AMC ENTERTAINMENT HOLDINGS, INC.
Form S-1/A
June 03, 2011

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As filed with the Securities and Exchange Commission on June 3, 2011

Registration No. 333-168105

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

**AMENDMENT
NO. 6 TO**

FORM S-1
**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

AMC ENTERTAINMENT HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**7832**	**26-0303916**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**c/o AMC Entertainment Inc.
920 Main Street
Kansas City, Missouri 64105-1977
(816) 221-4000**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to public: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

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

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 3, 2011

Shares

AMC Entertainment Inc.

Common Stock

This is an initial public offering of shares of common stock of AMC Entertainment Inc. (formerly AMC Entertainment Holdings, Inc.). We are selling an aggregate of shares in this offering.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $ and $ per share. We have applied to list the common stock on a national securities exchange under the symbol "AMC".

The underwriters have an option to purchase up to a maximum of additional shares of common stock from us.

An affiliate of J.P. Morgan Securities LLC., one of the underwriters in this offering, is one of our principal stockholders: J.P. Morgan Partners, LLC, or JPMP. JPMP currently owns approximately % of our common stock on a fully diluted basis and will own approximately % of our common stock upon the completion of this offering (assuming the underwriters' option to purchase additional shares is not exercised). As a result of JPMP's current ownership interest in us, this offering is being conducted in accordance with the applicable provisions of the Financial Industry Regulatory Authority, or the FINRA, rules. These rules require, among other things, that the "qualified independent underwriter" (as such term is defined by the rules) participates in the preparation of the registration statement and prospectus and conducts due diligence. Goldman, Sachs & Co. is assuming the responsibilities of acting as the qualified independent underwriter in this offering.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 18.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per Share			
Total			

Delivery of the shares of common stock will be made on or about , 2011.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

J.P. Morgan **Goldman, Sachs & Co.**

Barclays Capital **Citi** **Credit Suisse** **Deutsche Bank Securities**

The date of this prospectus is , 2011.

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You should rely only on the information contained in or incorporated by reference in this document. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

MARKET AND INDUSTRY INFORMATION

Information regarding market share, market position and industry data pertaining to our business contained in this prospectus consists of our estimates based on data and reports compiled by industry professional organizations, including the Motion Picture Association of America, the National Association of Theatre Owners ("NATO"), Nielsen Media Research, Rentrak Corporation ("Rentrak"), industry analysts and our management's knowledge of our business and markets. Unless otherwise noted in this prospectus, all information provided by the Motion Picture Association of America is for the 2009 calendar year, all information provided by NATO is for the 2009 calendar year and all information provided by Rentrak is as of December 31, 2010.

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

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors" and our consolidated financial statements and accompanying notes.

AMC Entertainment Holdings, Inc. ("Parent"), an entity created on June 6, 2007, is the sole stockholder of AMC Entertainment Inc. ("AMCE"). Upon completion of this initial public offering, AMCE will be merged with and into Parent, with Parent continuing as the surviving entity (the "Merger"). Parent will change its name to AMC Entertainment Inc. As used in this prospectus, unless the context otherwise requires, references to "we," "us," "our," the "Company," "AMC" or "AMC Entertainment" refer to Parent and its subsidiaries after giving effect to the Merger.

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

Parent has a 52-week or 53-week fiscal year ending on the Thursday closest to March 31. Fiscal years 2007, 2009, 2010 and 2011 contained 52 weeks. Fiscal year 2008 contained 53 weeks.

Who We Are

We are one of the world's leading theatrical exhibition companies. As of March 31, 2011, we owned, operated or held interests in 360 movie theatres with a total of 5,128 screens, approximately 99% of which were located in the United States and Canada. Our theatres are primarily located in major metropolitan markets, which we believe offer us strategic, operational and financial advantages. We also have a modern, highly productive theatre circuit that leads the theatrical exhibition industry in key asset quality and performance metrics, such as revenues per head and per theatre productivity measures. Our industry-leading performance is largely driven by the quality of our theatre sites, our operating practices, which focus on delivering the best customer experience through consumer-focused innovation, and, most recently, our implementation of premium sight and sound formats, which we believe will be key components of the future movie-going experience. As of March 31, 2011, we are the largest IMAX exhibitor in the world with a 45% market share in the United States and nearly twice the screen count of the second largest U.S. IMAX exhibitor, and each of our local IMAX installations is protected by geographic exclusivity.

Approximately 200 million consumers have attended our theatres each year for the past five years. We offer these consumers a fully immersive out-of-home entertainment experience by featuring a wide array of entertainment alternatives, including popular movies, throughout the day and at different price points. This broad range of entertainment alternatives appeals to a wide variety of consumers across different age, gender, and socioeconomic demographics. For example, in addition to traditional film programming, we offer more diversified programming that includes independent and foreign films, performing arts, music and sports. We also offer food and beverage alternatives beyond traditional concession items, including made-to-order meals, customized coffee, healthy snacks and dine-in theatre options, all designed to create further service and selection for our consumers. We believe there is potential for us to further increase our annual attendance as we gain market share from other in-home and out-of-home entertainment options.

Our large annual attendance has made us an important partner to content providers who want access and distribution to consumers. We currently generate 16% more estimated unique visitors per year (33.3 million) than HBO's subscribers (28.6 million) and 67% more than Netflix's subscribers (20.0 million) according to the October 14, 2010 *Hollywood Reporter*, the December 31, 2010 Netflix Form 10-K and the Theatrical Market Statistics 2010 report from the Motion Picture Association of

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America. Further underscoring our importance to content providers, we represent approximately 17% to 20%, on average, of each of the six largest grossing studios' U.S. box office revenues. Average annual film rental payments to each of these studios ranged from approximately $100 million to $160 million.

For the fiscal year ended March 31, 2011, we generated pro forma revenues of approximately $2.5 billion, pro forma Adjusted EBITDA (as defined on page 16 and 17) of $282.4 million and pro forma loss from continuing operations of $(154.5) million. For the fiscal year ended March 31, 2011, the fiscal year ended April 1, 2010 and the fiscal year ended April 2, 2009, we generated revenues of approximately $2.4 billion, $2.4 billion and $2.3 billion, respectively, Adjusted EBITDA (as defined on page 16 and 17) of $277.4 million, $327.9 million and $294.7 million, respectively, and earnings (loss) from continuing operations of $(174.9) million, $87.4 million and $(158.8) million, respectively.

We were founded in 1920 and since then have pioneered many of the theatrical exhibition industry's most important innovations, including the multiplex theatre format in the early 1960s and the North American megaplex theatre format in the mid-1990s. In addition, we have acquired some of the most respected companies in the theatrical exhibition industry, including Loews Cineplex Entertainment Corporation ("Loews"), General Cinema Corporation ("General Cinema") and, more recently, Kerasotes Showplace Theatres, LLC ("Kerasotes"), the acquisition of which is described under " Recent Developments." 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 will be a dynamic acquisition-based domestic theatrical distribution company that will concentrate on wide-release movies;

- In March 2005, we formed a joint venture with one of the major theatrical exhibition chains which combined our respective cinema screen advertising businesses into a company called National CineMedia, LLC ("NCM") and in July 2005, another of the major theatrical exhibition chains joined NCM as one of the founding members. As of March 31, 2011, we owned 17,323,782 common units in NCM, or a 15.66% ownership interest in NCM. All of our NCM membership units are redeemable for, at the option of NCM, cash or shares of common stock of National CineMedia, Inc. ("NCM, Inc.") on a share-for-share basis. The estimated fair market value of our units in NCM was approximately $323.4 million based on the closing price per share of NCM, Inc. on March 31, 2011 of $18.67 per share;

- We hold a 29% interest in Digital Cinema Implementation Partners LLC ("DCIP"), a joint venture charged with implementing digital cinema in the Company's theatres; and

- We hold a 26.22% interest in Movietickets.com, a joint venture that provides moviegoers with a way to buy movie tickets online, access local showtime information, view trailers and read reviews.

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.

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Our Competitive Strengths

We believe our leadership in major metropolitan markets, superior asset quality and continuous focus on innovation and the guest experience have positioned us well to capitalize disproportionately on trends providing momentum to the theatrical exhibition industry as a whole, particularly the mass adoption of digital and 3D technologies. We believe we can gain additional share of wallet from the consumer by broadening our offerings to them and increasing our engagement with them. We can then enable marketers and partners, such as NCM, to engage with our guests, deriving further financial value and benefit. We believe our management team is uniquely equipped to execute our strategy to realize these opportunities, making us a particularly effective competitor in our industry and positioning us well for future growth. Our competitive strengths include:

Broad National Reach. Thirty-nine percent (39%) of Americans (or approximately 120 million consumers) live within 10 miles of an AMC theatre. This proximity and convenience, along with the affordability and diversity of our film product, drive approximately 200 million consumers into our theatres each year, or approximately 33.3 million unique visitors annually. We believe our ability to serve a broad consumer base across numerous entertainment occasions, such as teenage socializing, romantic dates and group events, is a competitive advantage. Our consumer reach, operating scale, access to diverse content and marketing platforms are valuable to content providers and marketers who want to access this broad and diverse audience.

