See Note 7 Investments of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information.

Investment income. Investment income was \$2,084,000 during the twelve months ended December 31, 2013. The investment income includes payments received of \$3,677,000 related to the NCM tax receivable agreement and gains on investments of \$587,000, partially offset by an impairment loss of \$1,370,000 related to our investment in a marketable equity security when it was determined that its decline in value was other than temporary and the intangible asset amortization of the NCM tax receivable agreement of \$835,000.

Income tax benefit. The income tax benefit from continuing operations was \$263,383,000 for the twelve months ended December 31, 2013. We reversed our recorded valuation allowance for deferred tax assets. The valuation allowance had been previously provided based on our cumulative loss history, which was primarily incurred during predecessor periods prior to the Wanda Merger. The principal positive evidence that led to the reversal of the valuation allowance included: (1) prudent and feasible tax planning strategies; (2) a successful public offering of our common stock during December 2013; (3) the Company's projected emergence from a three-year cumulative loss in March 2014; (4) the significant positive income generated during 2013; (5) the Company's forecasted future profitability; and (6) improvement in the Company's financial position, including over \$500,000,000 of cash on hand at December 31, 2013. We experienced an improvement in operating results over the past year and made changes to reduce our debt leverage significantly due to use of a portion of the net IPO proceeds of approximately \$355,580,000 raised in the fourth quarter of calendar 2013. These factors have enabled us to conclude that it is more likely than not that we realize deferred tax assets related to our net operating loss carryforwards.

Earnings from discontinued operations, net. In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. In addition, on December 29, 2008, we sold our Cinemex operations in Mexico, including 44 theatres and 493 screens. The results of operations of the 7 Canada theatres, the one UK theatre, and the Cinemex theatres have been classified as discontinued operations for all periods presented. During the twelve months ended December 31, 2013, we received \$4,666,000 for a sales price adjustment from the sale of theatres located in Canada. The sales price adjustment was related to tax attributes of the theatres sold in Canada which were not determinable or probable of collection at the date of the sale. See Note 4 Discontinued Operations of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information. We completed our tax returns, for periods prior to the date of sale, during the twelve months ended December 31, 2013, at which time the buyer was able to determine amounts due pursuant to the sales price adjustment and remit payment to us. We recorded the additional gain on sale following the guidance for gain contingencies in ASC 450-30-25-1 when gains were realizable. The

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earnings from discontinued operations were partially offset by income taxes, legal and professional fees and contractual repairs and maintenance expenses.

Net earnings. Net earnings of \$364,400,000 were comprised primarily of deferred tax benefit, operating income, and equity in earnings from non-consolidated entities for the twelve months ended December 31, 2013, partially offset by interest expense.

Results of Operations For the Period August 31, 2012 through December 31, 2012 (Successor)

Revenues. Total revenues were \$811,492,000 during the period August 31, 2012 through December 31, 2012. Revenues consisted of (i) admission revenues of \$548,632,000, or 67.6% of total revenues, (ii) food and beverage revenues of \$229,739,000, or 28.3% of total revenues, and (iii) other theatre revenues of \$33,121,000, or 4.1% of total revenues. Attendance at our theatres was 60,336,000 patrons during this period.

Operating costs and expenses. Operating costs and expenses were \$800,023,000 during the period August 31, 2012 through December 31, 2012. Film exhibition costs were \$291,561,000, or 53.1% of admission revenues, and food and beverage costs were \$30,545,000, or 13.3% of food and beverage revenues, during the period August 31, 2012 through December 31, 2012. As a percentage of revenues, operating expense was 28.4% during the period August 31, 2012 through December 31, 2012. Rent expense was \$143,374,000 during the period August 31, 2012 through December 31, 2012.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$3,366,000, during the period August 31, 2012 through December 31, 2012, primarily due to the Merger.

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

Other. Other general and administrative expense was \$29,110,000 during the period August 31, 2012 through December 31, 2012.

Depreciation and amortization. Depreciation and amortization was \$71,633,000 during the period August 31, 2012 through December 31, 2012.

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

Interest expense. Interest expense was \$47,132,000 during the period August 31, 2012 through December 31, 2012.

Equity in losses of non-consolidated entities. Equity in losses of non-consolidated entities were \$2,480,000 during the period August 31, 2012 through December 31, 2012 and was primarily due to equity in losses from Open Road Releasing of \$10,691,000, largely offset by equity in earnings from Digital Cinema Implementation partners, LLC of \$4,436,000 and NCM of \$4,271,000. See Note 7 Investments of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information.

Investment expense. Investment expense was \$290,000 during the period August 31, 2012 through December 31, 2012.

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Income tax provision. The income tax provision from continuing operations was \$3,500,000 for the period August 31, 2012 through December 31, 2012. See Note 11 Income Taxes of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information.

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

Net loss. Net loss was \$42,670,000 for the period August 31, 2012 through December 31, 2012.

Results of Operations For the Period March 30, 2012 through August 30, 2012 (Predecessor)

Revenues. Total revenues were \$1,206,072,000 during the period March 30, 2012 through August 30, 2012. Revenues consisted of (i) admission revenues of \$816,031,000, or 67.7% of total revenues, (ii) food and beverage revenues of \$342,130,000, or 28.4% of total revenues, and (iii) other theatre revenues of \$47,911,000, or 3.9% of total revenues. Attendance at our theatres was 90,616,000 patrons during this period.

Operating costs and expenses. Operating costs and expenses were \$1,085,190,000 during the period March 30, 2012 through August 30, 2012. Film exhibition costs were \$436,539,000, or 53.5% of admission revenues, and food and beverage costs were \$47,326,000, or 13.8% of food and beverage revenues, during the period March 30, 2012 through August 30, 2012. As a percentage of revenues, operating expense was 24.7% during the period March 30, 2012 through August 30, 2012. Rent expense was \$189,086,000 during the period March 30, 2012 through August 30, 2012.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were \$4,417,000, during the period March 30, 2012 through August 30, 2012, primarily due to the Merger.