Major Market Leader. We maintain the leading market share within our markets. As of March 31, 2011, we operated in 24 of the top 25 Designated Market Areas as defined by Nielsen Media Research ("DMAs") and had the number one or two market share in each of the top 15 DMAs, including New York City, Los Angeles, Chicago, Philadelphia, San Francisco, Boston and Dallas. In addition, 75% of our screens were located in the top 25 DMAs and 89% were located in the top 50 DMAs. Our strong presence in the top DMAs makes our theatres more visible and therefore strategically more important to content providers who rely on these markets for a disproportionately large share of box office receipts. According to Rentrak, during the 52 weeks ended March 31, 2011, 59% of all U.S. box office receipts were derived from the top 25 DMAs and 75% were derived from the top 50 DMAs. 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.

We believe that customers in our major metropolitan markets are generally more affluent and culturally diverse than those in smaller markets. Traditionally, our strong presence in these markets has created a greater opportunity to exhibit a broad array of programming and premium formats, which we believe drives higher levels of attendance at our theatres. This has allowed us to generate higher per screen and per theatre operating metrics. For example, our average ticket price in the United States was $8.73 for our 52 weeks ended March 31, 2011, as compared to $7.87 for the industry as a whole for the 12 months ended March 31, 2011.

Modern, Highly Productive Theatre Circuit. We believe the combination of our strong major market presence, focus on a superior guest experience and core operating strategies enables us to deliver industry-leading theatre level operating metrics. For the 52 weeks ended March 31, 2011, on a pro forma basis, our theatre exhibition circuit generated attendance per average theatre of 538,000 (higher than any of our peers), revenues per average theatre of $6.7 million and operating cash flows before rent (defined as Adjusted EBITDA before rent and G&A-Other) per average theatre of $2.2 million. Over the past five fiscal years, we invested an average of $132.4 million per year to improve and expand our theatre circuit, contributing to the modern portfolio of theatres we operate today.

Leader in Deployment of Premium Formats. We also believe our strong major market presence and our highly productive theatre circuit allow us to take greater advantage of incremental

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revenue-generating opportunities associated with the premium services that are beginning to define the future of the theatrical business, including digital delivery, 3D projection, large screen formats, such as IMAX and our proprietary ETX offering, and alternative programming. As the industry's digital conversion accelerates, we believe we have established a differentiated leadership position in premium formats. For example, we are the world's largest IMAX exhibitor with 107 screens as of March 31, 2011, all of which are 3D enabled, and we expect to increase our IMAX screen count to 129 by the end of fiscal year 2012. We are able to charge a premium price for the IMAX experience, which, in combination with higher attendance levels, produces average weekly box office per print that is 300% greater than standard 2D versions of the same movie. The availability of IMAX and 3D content has increased significantly from calendar year 2005 to 2010. During this period, available 3D content increased from 3 titles to 26 titles, while available IMAX content increased from 5 titles to 14 titles. Industry film grosses for available 3D products increased from $191.0 million to approximately $3.0 billion, while industry film grosses for available IMAX products increased from $864.0 million to approximately $3.0 billion over this period. This favorable trend continues in calendar year 2011 with 37 3D titles and 19 IMAX titles slated to open, including highly successful franchise installments such as *Pirates of the Caribbean: On Stranger Tides, Kung Fu Panda: The Kaboom of D, Transformers: Dark of the Moon, Harry Potter and the Deathly Hallows, Part 2 and Mission Impossible-Ghost Protocal.* As reported in the May 1, 2011 issue of *Movieline International*, the film release schedule for calendar year 2012 is beginning to solidify with 24 3D titles and 2 IMAX titles already announced, including sequels of high profile franchises such as Spiderman, Men in Black, James Bond, Bourne Legacy, Batman and a 3D version of *Star Wars.* We expect that additional 3D and IMAX titles will be announced as the beginning of 2012 approaches.

Innovative Growth Initiatives in Food and Beverage. We believe our theatre circuit is better positioned than our peer competitors' to generate additional revenue from broader and more diverse food and beverage offerings, in part due to our markets' larger, more diverse and more affluent customer base and our management's extensive experience in guest services, specifically within the food and beverage industry. Our annual food and beverage sales exceed the domestic food service sales generated from 18 of the top 75 ranked restaurants chains in the U.S., while representing only approximately 27% of our total revenue. To capitalize on this opportunity, we have currently introduced one or more proprietary food and beverage offerings in 138 theatres as of March 31, 2011, and we intend to deploy these offerings across our theatre circuit based on the needs and specific circumstances of each theatre. Our wide range of food and beverage offerings feature expanded menus, enhanced concession formats and unique dine-in theatre options, which we believe appeals to a larger cross section of potential customers. For example, in fiscal 2009 we converted a small, six-screen theatre in Atlanta, Georgia to a dine-in theatre facility with full kitchen facilities, seat-side servers and a separate bar and lounge area. From fiscal 2008 to fiscal 2011, this theatre's attendance increased over 60%, revenues more than doubled, and operating cash flow and margins increased significantly. We plan to continue to invest in one or more enhanced food and beverage offerings across 125 to 150 theatres over the next three years.

Our current food and beverage initiatives include:

- Dine-in theatre concepts at 7 locations, which feature full kitchen facilities, seat-side servers and a separate bar and lounge area;
- Concession Stand of the Future ("The Marketplace") at 3 locations, featuring self serve and premium concession items and specialty drinks;
- Concession Freshen at 13 locations, which provides a guest friendly grab and go experience and creates visual interest and space for more products;
- Better For You Merchandisers at 12 locations, addressing currently unmet guest needs by providing healthy choice concession items; and

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Made To Order Hot Foods at 125 locations, including menu choices such as curly fries, chicken tenders and jalapeño poppers.

Strong Cash Flow Generation. We believe that our major market focus and highly productive theatre circuit have enabled us to generate significant cash flow provided by operating activities. For the 52 weeks ended March 31, 2011, on a pro forma basis (including giving effect to the redemption of our Discount Notes due 2014), our net cash provided by operating activities totaled $88.6 million. For the fiscal year ended April 1, 2010, on a pro forma basis, our net cash provided by operating activities totaled $245.7 million. This strong cash flow will enable us to continue our deployment of premium formats and services and to finance planned capital expenditures without relying on the capital markets for funding. In addition, in future years, we expect to continue to generate cash flow sufficient to allow us to grow our revenues, maintain our facilities, service our indebtedness and make dividend payments to our stockholders.

Management Team Uniquely Positioned to Execute. Our management team has a unique combination of industry experiences and skill-sets, equipping them to effectively execute our strategies. Our CEO's broad experience in a number of consumer packaged goods and entertainment-related businesses expands our growth perspectives beyond traditional theatrical exhibition and has increased our focus on providing more value to our guests. Recent additions, including a Chief Marketing Officer, heads of Food and Beverage, Programming and Development/Real Estate and a Senior Vice President for Strategy and Strategic Partnerships, augment our deep bench of industry experience. The expanded breadth of our management team complements the established team that is focused on operational excellence, innovation and successful industry consolidation.

Our Strategy

Our strategy is to leverage our modern theatre circuit and major market position to lead the industry in consumer-focused innovation and financial and operating metrics. The use of emerging premium formats and our focus on the guest experience give us a unique opportunity to leverage our theatre circuit and major market position across our platform. Our primary goal is to maintain our company's and the industry's social relevance and to offer consumers distinctive, affordable and compelling out-of-home entertainment alternatives that capture a greater share of their personal time and spend. We have a two-pronged strategy to accomplish this goal: first, drive consumer-related growth and second, focus on operational excellence.

Drive Consumer-Related Growth

Capitalize on Premium Formats. Technical innovation has allowed us to enhance the consumer experience through premium formats such as IMAX and 3D. Our customers are willing to pay a premium price for this differentiated entertainment experience. When combined with our major markets' customer base, the operating flexibility of digital technology will enhance our capacity utilization and dynamic pricing capabilities. This will enable 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. We have already seen success from the Metropolitan Opera, with respect to which, during fiscal 2011, we programmed 37 performances in over 100 theatres and charged an average ticket price of $18. 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 through the installation of additional IMAX, ETX and RealD systems and the presentation of attractive alternative content. For example:

We have the leading market share of IMAX 3D-enabled digital projection systems. We expect to increase our IMAX screen count to 129 by the end of fiscal year 2012. These IMAX projection systems are slated to be installed in many of our top performing locations in major U.S. markets, each of our local IMAX installations is protected by geographic exclusivity. Available

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IMAX titles announced for calendar year 2011 are 19 as compared with 14 titles in calendar year 2010.

As of March 31, 2011, we had installed 2,301 digital projectors in our existing theatre base, representing a 45% digital penetration in our theatre circuit. We intend to continue our rapid deployment of digital projectors through our arrangements with DCIP and expect to have installed over 3,800 digital projectors by the end of fiscal year 2012. We lease our digital projection systems from DCIP and therefore do not bear the majority of the cost of the digital projector rollout. Operating a digital theatre circuit provides numerous benefits, which include forming the foundation for 3D formats and alternative programming, allowing for more efficient film operations, lowering costs and enabling a better, more versatile advertising platform.

To complement our deployment of digital technology, in 2006 we partnered with RealD to install their 3D enabled systems in our theatres. As of March 31, 2011, we had 1,603 RealD, 107 IMAX and 14 ETX 3D-enabled systems. During the past year, 3D films have generated approximately 10% greater attendance and approximately 40% greater admissions revenues than the standard 2D versions of the same film at an additional $1 to $5 per ticket. Concurrent with our digital rollout, we plan on having over 2,250 RealD screens across our theatre circuit by the end of fiscal 2012. Available 3D titles for calendar year 2011 are 37 compared with 26 titles in calendar year 2010.