Management fees. Management fees were \$2,500,000 during the period March 30, 2012 through August 30, 2012. Management fees of \$1,250,000 were paid quarterly, in advance, to the former sponsors in exchange for consulting and other services through the date of the Merger.

Other. Other general and administrative expense was \$27,023,000 during the period March 30, 2012 through August 30, 2012.

Depreciation and amortization. Depreciation and amortization was \$80,971,000 during the period March 30, 2012 through August 30, 2012.

Other expense. Other expense of \$960,000 was comprised of expenses related to the redemption of our Notes due 2014 of \$1,297,000, partially offset by business interruption insurance recoveries and other income of \$337,000, during the period March 30, 2012 through August 30, 2012.

Interest expense. Interest expense was \$70,004,000 during the period March 30, 2012 through August 30, 2012.

Equity in earnings of non-consolidated entities. Equity in earnings of non-consolidated entities were \$7,545,000 during the period March 30, 2012 through August 30, 2012 and was primarily due to equity in earnings NCM of \$7,473,000 and DCIP of \$4,941,000, partially offset by equity in losses from

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Open Road Releasing of \$6,416,000. See Note 7 Investments of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information.

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

Income tax provision. The income tax provision from continuing operations was \$2,500,000 for the period March 30, 2012 through August 30, 2012. See Note 11 Income Taxes of the Notes to Consolidated Financial Statements in Item 8 of Part II hereof for further information.

Earnings from discontinued operations, net. In July and August of 2012, we sold or closed 7 of the 8 theatres located in Canada and sold one theatre with 12 screens in the UK. In addition, on December 29, 2008, we sold our Cinemex operations in Mexico, including 44 theatres and 493 screens. The results of operations of the 7 Canada theatres, the one UK theatre, and the Cinemex theatres have been classified as discontinued operations for all periods presented. Gains, net of lease termination expense, on the sales and closure of these theatres of \$39,382,000 were included in discontinued operations during the period March 30, 2012 through August 30, 2012.

Net earnings. Net earnings of \$90,157,000 were driven by attendance and gains, net of lease termination expense, recorded on the disposition of the Canada and UK theatres recorded in discontinued operations for the period March 30, 2012 through August 30, 2012.

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

Revenues. Total revenues increased 6.7%, or \$159,439,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011. The increase in total revenues included \$48,100,000 resulting from the acquisition of Kerasotes. (Fiscal 2012 reflects 52 weeks of operations of Kerasotes compared with 44 weeks in fiscal 2011.) Admissions revenues increased \$76,458,000, during the fifty-two weeks ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to a 2.9% increase in attendance and a 1.7% increase in average ticket price. The increase in total admissions revenues included the additional attendance and admissions revenues resulting from the acquisition of Kerasotes of approximately \$32,100,000. Total admissions revenues were reduced by deferrals, net of rewards redeemed, of \$5,933,000 during the year ended March 29, 2012, related to rewards accumulated under *AMC Stubs*. The rewards accumulated under *AMC Stubs* are deferred and recognized in future periods upon redemption or expiration of guest rewards. The increase in average ticket price was primarily due to an increase in ticket prices for standard 2D film. Admissions revenues at comparable theatres (theatres opened on or before fiscal 2011 and before giving effect to the net deferral of admissions revenues due to the new *AMC Stubs* guest frequency program) increased \$63,109,000, during the year ended March 29, 2012 from the comparable period last year, primarily due to an increase in attendance and an increase in average ticket prices. Food and beverage revenues increased 6.9%, or \$44,683,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011, due to a 3.8% increase in average food and beverage revenues per patron and the increase in attendance, partially offset by the net deferral of food and beverage revenues due to the new *AMC Stubs* guest frequency program. The increase in food and beverage revenues included approximately \$15,400,000 resulting from the acquisition of Kerasotes. The increase in food and beverage revenues per patron includes the impact of food and beverage price and size increases placed in effect during the second and third quarters of fiscal 2011, and a shift in product mix to higher priced items, including our dine-in theatres and premium food and beverage products. Total food and beverage revenues were reduced by a net amount of \$14,449,000 during the year ended March 29, 2012, related to rewards accumulated under *AMC Stubs* and deferred to be recognized in future periods upon redemption or expiration of guest rewards. Other theatre revenues increased 52.7%, or \$38,298,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to a change in accounting for gift card breakage of \$14,969,000, increases in membership

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fees earned through the *AMC Stubs* guest frequency program of \$14,608,000, advertising revenues, and breakage income from gift card and package ticket sales.

Operating costs and expenses. Operating costs and expenses increased 1.6%, or \$37,710,000 during the year ended March 29, 2012 compared to the year ended March 31, 2011. The increase in operating costs and expenses included approximately \$36,100,000 resulting from the acquisition of Kerasotes. Film exhibition costs increased 6.5%, or \$55,584,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011 primarily due the increase in admissions revenues and the increase in film exhibition costs as a percentage of admissions revenues. As a percentage of admissions revenues, film exhibition costs were 53.2% in the current period and 52.3% in the prior period. Film exhibition costs as a percentage of admissions revenues increased primarily due to the net deferral of admissions revenues of \$5,933,000 during the year ended March 29, 2012, related to the new *AMC Stubs* guest frequency program. Food and beverage costs increased 17.3%, or \$13,818,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011 due to the increase in food and beverage costs as a percentage of food and beverage revenues and the increase in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 13.6% in the current period compared with 12.4% in the prior period, primarily due to the food and beverage price and size increases, a shift in product mix to items that generate higher sales but lower percentage margins, and the net deferral of food and beverage revenues of \$14,449,000 during the year ended March 29, 2012, related to the new *AMC Stubs* guest frequency program. As a percentage of revenues, operating expense was 27.6% in the current period as compared to 29.3% in the prior period. During the year ended March 31, 2011, we evaluated excess capacity and vacant and under-utilized retail space throughout our theatre circuit and recorded charges to theatre and other closure expense of \$60,763,000, which caused our operating expense to increase. Gains were recorded on disposition of assets during the year ended March 31, 2011 which reduced operating expenses by approximately \$9,719,000, primarily due to the sale of a divested AMC theatre in conjunction with the acquisition of Kerasotes. Rent expense decreased 1.4%, or \$6,548,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to decreases in rent from the closure of screens and lower renewal rentals negotiated with landlords at the end of the base lease term, partially offset by increased rent as a result of the acquisition of Kerasotes on May 24, 2010.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs decreased \$12,880,000 during the year ended March 29, 2012 compared to the year ended March 31, 2011. Prior year costs primarily consisted of costs related to the acquisition of Kerasotes.

Management fees. Management fees were unchanged during the year ended March 29, 2012. Management fees of \$1,250,000 were paid quarterly, in advance, to our former Sponsors in exchange for consulting and other services.

Other. Other general and administrative expense decreased 11.5%, or \$6,662,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011, due primarily to decreases related to a union-sponsored pension plan, professional and consulting expenses, and advertising expenses, partially offset by increases in incentive compensation expense related to improvements in operating performance. During the year ended March 31, 2011, we recorded \$3,040,000 of expense related to our complete withdrawal from a union-sponsored pension plan.

Depreciation and amortization. Depreciation and amortization increased 0.6%, or \$1,373,000 during the year ended March 29, 2012 and March 31, 2011, respectively.

Other expense. During the year ended March 29, 2012, other expense includes loss on extinguishment related to redemption of our Term Loan due 2013 of \$383,000 and Holdings Term Loan

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due 2012 of \$510,000 and a loss of \$640,000 in connection with the cash tender offer and redemption of our Notes due 2014. During the year ended March 31, 2011, other expense includes a loss on extinguishment of indebtedness related to the redemption of our 11% Senior Subordinated Notes due 2016 of \$24,332,000 and our 12% Senior Discount Notes due 2014 of \$14,800,000 and expense related to the modification of our former Senior Secured Credit Facility Term Loan due 2013 of \$3,289,000, and of our former Senior Secured Credit Facility Revolver of \$367,000.

Interest expense. Interest expense decreased 3.0%, or \$5,530,000, during the year ended March 29, 2012 compared to the year ended March 31, 2011, primarily due to the extinguishment and the related interest expense of Holdings' Term Loan due 2012, Marquee Holdings Inc.'s Discount Notes due 2014, and AMCE's Notes due 2016 redeemed with payments made on December 15, 2010 and February 1, 2011, partially offset by increases in indebtedness and related interest expense due to the \$600,000,000 issuance of AMCE's Notes due 2020 on December 15, 2010 and the increases in interest expense related to the modification of AMCE's former Senior Secured Credit Facility on December 15, 2010. The issuance of AMCE's \$300,000,000 Term Loan due 2018 on February 22, 2012, the redemption of AMCE's \$140,657,000 Term Loan due 2013 on February 22, 2012 and the purchase and redemptions of \$58,063,000 of AMCE's Notes due 2014 on February 22, 2012, \$50,902,000 of AMCE's Notes due 2014 on March 7, 2012 and \$51,035,000 of AMCE's Notes due 2014 on April 6, 2012 did not significantly impact interest expense during the fiscal year ended March 29, 2012.

Equity in earnings of non-consolidated entities. Equity in earnings of non-consolidated entities were \$12,559,000 in the current period compared to equity in earnings of \$17,178,000 in the prior period. The decrease in equity in earnings of non-consolidated entities was primarily due to the equity in losses related to our investment in Open Road Releasing of \$14,726,000, due primarily to advertising expenses related to current and upcoming film releases and also the decrease in earnings and distributions received from NCM, partially offset by a decrease in equity in losses related to our investments in DCIP and Midland Empire Partners, LLC. We recognized an impairment loss of \$8,825,000 related to an equity method investment through Midland Empire Partners, LLC during the year ended March 31, 2011.

Gain on NCM transactions. The gain on NCM, Inc. shares of common stock sold during the year ended March 31, 2011 was \$64,648,000. We also recorded a loss of \$207,000 from the surrender of 1,479,638 ownership units in NCM as part of the 2010 Common Unit Adjustment.

Investment expense (income). Investment expense (income) was an expense of \$17,619,000 for the year ended March 29, 2012 compared to income of \$484,000 for the year ended March 31, 2011. During the year ended March 29, 2012, we recognized an impairment loss of \$17,751,000 related to unrealized losses previously recorded in accumulated other comprehensive loss on marketable securities when we determined the decline in fair value below historical cost to be other-than-temporary.

Income tax provision. The income tax provision from continuing operations was \$2,015,000 for the year ended March 29, 2012 and \$1,950,000 for the year ended March 31, 2011.