During fiscal 2010, we introduced our proprietary large-screen digital format, ETX, and as of March 31, 2011 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, in combination with higher attendance levels, produces average weekly box office per print that is 140% more than standard 2D versions of the same movie. We plan to have 17 ETX large screen formats by the end of fiscal year 2012.

Broaden and Enhance Food and Beverage Offerings. To address consumer trends, we are expanding our menu of premium food and beverage products to include made-to-order meals, customized coffee, healthy snacks, alcohol and other gourmet products. We plan to invest across a spectrum of enhanced food and beverage formats, from simple, less capital-intensive concession design improvements to the development of new dine-in theatre options. We have successfully implemented our dine-in theatre offerings to rejuvenate theatres approaching the end of their useful lives as traditional movie theatres and, in some of our larger theatres to more efficiently leverage their additional capacity. The costs of these conversions in some cases are partially covered by investments from the theatre landlord. We plan to continue to invest in one or more enhanced food and beverage offerings across 125 to 150 theatres over the next three years.

Maximize Guest Engagement and Loyalty. In addition to differentiating the AMC Entertainment movie-going experience by deploying new sight and sound formats, as well as food and beverage offerings, we are also focused on creating differentiation through guest marketing. We are already the most recognized theatre exhibition brand, with almost 60% brand awareness in the United States. We are actively marketing our own "AMC experience" message to our customers, focusing on every aspect of a customer's engagement with AMC, from the moment a guest visits our website or purchases a ticket to the moment he leaves our theatre. We have also refocused our marketing to drive active engagement with our customers through a redesigned website, Facebook, Twitter and push email campaigns. As of May 17, 2011, we had approximately 1.1 million "likes" on Facebook, and we engaged directly with our guests via close to 32 million emails in fiscal 2011. We have launched our new fee-based guest frequency program, *AMC Stubs*, in late March 2011. This new program replaces *Moviewatcher Rewards*, which ended the year with 1.5 million active members, many of which are converting over to *AMC Stubs*.

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Focus on Operational Excellence

Disciplined Approach to Theatre Portfolio Management. We evaluate the potential for new theatres and, where appropriate, replace underperforming theatres with newer, more modern theatres that offer amenities consistent with our portfolio. We also intend to selectively pursue acquisitions where the characteristics of the location, overall market and facilities further enhance the quality of our theatre portfolio. We presently have no current plans, proposals or understandings regarding any such acquisitions. Historically, we have demonstrated a successful track record of integrating acquisitions such as Loews, General Cinema and Kerasotes. For example, our January 2006 acquisition of Loews combined two leading theatrical exhibition companies, each with a long history of operating in the industry, thereby increasing the number of screens we operated by 47%.

Continue to Achieve Operating Efficiencies. We believe that the size of our theatre circuit, our major market concentration and the breadth of our operations will allow us to continue to achieve economies of scale and further improve operating margins. Our operating strategies are focused on the following areas:

- Leveraging our scale to lower our cost of doing business without sacrificing quality or the important elements of guest satisfaction. For example, during fiscal 2010, we reorganized our procurement function and implemented a number of other initiatives that allowed for vendor consolidation, more targeted marketing and promotional efforts, and energy management programs that generated an aggregate annual savings of approximately $15.3 million for the 52 weeks ended March 31, 2011.

- Lowering occupancy costs in many of our facilities by renegotiating rental agreements with landlords, strictly enforcing co-tenancy provisions and effective auditing of common area billings. In fiscal 2011, we negotiated rental reductions and enforced co-tenancy provisions in 8 of our leases, generating savings of $2.8 million.

- Maintaining our theatres to reduce deferred maintenance costs and lower future capital requirements that might otherwise be required to maintain our facilities in a first class operating condition.

- Creating and monetizing financial value from our strategic alliances and partnerships, such as NCM, Movietickets.com, DCIP, RealD and Open Road Films.

Our Industry

Movie-going is a compelling consumer out-of-home entertainment experience. Movie theatres currently garner a relatively small share of consumer entertainment time and spend, leaving significant room for expansion and growth in the U.S. 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 that 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. We believe the theatrical exhibition industry is and will continue to be attractive for a number of key reasons, including:

A Highly Popular and Affordable Out-of-Home Entertainment Experience. Going to the movies has been one of the most popular and affordable out-of-home entertainment options for decades. The estimated average price of a movie ticket was $7.88 in calendar 2010, considerably less than other out-of-home entertainment alternatives such as concerts and sporting events. In calendar 2010, attendance at indoor movie theatres in the United States and Canada was 1.3 billion. This contrasts with the 111 million combined annual attendance generated by professional baseball, basketball and football over the same period.

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Adoption of Digital Technology. The theatrical exhibition industry is well under way in its overall conversion from film-based to digital projection technology. This digital conversion will position the industry with lower distribution and exhibition expenses, efficient delivery of alternative content and niche programming, and premium experiences for consumers. Digital projection also results in a premium visual experience for patrons, and digital content gives the theatre operator greater flexibility in programming. The industry will benefit from the conversion to digital delivery, alternative content, 3D formats and dynamic pricing models. As theatre exhibitors have adopted digital technology, the theatre circuits have shown enhanced productivity, profitability and efficiency. Digital technology has increased attendance and average ticket prices. Digital technology also facilitates live and pre-recorded networked and single-site meetings and corporate events in movie theatres and will allow for the distribution of live and pre-recorded entertainment content and the sale of associated sponsorships.

Long History of Steady Growth. The theatrical exhibition industry has produced steady growth in revenues over the past several decades. In recent years, net new build activity has slowed, and screen count has rationalized and is expected to decline in the near term before stabilizing, thereby increasing revenue per screen for existing theatres. The combination of the popularity of movie-going, its steady long-term growth characteristics, industry consolidation that has resulted in more rational capital deployment and the industry's relative maturity makes theatrical exhibition a high cash flow generating business. Box office revenues in the United States and Canada have increased from $5.0 billion in 1989 to $10.5 billion in 2010, driven by increases in both ticket prices and attendance across multiple economic cycles. The industry has also demonstrated its resilience to economic downturns; during four of the last six recessions, attendance and box office revenues grew an average of 8.1% and 12.3%, respectively.

Importance to Content Providers. We believe that the theatrical success of a motion picture is often the key determinant in establishing the film's value in the other parts of its product life cycle, such as DVD, cable television, merchandising and other ancillary markets. For each $1.00 of theatrical box office receipts, an average of $1.33 of additional revenue is generated in the remainder of a film's product life cycle. As a result, we believe motion picture studios will continue to work cooperatively with theatrical exhibitors to ensure the continued importance of the theatrical window.

Recent Developments

Holdings Merger

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

Theatre and Other Closures

During the fourth quarter of our fiscal year ending March 31, 2011, we evaluated excess capacity and vacant and under-utilized retail space throughout our theatre circuit. On March 28, 2011, management decided to permanently close 73 underperforming screens and auditoriums in six theatre locations in the United States and Canada while continuing to operate 89 screens at these locations. The permanently closed screens are physically segregated from the screens that will remain in operation and access to the closed space is restricted. Additionally, management decided to discontinue development of and cease use of (including for storage) certain vacant and under-utilized retail space at four other theatres in the United States and the United Kingdom. As a result of closing the screens and auditoriums and discontinuing the development and use of the other spaces, we recorded a charge of $55 million for theatre and other closure expense during the fiscal year ending March 31, 2011. The charge to theatre and other closure expense reflects the discounted contractual amounts of the existing lease obligations for the remaining 7 to 13 year terms of the leases as well as expected incremental

cash outlays for related asset removal and shutdown costs. A significant portion of each of the affected properties will be closed and no longer used. The charges to theatre and other closure expense do not result in any new, increased or accelerated obligations for cash payments related to the underlying long-term operating lease agreements. We expect that the estimated future savings in rent expense and variable operating expenses as a result of our exit plan and from operating these ten theatres in a more efficient manner will exceed the estimated loss in attendance and revenues that we may experience related to the closed auditoriums.

NCM, Inc. Stock Sale

All of our NCM membership units are redeemable for, at the option of NCM, cash or shares of common stock of NCM, Inc. on a share-for-share basis. On August 18, 2010, we sold 6,500,000 shares of common stock of NCM, Inc., in an underwritten public offering for $16.00 per share and reduced our related investment in NCM, Inc. by $36.7 million, the average carrying amount of all shares owned. Net proceeds received on this sale were $99.8 million, after deducting related underwriting fees and professional and consulting costs of $4.2 million, resulting in a gain on sale of $63.1 million. In addition, on September 8, 2010, we sold 155,193 shares of NCM, Inc. to the underwriters to cover over allotments for $16.00 per share and reduced our related investment in NCM, Inc. by $867,000, the average carrying amount of all shares owned. Net proceeds received on this sale were $2.4 million, after deducting related underwriting fees and professional and consulting costs of $99,000, resulting in a gain on sale of $1.5 million.

NCM 2010 Common Unit Adjustment

On March 17, 2011, NCM, Inc., as sole manager of NCM, disclosed the changes in ownership interest in NCM LLC pursuant to the Common Unit Adjustment Agreement dated as of February 13, 2007 by and among NCM, Inc., NCM, Regal CineMedia Holdings, LLC, American Multi-Cinema, Inc., Cinemark Media, Inc., Regal Cinemas, Inc. and Cinemark USA, Inc. (the "2010 Common Unit Adjustment"). This agreement provides for a mechanism for adjusting membership units based on increases or decreases in attendance associated with theatre additions and dispositions. Prior to the 2010 Common Unit Adjustment, we held 18,803,420 units, or a 16.98% ownership interest, in NCM as of December 30, 2010. As a result of theatre closings and dispositions and a related decline in attendance, we elected to surrender 1,479,638 ownership units to satisfy the 2010 Common Unit Adjustment, leaving us with 17,323,782 units, or a 15.66% ownership interest, in NCM as of March 31, 2011, as adjusted for the 2010 Common Unit Adjustment.