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

Net Loss. Net loss was \$94,098,000 and \$174,304,000 for the year ended March 29, 2012 and March 31, 2011, respectively. Net loss during the year ended March 29, 2012 was impacted by the reduced admissions and food and beverage revenues of \$20,382,000 during the year ended March 29, 2012 related to the new *AMC Stubs* guest frequency program, the impairment charge of \$17,751,000 on an investment in marketable equity security, and the \$4,619,000 decline in equity in earnings, partially offset by the increase in attendance. Net loss during the year ended March 31, 2011 was primarily due

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to theatre and other closure expense of \$60,763,000, loss on extinguishment and modification of indebtedness of \$42,828,000, increased interest expense of \$17,610,000, impairment charges of \$21,604,000, increased merger and acquisition costs of primarily due to the acquisition of Kerasotes, and the decrease in attendance, partially offset by the gain on NCM transactions of \$64,441,000 and a gain on disposition of assets of approximately \$9,719,000.

Liquidity and Capital Resources

Our consolidated revenues are primarily collected in cash, principally through box office admissions and food and beverage sales. We have an operating "float" which partially finances our operations and which generally permits us to maintain a smaller amount of working capital capacity. This float exists because admissions revenues are received in cash, while exhibition costs (primarily film rentals) are ordinarily paid to distributors from 20 to 45 days following receipt of box office admissions revenues. Film distributors generally release the films which they anticipate will be the most successful during the summer and year-end holiday seasons. Consequently, we typically generate higher revenues during such periods.

We had working capital surplus (deficit) as of December 31, 2013 and December 31, 2012 of \$185,527,000 and \$(266,102,000), respectively. Working capital includes \$202,833,000 and \$171,122,000 of deferred revenue as of December 31, 2013 and December 31, 2012, respectively. We have the ability to borrow against our Senior Secured Credit Facility to meet obligations as they come due (subject to limitations on the incurrence of indebtedness in our various debt instruments) and had approximately \$138,498,000 under our Senior Secured Revolving Credit Facility available to meet these obligations as of December 31, 2013. Reference is made to Note 9 Corporate Borrowings and Capital and Financing Lease Obligations to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for information about our outstanding indebtedness.

We believe that cash generated from operations and existing cash and equivalents will be sufficient to fund operations and planned capital expenditures and acquisitions currently and for at least the next 12 months and enable us to maintain compliance with covenants related to the Senior Secured Credit Facility, and our Notes due 2020 and Notes due 2022. AMCE may redeem its Notes due 2019 on or after June 1, 2014. We are considering various options with respect to the utilization of cash and equivalents on hand in excess of our anticipated operating needs. Such options might include, but are not limited to, acquisition of theatres or theatre companies, repayment of corporate borrowings of AMCE, and payment of dividends.

Holdings Company Status

Holdings is a holding company with no operations of its own and has no ability to service interest or principal on its indebtedness or pay dividends other than through any dividends it may receive from its subsidiaries. Under certain circumstances, AMCE is restricted from paying dividends to Holdings by the terms of the indentures relating to its notes and its Senior Secured Credit Facility. AMCE's Senior Secured Credit Facility and note indentures contain provisions which limit the amount of dividends and advances which it may pay or make to Holdings. Under the most restrictive of these provisions, set forth in the note indenture for the Notes due 2020, the amount of loans and dividends which AMCE could make to Holdings may not exceed approximately \$528,686,000 in the aggregate as of December 31, 2013. Under the note indentures, a loan to Holdings would have to be on terms no less favorable to AMCE than could be obtained in a comparable transaction on an arm's length basis with an unaffiliated third party and be in the best interest of AMCE. Provided no event of default has occurred or would result, the senior secured credit facility also permits AMCE to pay cash dividends to Holdings for specified purposes, including indemnification claims, taxes, up to \$4,000,000 annually for operating expenses, repurchases of equity awards to satisfy tax withholding obligations, specified management fees, fees and expenses of permitted equity and debt offerings and to pay for the

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repurchase of stock from employees, directors and consultants under benefit plans up to specified amounts. Depending on the net senior secured leverage ratio, as defined in the senior secured credit facility, AMCE may also pay Holdings a portion of net cash proceeds from specified assets sales.

Cash Flows from Operating Activities

Cash flows provided by operating activities, as reflected in the Consolidated Statements of Cash Flows, were \$357,342,000, \$73,892,000, \$76,372,000, and \$137,029,000 during the twelve months ended December 31, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal year ended March 29, 2012, respectively.

Cash Flows from Investing Activities

Cash used in investing activities, as reflected in the Consolidated Statement of Cash Flows, were \$268,784,000, \$158,898,000, \$31,031,000, and \$163,714,000 during the twelve months ended December 31, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal year ended March 29, 2012, respectively. Cash outflows from investing activities include capital expenditures during the twelve months ended December 31, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal year ended March 29, 2012 of \$260,823,000, \$72,774,000, \$40,116,000, and \$139,359,000, respectively. Our capital expenditures primarily consisted of strategic growth initiatives and remodels, maintaining our theatre circuit, and technology upgrades. We expect that our gross cash outflows for capital expenditures will be approximately \$245,000,000 for calendar 2014, before giving effect to expected landlord contributions of approximately \$46,000,000.

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

During the twelve months ended December 31, 2013 and the period August 31, 2012 through December 31, 2012, we paid \$1,128,000 and \$87,555,000, respectively, for the purchase of the Rave theatres, net of cash acquired. The amounts paid included working capital and other purchase price adjustments.

Cash flows from investing activities during the period August 31, 2012 through December 31, 2012, include cash received related to the Merger of \$3,110,000.

We made partnership investments in non-consolidated entities accounted for under the equity method to Open Road Releasing and DCIP of approximately \$26,880,000, during the year ended March 29, 2012.

We fund the costs of constructing, maintaining and remodeling new theatres through existing cash balances, cash generated from operations, capital contributions from Wanda or borrowed funds, as necessary. We generally lease our theatres pursuant to long-term non-cancelable operating leases which may require the developer, who owns the property, to reimburse us for the construction costs. We may decide to own the real estate assets of new theatres and, following construction, sell and leaseback the real estate assets pursuant to long-term non-cancelable operating leases.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities, as reflected in the Consolidated Statement of Cash Flows, were \$324,928,000, \$117,610,000, \$(222,288,000), and \$(113,674,000) during the twelve months ended December 31, 2013, the period August 31, 2012 through December 31, 2012, the period March 30, 2012 through August 30, 2012, and the fiscal year ended March 29, 2012, respectively.

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On April 30, 2013, AMCE entered into a new \$925,000,000 Senior Secured Credit Facility pursuant to which it borrowed the Term Loan due 2020, and used the proceeds to fund the redemption of both the former Senior Secured Credit Facility Term Loan due 2016 and the former Senior Secured Credit Facility Term Loan due 2018. The new Senior Secured Credit Facility is comprised of a \$150,000,000 Revolving Credit Facility, which matures in 2018, and a \$775,000,000 term loan, which matures in 2020. Proceeds from the issuance of Term Loan due 2020 were \$773,063,000 and deferred financing costs paid related to the issuance of the new Senior Secured Credit Facility were \$9,126,000 during the twelve months ended December 31, 2013. We repurchased the principal balance on both our Term Loan due 2016 of \$464,088,000 and our Term Loan due 2018 of \$296,250,000 during the twelve months ended December 31, 2013. See Note Corporate Borrowings and Capital and Financing Lease Obligations to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further information.

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

During the period August 31, 2012 through December 31, 2012, we received \$100,000,000 in additional capital contributions from Wanda subsequent to the Merger. During the period March 30, 2012 through August 30, 2012, we made principal payments of \$191,035,000 related to AMCE's Notes due 2014.

During the year ended March 29, 2012, proceeds from the issuance of Term Loan due 2018 were \$297,000,000 and deferred financing costs paid related to the issuance of the Term Loan due 2018 were \$5,335,000.

During the year ended March 29, 2012, we repaid the remaining principal balance due on AMCE's Term Loan due 2013 of \$140,657,000, made payments to repurchase our Notes due 2014 of \$108,965,000 and redeemed our Term Loan due 2014 of \$159,440,000.

During the twelve months ended December 31, 2013, AMCE used cash on hand to make a dividend distribution to us to purchase treasury stock of \$588,000. As a result of the IPO, members of management incurred a tax liability associated with Holdings' common stock owned since the date of the Merger. Management elected to satisfy \$588,000 of tax withholding obligation by tendering shares of Class A common stock to us. During fiscal 2012, AMCE used cash on hand to make dividend distributions to us in an aggregate amount of \$109,581,000. We used the available funds to pay corporate overhead expenses incurred in the ordinary course of business and, on January 25, 2012, to redeem our Term Loan Facility due June 2012, plus accrued and unpaid interest.

Commitments and Contingencies

Minimum annual cash payments required under existing capital and financing lease obligations, maturities of corporate borrowings, future minimum rental payments under existing operating leases, furniture, fixtures, and equipment and leasehold purchase provisions, ADA related betterments and

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pension funding that have initial or remaining non-cancelable terms in excess of one year as of December 31, 2013 are as follows:

(In thousands) Calendar Year	Minimum Capital and Financing Lease Payments	Principal Amount of Corporate Borrowings(1)	Interest Payments on Corporate Borrowings(2)	Minimum Operating Lease Payments	Capital Related Betterments(3)	Pension Funding(4)	Total Commitments
2014	\$ 16,808	\$ 9,139	\$ 138,237	\$ 428,108	\$ 49,923	\$ 3,092	\$ 645,307
2015	16,933	9,139	137,896	435,906			599,874
2016	16,943	9,139	137,555	420,230			583,867
2017	16,951	9,139	137,214	403,552			566,856
2018	17,112	9,139	136,874	360,704			523,829
Thereafter	96,571	1,931,826	172,334	1,606,326			3,807,057
Total	\$ 181,318	\$ 1,977,521	\$ 860,110	\$ 3,654,826	\$ 49,923	\$ 3,092	\$ 6,726,790

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- (1) Represents cash requirements for the payment of principal on corporate borrowings. Total amount does not equal carrying amount due to unamortized premiums.
- (2) Interest expense on the term loan portion of our Senior Secured Credit Facility was estimated at 3.5% based upon the interest rate in effect as of December 31, 2013.
- (3) Includes committed capital expenditures, investments, and betterments to our circuit. Does not include planned, but non-committed capital expenditures.
- (4) We fund our pension plan such that the plan is in compliance with Employee Retirement Income Security Act ("ERISA") and the plan is not considered "at risk" as defined by ERISA guidelines. The plan has been frozen effective December 31, 2006. The retiree health plan is not funded.

As discussed in Note 21 Subsequent Events to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, on January 15, 2014, AMCE launched a cash tender offer and consent solicitation for any and all of its then outstanding \$600,000,000 principal amount of Notes due 2019. On February 7, 2014, AMCE completed the private offering of \$375,000,000 aggregate principal amount of Notes due 2022. AMCE used the net proceeds from the Notes due 2022 private offering, together with a portion of the net proceeds from Holdings' IPO, to pay the consideration and consent payments for the tender offer for the Notes due 2019, plus any accrued and unpaid interest and related transaction fees and expenses. The annual interest savings from redeeming the Notes due 2019 less the interest associated with the Notes due 2022 is estimated at \$30,469,000.

As discussed in Note 11 Income Taxes to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, we adopted accounting for uncertainty in income taxes per the guidance in ASC 740, *Income Taxes*, ("ASC 740"). As of December 31, 2013, our recorded obligation for unrecognized benefits is \$27,400,000. There are currently unrecognized tax benefits which we anticipate will be resolved in the next 12 months; however, we are unable at this time to estimate what the impact on our effective tax rate will be. Any amounts related to these items are not included in the table above.