Kerasotes Acquisition

On May 24, 2010, we completed the acquisition of 92 theatres and 928 screens from Kerasotes (the "Kerasotes Acquisition"). Kerasotes operated 95 theatres and 972 screens in mid-sized, suburban and metropolitan markets, primarily in the Midwest. More than three quarters of the Kerasotes theatres feature stadium seating and almost 90% have been built since 1994. The purchase price for the Kerasotes theatres paid in cash at closing was $276.8 million, net of cash acquired, and was subject to working capital and other purchase price adjustments. We paid working capital and other purchase price adjustments of $3.8 million during the second quarter of fiscal 2011, based on the final closing date working capital and deferred revenue amounts and have included this amount as part of the total purchase price. The acquisition of Kerasotes significantly increased our size. For additional information about the Kerasotes acquisition, see the notes to our audited consolidated financial statements for the fiscal year ended March 31, 2011 included elsewhere in this prospectus.

Launch of Open Road Films

On March 7, 2011, AMCE and another major theatrical exhibition chain announced the launch of Open Road Films, a dynamic acquisition-based domestic theatrical distribution company that will

concentrate on wide-release movies. Tim Ortenberg, who has more than 25 years of movie marketing, distribution and acquisition experience, will join as Chief Executive Officer of Open Road Films.

Dividend

During December of 2010 and January and March of 2011, AMCE made dividend payments to Holdings totaling $263.1 million. Holdings used the available funds to pay the consideration for the Discount Notes due 2014 Cash Tender Offer and the redemption of all Discount Notes due 2014 that remained outstanding after the closing of the Cash Tender Offer and pay corporate overhead expenses incurred in the ordinary course of business.

During September of 2010, AMCE made dividend payments to Holdings of $15.2 million, and Holdings made dividend payments to us totaling $669,000. We and Holdings used the available funds to make a cash interest payment on the Discount Notes due 2014 and pay corporate overhead expenses incurred in the ordinary course of business.

The Reclassification

Prior to consummating this offering, we intend to reclassify each share of the Parent's existing Class A common stock, Class N common stock and Class L common stock. Pursuant to the reclassification, each holder of shares of Class A common stock, Class N common stock and Class L common stock will receive shares of common stock for one share of Class A common stock, Class L common stock or Class N common stock. The transactions described in this paragraph are referred to in this prospectus as the "Reclassification."

Currently, investment vehicles affiliated with J.P. Morgan Partners, LLC (collectively, "JPMP"), Apollo Investment Fund V, L.P. and certain related investment funds (collectively, "Apollo"), JPMP's and Apollo's co-investors, funds associated with Bain Capital Partners, LLC ("Bain"), affiliates of The Carlyle Group (collectively, "Carlyle"), affiliates of Spectrum Equity Investors (collectively, "Spectrum"), and management hold 100% of our outstanding common stock. JPMP, Apollo, Bain, Carlyle and Spectrum are collectively referred to in this prospectus as the "Sponsors." After giving effect to the Reclassification and this offering, the Sponsors will hold shares of our common stock, representing approximately % of our outstanding common stock, and will have the power to control our affairs and policies including with respect to the election of directors (and, through the election of directors, the appointment of management), the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions. The governance agreements will provide that, initially, the Sponsors will collectively have the right to designate eight directors (out of a total of 10 initial board members) and that each will vote for the others' nominees. The number of Sponsor-designated directors will be reduced as the Sponsors' ownership percentage reduces, such that the Sponsors will not have the ability to nominate a majority of the board of directors once their collective ownership (together with the share ownership held by the JPMP and Apollo co-investors) becomes less than 50.1%. However, because our board of directors will be divided into three staggered classes, the Sponsors may be able to influence or control our affairs and policies even after they cease to own 50.1% of our outstanding common stock during the period in which the Sponsors' nominees finish their terms as members of our board but in any event no longer than would be permitted under applicable law and national securities exchange listing requirements. See "Certain Relationships and Related Party Transactions Governance Agreements." Pursuant to the Fee Agreement as described under the heading "Certain Relationships and Related Party Transactions Fee Agreement," upon consummation of this offering, the Sponsors will receive an automatic fee equal to the net present value of the aggregate annual management fee that would have been payable to the Sponsors during the remainder of the term of the fee agreement and our obligation to pay annual management fees will terminate. We estimate that our aggregate payment to the Sponsors would have been $25.8 million had the offering occurred on March 31, 2011.

Risk Factors

The "Risk Factors" section included in this prospectus contains a discussion of factors that you should carefully read and consider before deciding to invest in shares of our common stock.

Corporate Information

We are a Delaware corporation. Our principal executive offices are located at 920 Main Street, Kansas City, Missouri 64105. The telephone number of our principal executive offices is (816) 221-4000. We maintain a website at www.amctheatres.com, on which we will post our key corporate governance documents, including our board committee charters and our code of ethics. We do not incorporate the information on our website into this prospectus and you should not consider any information on, or that can be accessed through, our website as part of this prospectus.

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The Offering

Common stock offered	shares
Common stock to be outstanding immediately after this offering	shares
Option to purchase additional shares	We have granted to the underwriters a 30-day option to purchase up to additional shares from us at the initial public offering price less underwriting discounts and commissions.
Common stock voting rights	Each share of our common stock will entitle its holder to one vote per share.
Dividend policy	We intend to pay cash dividends commencing from the closing date of this offering. We expect that our first dividend will be with respect to the quarter of fiscal 2012. The declaration and payment of future dividends to holders of our common stock will be at the sole discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal requirements, restrictions in our senior secured credit facility and the indentures governing our debt securities and other factors our board of directors deem relevant. See "Risk Factors We may not generate sufficient cash flows or have sufficient restricted payment capacity under our senior secured credit facility or the indentures governing our debt securities to pay our intended dividends on the common stock," "Dividend Policy," "Management's Discussion and Analysis of Financial Condition and Results of Operations Commitments and Contingencies," "Description of Certain Indebtedness" and "Description of Capital Stock."
Use of proceeds	We estimate that our net proceeds from this offering without exercise of the underwriters' option to purchase additional shares will be approximately $ million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at $ per share, which represents the midpoint of the range set forth on the front cover of this prospectus. We intend to use the net proceeds to us, together with cash on hand, to: first, repay $210.0 million principal amount of the loans outstanding under the Parent's term loan facility plus accrued and unpaid interest; second, to retire $300.0 million principal amount of our outstanding 8% senior subordinated notes due 2014 plus accrued and unpaid interest; and third, to pay an estimated $25.8 million lump sum payment to the Sponsors pursuant to the Fee Agreement with our Sponsors. Affiliates of certain of the underwriters are holders of our outstanding 8% senior subordinated notes due 2014 and will receive a portion of our net proceeds from this offering. See "Use of Proceeds."
Proposed national securities exchange trading symbol	"AMC"

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

- the Reclassification has been completed;
- the underwriters have not exercised their option to purchase up to additional shares of common stock from us;
- the initial offering price is $ per share, the midpoint of the range set forth on the cover page of this prospectus; and
- our amended and restated certificate of incorporation and amended and restated bylaws are in effect, pursuant to which the provisions described under "Description of Capital Stock" will become operative.

In the Reclassification, each holder of shares of Parent's Class A common stock, Class L common stock and Class N common stock will receive shares of common stock for one share of Class A common stock, Class L common stock or Class N common stock. The number of shares of common stock to be outstanding after completion of this offering is based on shares of our common stock to be sold in this offering and, except where we state otherwise, the common stock information we present in this prospectus excludes, as of , 2011:

- shares of common stock issuable upon the exercise of outstanding employee options, at , 2011, at a weighted average exercise price of $ per share; and
- shares of common stock we will reserve for future issuance under our equity incentive plan.

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Summary Historical and Unaudited Pro Forma Financial and Operating Data

The following summary historical financial and operating data sets forth our historical financial and operating data for the fiscal years ended March 31, 2011, April 1, 2010 and April 2, 2009 and have been derived from the Company's consolidated financial statements and related notes for such periods included elsewhere in this prospectus. The historical financial data set forth below is qualified in its entirety by reference to the Company's consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The following summary unaudited pro forma financial and operating data sets forth our unaudited pro forma combined balance sheet as of March 31, 2011 and unaudited pro forma combined statement of operations for the 52 weeks ended March 31, 2011. The pro forma financial data has been derived from the Company's historical consolidated financial information, including the notes thereto, and the Kerasotes historical financial information, including the notes thereto, included elsewhere in this prospectus, and has been prepared based on the Company's historical consolidated financial statements and the Kerasotes historical financial statements included elsewhere in this prospectus. The unaudited pro forma combined balance sheet gives pro forma effect to the Transactions as if they had occurred on March 31, 2011. The unaudited pro forma combined statement of operations data gives pro forma effect to the Transactions as if they had occurred on April 2, 2010. The summary unaudited pro forma financial and operating data is based on certain assumptions and adjustments and does not purport to present what the Company's actual results of operations would have been had the Transactions and events reflected by them in fact occurred on the dates specified, nor is it necessarily indicative of the results of operations that may be achieved in the future. The summary unaudited pro forma financial data should be read in conjunction with "Unaudited Pro Forma Condensed Financial Information," the historical consolidated financial statements, including the notes thereto, of the Company and of Kerasotes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's other financial data presented elsewhere in this prospectus.