Investment in NCM

We hold an investment of 15.01% in NCM accounted for following the equity method as of December 31, 2013. The fair market value of these units is approximately \$380,293,000 as of December 31, 2013, based upon the closing price of NCM, Inc. common stock. We have little

tax basis in these units; therefore, the sale of all these units would require us to report taxable income of approximately \$514,243,000, including distributions received from NCM that were previously deferred.

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Our investment in NCM is a source of liquidity for us and we expect that any sales we may make of NCM units would be made in such a manner to most efficiently manage any related tax liability. We have available net operating loss carryforwards which could reduce any related tax liability.

Impact of Inflation

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

Off-Balance Sheet Arrangements

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

New Accounting Pronouncements

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to interest rate market risk.

Market risk on variable-rate financial instruments. At December 31, 2013, we maintained a Senior Secured Credit Facility comprised of a \$150,000,000 revolving credit facility and \$775,000,000 of Senior Secured Term Loans due 2020. The Senior Secured Credit Facility permits borrowings at a rate equal to an applicable margin plus, at our option, either a base rate or LIBOR, with a minimum base rate of 1.75% and a minimum rate for LIBOR borrowings of 0.75%. The rate in effect at December 31, 2013 for the outstanding Senior Secured Term Loan due 2020 was a LIBOR-based rate and was 3.50% per annum. See Note 9 Corporate Borrowings of the Notes to the Consolidated Financial Statements in Item II of Part 8 hereof for additional information. Increases in market interest rates would cause interest expense to increase and earnings before income taxes to decrease. The change in interest expense and earnings before income taxes would be dependent upon the weighted average outstanding borrowings during the reporting period following an increase in market interest rates. We had no borrowings on our revolving credit facility as of December 31, 2013 and had an aggregate principal balance of \$769,188,000 outstanding under the Senior Secured Term Loan due 2020 on December 31, 2013. A 100 basis point change in market interest rates would have increased or decreased interest expense on the Senior Secured Credit Facility by \$7,791,000 during the twelve months ended December 31, 2013.

Market risk on fixed-rate financial instruments. Included in long-term corporate borrowings are principal amounts of \$600,000,000 of our Notes due 2019 and \$600,000,000 of our Notes due 2020. Increases in market interest rates would generally cause a decrease in the fair value of the Notes due 2019 and Notes due 2020 and a decrease in market interest rates would generally cause an increase in fair value of the Notes due 2019 and Notes due 2020.

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Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AMC Entertainment Holdings, Inc.

TO THE STOCKHOLDERS OF AMC ENTERTAINMENT HOLDINGS, INC.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 12a-15(f) of the Exchange Act. With our participation, an evaluation of the effectiveness of internal control over financial reporting was conducted as of December 31, 2013, based on the framework and criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2013.

Chief Executive Officer and President

Executive Vice President and Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of AMC Entertainment Holdings, Inc. (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for the year ended December 31, 2013, the period August 31, 2012 to December 31, 2012, the 22-week period ended August 30, 2012, and the 52-week period ended March 29, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AMC Entertainment Holdings, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the year ended December 31, 2013, the August 31, 2012 to December 31, 2012 period, the 22-week period ended August 30, 2012, and the 52-week period ended March 29, 2012, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, effective August 30, 2012, the Company had a change of controlling ownership. As a result of this change of control, the consolidated financial information after August 30, 2012 is presented on a different cost basis than that for the period before the change of control and, therefore, is not comparable.

/s/ KPMG LLP

Kansas City, Missouri
March 4, 2014

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AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Calendar 2013	Transition Period		Fiscal 2012
	12 Months	From Inception		
	Ended	August 31, 2012		
	December 31,	through	March 30, 2012	52 Weeks
	2013	December 31,	through	Ended
(In thousands)	(Successor)	(Successor)	(Predecessor)	(Predecessor)
Revenues				
Admissions	\$ 1,847,327	\$ 548,632	\$ 816,031	\$ 1,721,295
Food and beverage	786,912	229,739	342,130	689,680
Other theatre	115,189	33,121	47,911	111,002
Total revenues	2,749,428	811,492	1,206,072	2,521,977
Operating costs and expenses				
Film exhibition costs	976,912	291,561	436,539	916,054
Food and beverage costs	107,325	30,545	47,326	93,581
Operating expense	726,641	230,434	297,328	696,783
Rent	451,828	143,374	189,086	445,326
General and administrative:				
Merger, acquisition and transaction costs	2,883	3,366	4,417	3,958
Management fee			2,500	5,000
Other	97,288	29,110	27,023	51,495
Depreciation and amortization	197,537	71,633	80,971	212,817
Impairment of long-lived assets				285
Operating costs and expenses	2,560,414	800,023	1,085,190	2,425,299
Operating income	189,014	11,469	120,882	96,678
Other expense (income)				
Other expense (income)	(1,415)	49	960	1,965
Interest expense:				
Corporate borrowings	129,963	45,259	67,614	172,159
Capital and financing lease obligations	10,264	1,873	2,390	5,968
Equity in (earnings) losses of non-consolidated entities	(47,435)	2,480	(7,545)	(12,559)
Investment expense (income)	(2,084)	290	(41)	17,619
Total other expense	89,293	49,951	63,378	185,152
Earnings (loss) from continuing operations before income taxes	99,721	(38,482)	57,504	(88,474)
Income tax provision (benefit)	(263,383)	3,500	2,500	2,015
Earnings (loss) from continuing operations	363,104	(41,982)	55,004	(90,489)
Gain (loss) from discontinued operations, net of income taxes	1,296	(688)	35,153	(3,609)