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

	Pro Forma	Historical		
		Years Ended		
	52 Weeks Ended March 31, 2011(1)	52 Weeks Ended March 31, 2011	52 Weeks Ended April 1, 2010	52 Weeks Ended April 2, 2009
	(in thousands, except per share and operating data)			
Statement of Operations Data:				
Total revenues	$ 2,450,977	$ 2,422,968	$ 2,417,739	$ 2,265,487
Operating Costs and Expenses:				
Cost of operations	1,712,039	1,684,791	1,612,260	1,486,457
Rent	480,016	475,810	440,664	448,803
General and administrative:				
Merger, acquisition and transactions costs	16,838	16,838	2,578	1,481
Management fee		5,000	5,000	5,000
Other	59,808	58,157	58,274	53,800
Depreciation and amortization	216,095	212,413	188,342	201,413
Impairment of long-lived assets	12,779	12,779	3,765	73,547
Operating costs and expenses	2,497,575	2,465,788	2,310,883	2,270,501

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	Pro Forma	Historical		
			Years Ended	
	52 Weeks Ended March 31, 2011(1)	52 Weeks Ended March 31, 2011	52 Weeks Ended April 1, 2010	52 Weeks Ended April 2, 2009
	(in thousands, except per share and operating data)			
Operating income (loss)	$ (46,598)	$ (42,820)	$ 106,856	$ (5,014)
Other (income) expense	28,556	28,556	(87,793)	(14,139)
Interest expense	147,438	183,657	174,091	188,681
Equity in (earnings) loss of non-consolidated entities(2)	(17,178)	(17,178)	(30,300)	(24,823)
Gain on NCM transactions	(64,441)	(64,441)		
Investment income	(491)	(491)	(287)	(1,759)
Earnings (loss) from continuing operations before income taxes	(140,482)	(172,923)	51,145	(152,974)
Income tax provision	14,050	1,950	(36,300)	5,800
Earnings (loss) from continuing operations	$ (154,532)	$ (174,873)	$ 87,445	$ (158,774)
Basic earnings (loss) from continuing operations per share		$ (136.73)	$ 68.38	$ (123.93)
Diluted earnings (loss) from continuing operations per share		(136.73)	68.24	(123.93)
Average shares outstanding:				
Basic		1,278.92	1,278.82	1,281.20
Diluted		1,278.92	1,281.42	1,281.20
Balance Sheet Data (at period end):				
Cash and equivalents	$ 198,097	$ 417,408	$ 611,593	$ 539,597
Corporate borrowings, including current portion	1,803,138	2,312,108	2,271,914	2,394,586
Other long-term liabilities	432,439	432,439	309,591	308,702
Capital and financing lease obligations, including current portion	65,675	65,675	57,286	60,709
Stockholders' equity	556,542	265,949	439,542	378,484
Total assets	3,635,555	3,855,954	3,774,912	3,774,894
Other Data:				
Adjusted EBITDA(3)	$ 282,389	$ 277,429	$ 327,859	$ 294,705
NCM cash distributions received	35,502	35,502	34,633	28,104
Net cash provided by (used in) operating activities	88,645	(16,168)	198,936	167,249
Capital expenditures	(129,347)	(129,347)	(97,011)	(121,456)
Proceeds from sale/leasebacks	4,905	4,905	6,570	
Operating Data (at period end):				
Screen additions	61	1,015	6	83
Screen dispositions	258	400	105	77
Average screens continuing operations(7)	5,173	5,086	4,485	4,545
Number of screens operated	5,128	5,128	4,513	4,612
Number of theatres operated	360	360	297	307
Screens per theatre	14.2	14.2	15.2	15.0
Attendance (in thousands) continuing operations(7)	196,996	194,412	200,285	196,184

(1) See "Unaudited Pro Forma Condensed Financial Information" for further discussion of the calculation of unaudited pro forma financial data for the 52 weeks ended March 31, 2011.

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(2)

During fiscal 2011, fiscal 2010 and fiscal 2009, equity in earnings including cash distributions from NCM were $32.9 million, $34.4 million and $27.7 million, respectively.

(3)

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

	Pro Forma	**Historical**		
			Years Ended	
	52 Weeks Ended March 31, 2011(1)	**52 Weeks Ended March 31, 2011**	**52 Weeks Ended April 1, 2010**	**52 Weeks Ended April 2, 2009**
	(in thousands, except per share and operating data)			
Earnings (loss) from continuing operations	$ (154,532)	$ (174,873)	$ 87,445	$ (158,774)
Plus:				
Income tax provision (benefit)	14,050	1,950	(36,300)	5,800
Interest expense	147,438	183,657	174,091	188,681
Depreciation and amortization	216,095	212,413	188,342	201,413
Impairment of long-lived assets	12,779	12,779	3,765	73,547
Certain operating expenses(a)	67,477	57,421	6,099	1,517
Equity in earnings of non-consolidated entities	(17,178)	(17,178)	(30,300)	(24,823)
Gain on NCM transactions	(64,441)	(64,441)		
Investment income	(491)	(491)	(287)	(1,759)
Other (income) expense(b)	42,828	42,828	(73,958)	
General and administrative expense:				
Merger, acquisition and transaction costs	16,838	16,838	2,578	1,481
Management fee		5,000	5,000	5,000
Stock-based compensation expense	1,526	1,526	1,384	2,622
Adjusted EBITDA(c)(d)	$ 282,389	$ 277,429	$ 327,859	$ 294,705

(a)

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

(b)

Other expense for the 52 weeks ended March 31, 2011 is comprised of the loss on extinguishment of indebtedness and debt modification related to our 11% Senior Subordinated Notes due 2016, our 12% Senior Discount Notes due 2014 and our senior secured credit facility amendment. Other expense for fiscal 2010, on a historical basis, includes a gain on extinguishment of indebtedness of $85.2 million related to the Parent's term loan facility partially offset by the loss on extinguishment of indebtedness related to the cash tender offer and remaining redemption with respect to our $8^5/_8$% senior notes due 2012.

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(c) Does not reflect reduction in costs we anticipate that we will achieve relating to modifications made to our RealD agreement in fiscal 2011. Had the modifications to the RealD agreement been in place at April 2, 2010, we would have further reduced our operating costs by $2.1 million. Also does not reflect the anticipated synergies and cost savings related to the Kerasotes Acquisition that we expect to derive from increased ticket and concession revenues at the former Kerasotes locations as a result of moving to our operating practices, decreased costs for newspaper advertising and concessions for those locations, and general and administrative expense savings, particularly with respect to the consolidation of corporate overhead functions and elimination of redundancies. Based on the cost savings initiatives we have implemented since the Kerasotes Acquisition, which include reductions in salaries, reductions in newspaper advertising costs, savings achieved in respect of concession costs and theatre operating expenses, as well as reduced rent expense, we estimate that we would have further reduced these costs by $2.2 million. Does not reflect reductions in revenues and costs that we anticipate we will achieve relating to the early closure of underperforming theatres and screens in fiscal 2011. Had these theatres and screens been closed at April 2, 2010, we would have improved our Adjusted EBITDA results by $12.4 million.

(d) The acquisition of Kerasotes contributed approximately $31.6 million in Adjusted EBITDA during the period of May 24, 2010 to March 31, 2011.

Adjusted EBITDA and Pro Forma Adjusted EBITDA are non-GAAP financial measures 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 and Pro Forma Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. We have included Adjusted EBITDA and Pro Forma Adjusted EBITDA because we believe they provide management and investors with additional information to measure our performance and liquidity, estimate our value and evaluate our ability to service debt. In addition, we use Adjusted EBITDA for incentive compensation purposes.

Adjusted EBITDA and Pro Forma Adjusted EBITDA have important limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under U.S. GAAP. For example, Adjusted EBITDA:

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

(4) Includes consolidated theatres only.

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RISK FACTORS

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

Risks Related to Our Industry

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

We rely on distributors of motion pictures, over whom we have no control, for the films that we exhibit. Major motion picture distributors are required by law to offer and license film to exhibitors, including us, on a film-by-film and theatre-by-theatre basis. Consequently, we cannot assure ourselves of a supply of motion pictures by entering into long-term arrangements with major distributors, but must compete for our licenses on a film-by-film and theatre-by-theatre basis. Our business depends on maintaining good relations with these distributors, as this affects our ability to negotiate commercially favorable licensing terms for first-run films or to obtain licenses at all. 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. 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. In addition, a change in the type and breadth of movies offered by motion picture studios may adversely affect the demographic base of moviegoers.

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.

Low barriers to entry. We must compete with exhibitors and others in our efforts to locate and acquire attractive sites for our theatres. In areas where real estate is readily available, there are few barriers to entry that prevent a competing exhibitor from opening a theatre near one of our theatres.

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.

Industry-wide screen growth has affected and may continue to affect the performance of some of our theatres.