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Net earnings (loss)	\$	364,400	\$	(42,670)	\$	90,157	\$	(94,098)
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Basic earnings (loss) per share:

Earnings (loss) from continuing operations	\$	4.74	\$	(0.56)	\$	0.87	\$	(1.43)
Earnings (loss) from discontinued operations		0.02		(0.01)		0.55		(0.06)

Basic earnings (loss) per share	\$	4.76	\$	(0.57)	\$	1.42	\$	(1.49)
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Average shares outstanding-Basic		76,527.26		74,987.96		63,335.34		63,335.34
Diluted earnings (loss) per share:								
Earnings (loss) from continuing operations	\$	4.74	\$	(0.56)	\$	0.86	\$	(1.43)
Earnings (loss) from discontinued operations		0.02		(0.01)		0.55		(0.06)

Diluted earnings (loss) per share	\$	4.76	\$	(0.57)	\$	1.41	\$	(1.49)
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Average shares outstanding-Diluted		76,527.26		74,987.96		63,715.11		63,335.34
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See Notes to Consolidated Financial Statements.

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AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)	Transition Period			
	Calendar 2013 12 Months Ended December 31, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	Fiscal 2012 52 Weeks Ended March 29, 2012 (Predecessor)
Net earnings (loss)	\$ 364,400	\$ (42,670)	\$ 90,157	\$ (94,098)
Foreign currency translation adjustment, net of tax	179	(530)	11,935	2,465
Pension and other benefit adjustments:				
Net gain (loss) arising during the period, net of tax	4,510	7,279		(18,939)
Prior service credit arising during the period, net of tax	9,271		771	1,035
Amortization of net (gains) loss included in net periodic benefit costs, net of tax	(78)		987	5
Amortization of prior service credit included in net periodic benefit costs, net of tax			(448)	(984)
Settlement, net of tax		(15)		
Unrealized gain (loss) on marketable securities:				
Unrealized holding gain (loss) arising during the period, net of tax	(1,622)	1,915	(4,167)	(17,490)
Less: reclassification adjustment for (gains) loss included in investment expense (income), net of tax	925	(2)	(44)	17,696
Unrealized gain from equity method investees' cash flow hedge, net of tax:				
Unrealized holding gains arising during the period, net of tax	2,085	797		
Holding gains reclassified to equity in earnings of non-consolidated entities	(510)			
Other comprehensive income (loss)	14,760	9,444	9,034	(16,212)
Total comprehensive income (loss)	\$ 379,160	\$ (33,226)	\$ 99,191	\$ (110,310)

See Notes to Consolidated Financial Statements.

[Table of Contents](#)**AMC ENTERTAINMENT HOLDINGS, INC.****CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data)		December 31, 2013 (Successor)	December 31, 2012 (Successor)
ASSETS			
Current assets:			
Cash and equivalents	\$	546,454	\$ 133,071
Receivables, net		106,148	97,108
Deferred tax asset		110,097	
Other current assets		80,824	70,627
Total current assets		843,523	300,806
Property, net		1,179,754	1,147,959
Intangible assets, net		234,319	243,180
Goodwill		2,289,800	2,249,153
Deferred tax asset		96,824	
Other long-term assets		402,504	332,740
Total assets	\$	5,046,724	\$ 4,273,838

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable	\$	268,163	\$ 226,220
Accrued expenses and other liabilities		170,920	155,286
Deferred revenues and income		202,833	171,122
Current maturities of corporate borrowings and capital and financing lease obligations		16,080	14,280
Total current liabilities		657,996	566,908
Corporate borrowings		2,069,672	2,070,671
Capital and financing lease obligations		109,258	116,369
Exhibitor services agreement		329,913	318,154
Deferred tax liability			47,433
Other long-term liabilities		370,946	385,718
Total liabilities		3,537,785	3,505,253
Commitments and contingencies			
Class A common stock (temporary equity) (\$.01 par value, 173,150 shares issued and 140,466 shares outstanding as of December 31, 2013 173,150 shares issued and outstanding as of December 31, 2012)		1,469	1,811

Stockholders' equity:

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Class A common stock (\$.01 par value, 524,173,073 shares authorized; 21,412,804 shares issued and outstanding as of December 31, 2013)	214	
Class B common stock (\$.01 par value, 75,826,927 shares authorized; 75,826,927 shares issued and outstanding as of December 31, 2013 and December 31, 2012)	758	758
Additional paid-in capital	1,161,152	799,242
Treasury stock, 32,684 shares at cost	(588)	
Accumulated other comprehensive income	24,204	9,444
Accumulated earnings (deficit)	321,730	(42,670)
 Total stockholders' equity	 1,507,470	 766,774
 Total liabilities and stockholders' equity	 \$ 5,046,724	 \$ 4,273,838

See Notes to Consolidated Financial Statements.