In recent years, theatrical exhibition companies have emphasized the development of large megaplexes, some of which have as many as 30 screens in a single theatre. The industry-wide strategy of aggressively building megaplexes generated significant competition and rendered many older, multiplex theatres obsolete more rapidly than expected. Many of these theatres are under long-term lease commitments that make closing them financially burdensome, and some companies have elected to continue operating them notwithstanding their lack of profitability. In other instances, because theatres are typically limited-use design facilities, or for other reasons, landlords have been willing to make rent concessions to keep them open. In recent years, many older theatres that had closed are being reopened by small theatre operators and in some instances by sole proprietors that are able to negotiate significant rent and other concessions from landlords. As a result, there was growth in the number of screens in the U.S. and Canadian exhibition industry from 2005 to 2008. This has affected and may continue to affect the performance of some of our theatres. The number of screens in the U.S. and Canadian exhibition industry slightly declined from 2008 to 2010.

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, DVDs and video cassettes, 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, 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. Several major film studios are currently testing a premium video on demand product released in homes approximately 60 days after a movie's theatrical debut, which could cause the release window to shrink further. 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.

Development of digital technology may increase our capital expenses.

The industry is in the process of converting film-based media to digital-based media. We, along with some of our competitors, have commenced a roll-out of digital equipment for exhibiting feature films and plan to continue the roll-out through our joint venture DCIP. However, significant obstacles exist that impact such a roll-out plan, including the cost of digital projectors and the supply of projectors by manufacturers. During fiscal 2010, DCIP completed its formation and $660.0 million funding to facilitate the financing and deployment of digital technology in our theatres. During March of 2011, DCIP completed additional financing of $220.0 million, which we believe will allow us to complete our planned digital deployments.

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 concessions, which accounted for 27% of our revenues in fiscal 2011, 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. Political events, such as terrorist attacks, could cause people to avoid our theatres or other public places where large crowds are in attendance.

Risks Related to Our Business

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

We have a significant amount of debt. As of March 31, 2011, on a pro forma basis, we had $1.9 billion of outstanding indebtedness, which consisted of $609.4 million under our senior secured credit facility, $587.3 million of our senior notes ($600.0 million face amount), $600.0 million of our subordinated notes and $62.2 million of capital and financing lease obligations, and $180.2 million would have been available for borrowing as additional senior debt under our senior secured credit facility. As of March 31, 2011, our subsidiaries also had approximately $4.3 billion of undiscounted rental payments under operating leases (with initial base terms of between 10 and 15 years).

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

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

If we fail to make any required payment under our senior secured credit facility or to comply with any of the financial and operating covenants contained therein, we would be in default. Lenders under our senior secured credit facility could then vote to accelerate the maturity of the indebtedness under the senior secured credit facility and foreclose upon the stock and personal property of our subsidiaries

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that is pledged to secure the senior secured credit facility. Other creditors might then accelerate other indebtedness. If the lenders under the senior secured credit facility accelerate the maturity of the indebtedness thereunder, we might not have sufficient assets to satisfy our obligations under the senior secured credit facility or our other indebtedness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

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

We have had significant financial losses in recent years.

Prior to fiscal 2007, we had reported net losses in each of the prior nine fiscal years totaling approximately $510.1 million. For fiscal 2007, 2008, 2009, 2010 and 2011, we reported net earnings (losses) of $116.9 million, $(6.2) million, $(149.0) million, $79.9 million and $(174.3) million. If we experience losses in the future, we may be unable to meet our payment obligations while attempting to expand our theatre circuit and withstand competitive pressures or adverse economic conditions.

We face significant competition for new theatre sites, and we may not be able to build or acquire theatres on terms favorable to us.

We anticipate significant competition from other exhibition companies and financial buyers when trying to acquire theatres, and there can be no assurance that we will be able to acquire such theatres at reasonable prices or on favorable terms. Moreover, some of these possible buyers may be stronger financially than we are. In addition, given our size and market share, as well as our recent experiences with the Antitrust Division of the United States Department of Justice in connection with the acquisition of Kerasotes and prior acquisitions, we may be required to dispose of theatres in connection with future acquisitions that we make. 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.

Acquiring or expanding existing circuits and theatres may require additional financing, and we cannot be certain that we will be able to obtain new financing on favorable terms, or at all.

On a pro forma basis, our net capital expenditures aggregated approximately $129.6 million for fiscal 2011. We estimate that our planned capital expenditures will be between $140.0 million and $150.0 million in fiscal 2012 and will continue at approximately $120.0 million annually over the next three years. Actual capital expenditures in fiscal 2012 may differ materially from our estimates. 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 theatres may not be sufficient to service the related indebtedness that we are permitted to incur.

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

Given our size and market share, pursuit of acquisition opportunities that would increase the number of our theatres in markets where we have a leading market share would likely result in significant review by the Antitrust Division of the United States Department of Justice, and 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.

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

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

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

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

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

We may not generate sufficient cash flow from our theatre acquisitions to service our indebtedness.

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. Any acquisition may involve operating risks, such as:

- the difficulty of assimilating and integrating the acquired operations and personnel into our current business;
- the potential disruption of our ongoing business;
- the diversion of management's attention and other resources;

the possible inability of management to maintain uniform standards, controls, procedures and policies;

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

- the potential impairment of relationships with employees;
- the possibility that any liabilities we may incur or assume may prove to be more burdensome than anticipated; and
- the possibility that the acquired theatres do not perform as expected.

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

Our ability to make payments on and refinance our debt and other financial obligations and to fund our capital expenditures and acquisitions will depend on our ability to generate substantial operating cash flow. This will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control. The maximum amount we would be permitted to distribute in compliance with our senior secured credit facility and the indentures governing our debt securities, on a pro forma basis, was approximately $186.3 million as of March 31, 2011.

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

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

Optimizing our theatre circuit through new construction is subject to delay and unanticipated costs.

The availability of attractive site locations 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.

In addition, we typically require 18 to 24 months in the United States and Canada from the time we identify a site to the opening of the theatre. We may also experience cost overruns from delays or other unanticipated costs. Furthermore, these new sites may not perform to our expectations.

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

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

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

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

The opening of large megaplexes by us and certain of our competitors has drawn audiences away from some of our older, multiplex theatres. In addition, demographic changes and competitive pressures have caused some of our theatres to become unprofitable. As a result, 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, 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. Our impairment losses of long-lived assets from continuing operations over this period aggregated to $297.8 million. Beginning fiscal 1999 through March 31, 2011, we also incurred theatre and other closure expenses, including theatre lease termination charges aggregating approximately $117.0 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.

We must comply with the ADA, which could entail significant cost.

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.

On January 29, 1999, the Civil Rights Division of the Department of Justice, or the Department, filed suit alleging that our stadium-style theatres violated the ADA and related regulations. On December 5, 2003, the trial court entered a consent order and final judgment on non-line-of-sight issues under which AMCE agreed to remedy certain violations at its stadium-style theatres and at certain theatres it may open in the future. Currently we estimate that betterments are required at approximately 40 stadium-style theatres. We estimate that the unpaid costs of these betterments will be approximately $13.2 million. The estimate is based on actual costs incurred on remediation work completed to date. As to line-of-sight matters, the trial court approved a settlement on November 29, 2010 requiring us to make settlements over a five-year term at an estimated cost of $5.0 million. The actual costs of the betterments may vary based on the results of surveys of the remaining theatres. See "Business Legal Proceedings."

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We may be subject to liability under environmental laws and regulations.

We own and operate facilities throughout the United States and manage or own facilities in several foreign countries 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.

We may not be able to generate additional ancillary revenues.

We intend to continue to pursue ancillary revenue opportunities such as advertising, promotions and alternative uses of our theatres during non-peak hours. Our ability to achieve our business objectives may depend in part on our success in increasing these revenue streams. Some of our U.S. and Canadian competitors have stated that they intend to make significant capital investments in digital advertising delivery, and the success of this delivery system could make it more difficult for us to compete for advertising revenue. In addition, in March 2005 we contributed our cinema screen advertising business to NCM. As such, although we retain board seats and an ownership interest in NCM, we do not control this business, and therefore do not control our revenues attributable to cinema screen advertising. We cannot assure you that we will be able to effectively generate additional ancillary revenue and our inability to do so could have an adverse effect on our business and results of operations.

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

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

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and related regulations implemented by the Securities and Exchange Commission and the applicable national securities exchange, are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. We are currently evaluating and monitoring developments with respect to new and proposed rules and cannot predict or estimate the amount of the additional costs we may incur or the timing of such costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. We also expect that being a public company and these new rules and regulations will make it

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more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

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.

Risks Related to This Offering

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

Upon consummation of this offering, there will be shares of our common stock outstanding. All shares of common stock sold in this offering will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"). Of the remaining shares of common stock outstanding, will be restricted securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, manner of sale, holding period and other limitations of Rule 144. We cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of shares of our common stock in the public market, or the perception that those sales will occur, could cause the market price of our common stock to decline. After giving effect to the Reclassification, the Sponsors will hold shares of our 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 tradable. The Securities and Exchange Commission (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.

Additionally, as of the consummation of this offering, approximately shares of our common stock will be issuable upon exercise of stock options that vest and are exercisable at various dates through May 28, 2019, with an exercise price of $. Of such options, will be immediately exercisable. As soon as practicable after the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering shares of our common stock reserved for issuance under our equity incentive plan. Accordingly, shares of our common stock registered under such registration statement will be available for sale in the open market upon exercise by the holders, subject to vesting restrictions, Rule 144 limitations applicable to our affiliates and the contractual lock-up provisions described below.

We and certain of our stockholders, directors and officers have agreed to a "lock-up," pursuant to which neither we nor they will sell any shares without the prior consent of for 180 days after the date of this prospectus, subject to certain exceptions and extension under certain circumstances. 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. In addition, the Sponsors have certain demand and "piggy-back" registration rights with respect to the common stock that they will retain following this offering. See "Shares Eligible for Future Sale" for a discussion of the shares of common stock that may be sold into the public market in the future, including common stock held by the Sponsors.

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

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

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

- actual or anticipated quarterly fluctuations in our operating results;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- changes in the market valuations of other companies;
- announcements relating to actions of other media companies, strategic relationships, acquisitions or industry consolidation;
- terrorist acts or wars; and
- general economic, market and political conditions including those not related to our business.

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

Following this offering, and subject to legally available funds, we intend to pay quarterly cash dividends, commencing from the closing date of this offering. We expect that our first dividend will be with respect to the quarter of fiscal 2012. We are a holding company and will have no direct operations. We will only be able to pay dividends from our available cash on hand and funds received from our subsidiaries. Our subsidiaries' ability to make distributions to us will depend on their ability to generate substantial operating cash flow. Our ability to pay dividends to our stockholders will be subject to the terms of our senior secured credit facility and the indentures governing the outstanding notes. Our operating cash flow and ability to comply with restricted payments covenants in our debt instruments will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control. In addition, dividend payments are not mandatory or guaranteed, and our board of directors may never declare a dividend, decrease the level of dividends or entirely discontinue the payment of dividends. Your decision whether to purchase shares of our common stock should allow for the possibility that no dividends will be paid. You may not receive any dividends as a result of the following additional factors, among others:

- the agreements governing our indebtedness contain covenants that may limit our ability to take advantage of certain business opportunities advantageous to us that may arise;
- we are not legally or contractually required to pay dividends;
- while we currently intend to pay a regular quarterly dividend, this policy could be modified or revoked at any time;

even if we do not modify or revoke our dividend policy, the actual amount of dividends distributed and the decision to make any distribution is entirely at the discretion of our board of directors and future dividends with respect to shares of our capital stock, if any, will depend on,

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

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

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

The maximum amount we would be permitted to distribute in compliance with our senior secured credit facility and the indentures governing our debt securities on a pro forma basis was approximately $186.3 million as of March 31, 2011. As a result of the foregoing limitations on our ability to make distributions, we cannot assure you that we will be able to make all of our intended quarterly dividend payments.

We are controlled by the Sponsors, whose interests may not be aligned with our public stockholders.

Even after giving effect to this offering, the Sponsors will beneficially own approximately % of our common stock and will have the power to control our affairs and policies including with respect to the election of directors (and through the election of directors the appointment of management), the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions. We intend to avail ourselves of the "controlled company" exception under the applicable national securities exchange rules, which eliminates the requirement that we have a majority of independent directors on our board of directors and that we have compensation and nominating committees composed entirely of independent directors, but retains the requirement that we have an audit committee composed entirely of independent members. The governance agreements will provide that, initially, the Sponsors will collectively have the right to designate eight directors and that each will vote for the others' nominees. Additionally, our governance documents provide that directors shall be elected by a plurality of votes and do not provide for cumulative voting rights. The right to designate directors will reduce as the Sponsors' ownership percentage reduces, such that the Sponsors will not have the ability to nominate a majority of the board of directors once their collective ownership (together with the share ownership held by the JPMP and Apollo co-investors) becomes less than 50.1%. However, because our board of directors will be divided into three staggered classes, the Sponsors may be able to influence or control our affairs and policies even after they cease to own 50.1% of our outstanding common stock during the period in which the Sponsors' nominees finish their terms as members of our board but in any event no longer than would be permitted under applicable law and national securities exchange listing requirements. The directors elected by the Sponsors will have the authority, subject to the terms of our debt, to issue additional stock, implement stock repurchase programs, declare dividends, pay advisory fees and make other decisions, and they may have an interest in our doing so.

The interests of the Sponsors could conflict with our public stockholders' interests in material respects. For example, the Sponsors could cause us to make acquisitions that increase the amount of our indebtedness or sell revenue-generating assets. Furthermore, the Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Sponsors may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be

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available to us. In addition, our governance documents do not contain any provisions applicable to deadlocks among the members of our board, and as a result we may be precluded from taking advantage of opportunities due to disagreements among the Sponsors and their respective board designees. So long as the Sponsors continue to own a significant amount of the outstanding shares of our common stock, they will continue to be able to strongly influence or effectively control our decisions. See "Certain Relationships and Related Party Transactions Governance Agreements."

Our amended and restated certificate of incorporation and our amended and restated bylaws, as amended, contain anti-takeover protections, which 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, 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 classified board of directors;
- the sole power of a majority of the board of directors to fix the number of directors;
- limitations on the removal of directors;
- the sole power of the board of directors or the Sponsors, in the case of a vacancy of a Sponsor 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;
- the inability of stockholders to act by written consent if less than 50.1% of our outstanding common stock is owned by the Sponsors; 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 shares of preferred stock, par value $0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. The issuance of shares of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

Our incorporation under Delaware law, the ability of our board of directors to create and issue a new series of preferred stock or a stockholder rights plan and certain other provisions of our amended and restated certificate of incorporation and amended and restated bylaws could impede a merger, takeover or other business combination involving Parent or the replacement of our management or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See "Description of Capital 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 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 common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase 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 common stock at the lower conversion price causing economic dilution to the holders of common stock.

J.P. Morgan Securities LLC may have a conflict of interest with respect to this offering.

Prior to the completion of this offering, JPMP, an affiliate of J.P. Morgan Securities LLC ("J.P. Morgan"), owned more than 10% of our outstanding common stock and therefore J.P. Morgan is presumed to have a "conflict of interest" with us under FINRA Rule 2720. Accordingly, J.P. Morgan's interest may go beyond receiving customary underwriting discounts and commissions. In particular, there may be a conflict of interest between J.P. Morgan's own interests as underwriter (including in negotiating the initial public offering price) and the interests of its affiliate JPMP (as a principal stockholder). Because of the conflict of interest under FINRA Rule 2720, this offering is being conducted in accordance with the applicable provisions of that rule. FINRA Rule 2720 requires that the "qualified independent underwriter" (as such term is defined by FINRA Rule 2720) participates in the preparation of the registration statement and prospectus and conducts due diligence. Accordingly, Goldman, Sachs & Co. ("Goldman Sachs") is assuming the responsibilities of acting as the qualified independent underwriter in this offering. Although the qualified independent underwriter has participated in the preparation of the registration statement and prospectus and conducted due diligence, we cannot assure you that this will adequately address any potential conflicts of interest related to J.P. Morgan and JPMP. We have agreed to indemnify Goldman Sachs for acting as qualified independent underwriter against certain liabilities, including liabilities under the Securities Act of 1933, or the Securities Act, and to contribute to payments that Goldman Sachs may be required to make for these liabilities.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- national, regional and local economic conditions that may affect the markets in which we or our joint venture investees operate;
- the levels of expenditures on entertainment in general and movie theatres in particular;
- increased competition within movie exhibition or other competitive entertainment mediums;
- technological changes and innovations, including alternative methods for delivering movies to consumers;
- the popularity of major motion picture releases;
- shifts in population and other demographics;
- our ability to renew expiring contracts at favorable rates, or to replace them with new contracts that are comparably favorable to us;
- our ability to integrate the Kerasotes theatres and achieve anticipated synergies with minimal disruption to our business;
- our need for, and ability to obtain, additional funding for acquisitions and operations;
- risks and uncertainties relating to our significant indebtedness;
- fluctuations in operating costs;
- capital expenditure requirements;
- changes in interest rates; and
- changes in accounting principles, policies or guidelines.

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

understanding of their inherent uncertainty.

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

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USE OF PROCEEDS

We estimate that our net proceeds from this offering without exercise of the underwriters' option to purchase additional shares will be approximately $ million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at $ per share, which represents the midpoint of the range set forth on the front cover of this prospectus. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us will be approximately $ million.

We intend to use these net proceeds, together with cash on hand, to: first, repay $210.0 million principal amount of the loans outstanding under the Parent's term loan facility plus accrued and unpaid interest; second, to retire $300.0 million principal amount of our outstanding 8% senior subordinated notes due 2014; and third, to pay an estimated $25.8 million lump sum payment to the Sponsors pursuant to the Fee Agreement with our Sponsors. Affiliates of certain of the underwriters are holders of our outstanding 8% senior subordinated notes due 2014 and will receive a portion of our net proceeds from this offering. See "Risk Factors Risks Related to this Offering."

Borrowings under the Parent's term loan facility mature on June 13, 2012. The interest rate on such borrowings was 5.31% per annum as of March 31, 2011. Our outstanding 8% senior subordinated notes mature on March 1, 2014.

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DIVIDEND POLICY

Following this offering and subject to legally available funds, we intend to pay a quarterly cash dividend at an annual rate initially equal to $ per share (or a quarterly rate initially equal to $ per share) of common stock, commencing from the closing date of this offering. We expect that our first dividend will be with respect to the quarter of 2012. Based on the approximately million shares of common stock to be outstanding after the offering, this dividend policy implies a quarterly cash requirement of approximately $ million. We cannot assure you that any dividends will be paid in the anticipated amounts and frequency set forth in this prospectus, if at all.