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AMC ENTERTAINMENT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Calendar 2013	Transition Period		Fiscal 2012
	12 Months Ended December 31, 2013 (Successor)	From Inception August 31, 2012 through December 31, 2012 (Successor)	March 30, 2012 through August 30, 2012 (Predecessor)	52 Weeks Ended March 29, 2012 (Predecessor)
(In thousands)				
Cash flows from operating activities:				
Net earnings (loss)	\$ 364,400	\$ (42,670)	\$ 90,157	\$ (94,098)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:				
Depreciation and amortization	197,537	71,633	81,234	214,029
Interest accrued to principal on corporate borrowings				9,446
Interest paid and discount on repurchase of Holdings' Term Loan				(59,965)
Deferred income taxes	(266,598)	3,020		
Impairment of assets				285
(Gain) loss on extinguishment and modification of debt	(422)			922
Amortization of discount (premium) on corporate borrowings	(12,687)	(3,219)	967	1,336
Impairment of marketable equity security. investment	1,370			17,751
Theatre and other closure expense	5,823	2,381	11,753	7,449
Stock based compensation	12,000		830	1,962
(Gain) loss on dispositions	(2,876)	73	(48,245)	(580)
Equity in earnings and losses from non-consolidated entities, net of distributions	(19,611)	12,707	(495)	20,553
Change in assets and liabilities:				
Receivables	(3,365)	(66,615)	12,884	(18,554)
Other assets	(8,915)	(35,138)	36,770	(3,712)
Accounts payable	64,215	69,029	(58,027)	26,747
Accrued expenses and other liabilities	14,822	63,288	(50,473)	21,977
Other, net	11,649	(597)	(983)	(8,519)
Net cash provided by operating activities	357,342	73,892	76,372	137,029
Cash flows from investing activities:				
Capital expenditures	(260,823)	(72,774)	(40,116)	(139,359)
Merger, net of cash acquired		3,110		
Acquisition of Rave theatres, net of cash acquired	(1,128)	(87,555)		
Proceeds from disposition of long-term assets	3,880	90	7,291	1,474
Investments in non-consolidated entities, net	(3,265)	(1,194)	1,589	(26,880)
Proceeds from sale/leaseback of digital projection equipment				953
Other, net	(7,448)	(575)	205	98
Net cash used in investing activities	(268,784)	(158,898)	(31,031)	(163,714)
Cash flows from financing activities:				
Proceeds from issuance of Term Loan due 2020	773,063			
Net proceeds from IPO	355,580			
Repayment of Term Loan due 2016	(464,088)			
Repayment of Term Loan due 2018	(296,250)			

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Proceeds from issuance of Term Loan due 2018				297,000
Repayment of Term Loan due 2013				(140,657)
Repurchase of Senior Subordinated Notes due 2014			(191,035)	(108,965)
Repurchase of Holdings' Term Loan				(159,440)
Principal payments under Term Loan	(7,813)	(4,002)	(4,002)	(4,875)
Principal payments under capital and financing lease obligations	(6,446)	(875)	(1,298)	(3,422)
Capital contribution from Wanda		100,000		
Deferred financing costs	(9,126)		(2,378)	(6,827)
Change in construction payables	(19,404)	22,487	(23,575)	13,512
Purchase of Treasury Stock	(588)			
Net cash provided by (used in) financing activities	324,928	117,610	(222,288)	(113,674)
Effect of exchange rate changes on cash and equivalents	(103)	(207)	16	556
Net increase (decrease) in cash and equivalents	413,383	32,397	(176,931)	(139,803)
Cash and equivalents at beginning of period	133,071	100,674	277,605	417,408
Cash and equivalents at end of period	\$ 546,454	\$ 133,071	\$ 100,674	\$ 277,605

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid (refunded) during the period for:

Interest (including amounts capitalized of \$511, \$0 and \$14)	\$ 152,220	\$ 68,794	\$ 78,789	\$ 219,493
Income taxes, net	1,646	10,088	828	807

Schedule of non-cash investing and financing activities:

Investment in NCM (See Note 7 Investments)	\$ 26,315	\$	\$	\$
Investment in AC JV, LLC. (See Note 7 Investments)	8,333			
See Note 3 Acquisition for non-cash activities related to acquisition				

See Notes to Consolidated Financial Statements.

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

	Class A Voting Common Stock	Class A-1 Voting Common Stock	Class A-2 Voting Common Stock	Class N Nonvoting Common Stock	Class L-1 Voting Common Stock	Class L-2 Voting Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Total Stockholders' Equity
Thousands, except and per share data)	Shares	Shares	Shares	Shares	Shares	Shares	Amount	Amount	Amount	Amount	Amount
Successor											
Balance March 31, 2011	\$ 382,475.00000	\$ 4 382,475.00000	\$ 4 382,475.00000	\$ 2,021.01696	\$ 256,085.61252	\$ 3 256,085.61252	\$ 3 \$ 671,363	\$ (2,596)	\$ (3,991)	\$ (398,841)	\$ 265,000
Net loss										(94,098)	(94,098)
Other comprehensive loss									(16,212)		(16,212)
Share-based compensation							1,962				1,962
Balance March 29, 2012	382,475.00000	4 382,475.00000	4 382,475.00000	2,021.01696	256,085.61252	3 256,085.61252	3 673,325	(2,596)	(20,203)	(492,939)	157,688
Balance March 29, 2012											
Earnings										90,157	90,157
Other comprehensive income									9,034		9,034
Share-based compensation							830				830
Balance August 30, 2012	382,475.00000	4 382,475.00000	4 382,475.00000	2,021.01696	256,085.61252	3 256,085.61252	3 674,155	(2,596)	(11,169)	(402,782)	257,873

	Class A Voting Common Stock	Class B Voting Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings (Deficit)	Total Stockholders' Equity
Successor	Shares	Amount	Shares	Amount			
Balance August 30, 2012							
Net loss						(42,670)	(42,670)
Other comprehensive income					9,444		9,444
Merger consideration		66,252,108	662	699,338			700,000
Capital contributions		9,574,819	96	99,904			100,000
Balance December 31, 2012		75,826,927	758	799,242	9,444	(42,670)	766,774

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Balance December 31,
2012

Net earnings					364,400	364,400
Other comprehensive income				14,760		14,760
Net proceeds from IPO	21,052,632	211		355,088		355,299
Stock-based compensation	360,172	3		6,480		6,483
Purchase shares for treasury				342	(588)	(246)

Balance December 31,
2013

21,412,804 \$ 214 75,826,927 \$ 758 \$ 1,161,152 \$ (588) \$ 24,204 \$ 321,730 \$ 1,507,470