We are a holding company and have no direct operations. We will only be able to pay dividends from our available cash on hand and funds received from our subsidiaries. Their ability to make any payments to us will depend upon many factors, including its operating results, cash flows and the terms of our senior secured credit facility and the indentures governing our subsidiaries' debt securities. In addition, our ability to pay dividends to our stockholders will be subject to the terms of our indebtedness. Although we have sustained net losses in prior periods and cannot assure you that we will be able to pay dividends on a quarterly basis or at all, we believe that a number of recent positive developments in our business have improved our ability to pay dividends in compliance with applicable state corporate law once this offering has been completed. These include: the completion of the Kerasotes Acquisition, which increased the scale and cash flow of our company and generated, and we expect will continue to generate, synergies and cost savings; the continued positive impact of our implementation of premium formats and enhanced food and beverage offerings; the Redemptions; the use of proceeds from this offering, together with cash on hand, to retire $210.0 million principal amount of the Parent's term loan facility and $300.0 million principal amount of our outstanding 8% senior subordinated notes due 2014, which reduced our annual cash interest expense by approximately $24.0 million for the fiscal year ended March 31, 2011; and the discontinuation of $5.0 million per year management fees paid to our Sponsors as a result of this offering. Further, we expect to continue to benefit from substantial net operating loss carry-forwards from prior periods that will be available to offset taxes that we may owe. Also, because the Delaware General Corporation Law, or the DGCL, permits corporations to pay dividends either out of surplus (generally, the excess of a corporation's net assets (total assets minus total liabilities) over its stated capital, in each case as defined and calculated in the manner prescribed by the DGCL) or net profits, we may be able to pay dividends even if we report net losses in future periods. We do not intend to borrow funds to pay the projected quarterly dividend described above.

The maximum amount we would be permitted to distribute in compliance with our senior secured credit facility and the indentures governing our debt securities, on a pro forma basis, was approximately $186.3 million as of March 31, 2011.

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

On June 15, 2007, we paid a cash dividend of $652.8 million to our stockholders on the outstanding shares of our common stock.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2011 (i) on an actual basis, and (ii) on a pro forma basis giving effect to the Mergers, this offering and the use of proceeds therefrom. The information in this table should be read in conjunction with "Unaudited Pro Forma Condensed Financial Information," "Business," the audited consolidated financial statements and the historical financial statements of the Company and the respective accompanying notes thereto appearing elsewhere in this prospectus.

	As of March 31, 2011	
	Actual	Pro Forma
	(in thousands)	
Cash and cash equivalents(1)	$ 417,408	$ 198,097
Short term debt (current maturities of long-term debt and capital and financing lease obligations)	$ 9,955	$ 9,955
Long-term debt:		
Parent term loan facility	209,568	
9.75% senior subordinated notes due 2020	600,000	600,000
8% senior subordinated notes due 2014	299,402	
8.75% senior fixed rate notes due 2019	587,263	587,263
Senior secured credit facility:		
Revolving loan facility(2)		
Term loan due 2013	140,283	140,283
Term loan due 2016	469,092	469,092
Capital and financing lease obligations	62,220	62,220
Total debt	$ 2,377,783	$ 1,868,813
Stockholders' equity		
Common Stock voting ($.01 par value shares authorized; shares issued and outstanding as of March 31, 2011 after giving pro forma effect to the Reclassification)	$	$ 14
Class A-1 Common Stock voting ($.01 par value, 1,500,000 shares authorized; 382,475.00 shares issued and outstanding as of March 31, 2011)	4	
Class A-2 Common Stock voting ($.01 par value, 1,500,000 shares authorized; 382,475.00 shares issued and outstanding as of March 31, 2011)	4	
Class N Common Stock nonvoting ($.01 par value, 375,000 shares authorized; 2,021.02 shares issued and outstanding as of December 30, 2010)		
Class L-1 Common Stock voting ($.01 par value, 1,500,000 shares authorized; 256,085.61 shares issued	3	

and outstanding as of March 31, 2011)		
Class L-2 Common Stock voting ($.01 par value, 1,500,000 shares authorized; 256,085.61 shares issued and outstanding as of March 31, 2011)	3	
Additional paid-in capital	671,363	968,028
Treasury stock, 4,314 shares at cost	(2,596)	(2,596)
Accumulated other comprehensive loss	(3,991)	(3,991)
Accumulated deficit	(398,841)	(404,913)
Total stockholders' equity	265,949	556,542
Total capitalization	$ 2,643,732	$ 2,425,355

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our cash and cash equivalents by $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

(2) The aggregate revolving loan commitment under our senior secured credit facility is $192.5 million.

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DILUTION

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

Our net tangible book value as of , 2011 was $ million, or $ per share. After giving effect to the receipt and our intended use of approximately $ million of estimated net proceeds from our sale of shares of common stock in the offering at an assumed offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus), our as adjusted net tangible book value as of , 2011 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of common stock in the offering. The following table illustrates this substantial and immediate per share dilution to new investors:

	Per Share
Assumed initial public offering price per share	$
Net tangible book value before the offering	
Increase per share attributable to investors in the offering	
Pro forma net tangible book value after the offering	
Dilution per share to new investors	$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our pro forma net tangible book value by $, the as adjusted net tangible book value per share after this offering by $ per share and the dilution per share to new investors in this offering by $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The following table summarizes on an as adjusted basis as of , 2011, giving effect to:

- on an actual basis;
- the total number of shares of common stock purchased from us;
- the total consideration paid to us, assuming an initial public offering price of $ per share (before deducting the estimated underwriting discount and commissions and offering expenses payable by us in connection with this offering); and
- the average price per share paid by existing stockholders and by new investors purchasing shares in this offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
Investors in the offering		%		%	

Total	100% $	100% $

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus) would increase (decrease) total

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consideration paid by existing stockholders, total consideration paid by new investors and the average price per share by $, $ and $, respectively, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and without deducting underwriting discounts and commissions and estimated expenses payable by us.

The tables and calculations above assume no exercise of:

- shares of common stock issuable upon exercise of outstanding stock options with a weighted average exercise price of approximately $ per share on , 2011; and

- shares of common stock issuable in this offering to the underwriters pursuant to an option to purchase additional shares.

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

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UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

We derived the following unaudited pro forma condensed financial information by applying pro forma adjustments attributable to the Kerasotes Acquisition, this offering and the use of proceeds therefrom and the Mergers to our historical consolidated financial statements and the Kerasotes financial statements included in this prospectus.

These adjustments include:

- the acquisition on May 24, 2010 of substantially all of the assets of Kerasotes for a purchase price of $281.4 million, which includes cash acquired and working capital and other purchase price adjustments;

- the net increase in our theatre and screen count by 83 and 812, respectively, from the Kerasotes Acquisition, including the impact of theatres divested as required by the Antitrust Division of the United States Department of Justice;

- this offering and the use of the proceeds therefrom; and

- the Merger of AMCE with and into Parent in connection with the offering.

The unaudited pro forma balance sheet gives pro forma effect to the Transactions as if they had occurred on March 31, 2011. The unaudited pro forma condensed statement of operations data for the 52 weeks ended March 31, 2011 to the Transactions as if they had occurred on April 2, 2010. We describe the assumptions underlying the pro forma adjustments in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed financial information.

We estimate that our net proceeds from this offering without exercise of the option to purchase additional shares will be approximately $ million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at $ per share, which represents the midpoint of the range set forth on the front cover of this prospectus. If the underwriters exercise their option to purchase additional shares in full, the net proceeds to us will be approximately $ million. We intend to use these net proceeds, together with cash on hand, to: first, repay all $210.0 million principal amount of the loans outstanding under the Parent's term loan facility plus accrued and unpaid interest; second, to retire all $300.0 million principal amount of our outstanding 8% senior subordinated notes due 2014 plus accrued and unpaid interest; and third, to pay an estimated $25.8 million lump sum payment to the Sponsors pursuant to the Fee Agreement with our Sponsors.

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

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

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AMC ENTERTAINMENT HOLDINGS, INC.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA BALANCE SHEET
AS OF MARCH 31, 2011
(dollars in thousands)

	Parent Historical	As of March 31, 2011 Offering Transactions Pro Forma Adjustments	Parent Pro Forma
Assets			
Cash and equivalents	$ 417,408	$ 350,000 (4) (569,311)(4)	$ 198,097
Current assets	112,593		112,593
Property, net	958,722		958,722
Intangible assets, net	149,493		149,493
Goodwill	1,953,686		1,953,686
Other long-term assets	264,052	(1,088)(4a)	262,964
Total assets	$ 3,855,954	$ (220,399)	$ 3,635,555
Liabilities and Stockholders' Equity			
Current liabilities	$ 445,991	$ (2,022)(4)	$ 443,969
Current Maturities:			
Senior Secured Term Loan and Capital and Financing Lease Obligations	9,955		9,955
Corporate borrowings:			
Parent Term Loan Facility	209,568	(209,568)(4)	
8% Senior Subordinated Notes due 2014	299,402	(299,402)(4)	
9.75% Senior Subordinated Notes due 2020	600,000		600,000
8.75% Senior Notes due 2019	587,263		587,263
Senior Secured Term Loan Facility due 2013	140,283		140,283
Senior Secured Term Loan Facility due 2016	469,092		469,092
Capital and financing lease obligations	62,220		62,220
Other long-term liabilities	766,231		766,231
Total liabilities	3,590,005	(510,992)	3,079,013
Stockholders' equity:			
Common Stock	14		14
Additional paid-in capital	671,363	296,665 (4)(4a)	968,028
Treasury stock	(2,596)		(2,596)
Accumulated other comprehensive loss	(3,991)		(3,991)
Accumulated deficit	(398,841)	(6,072)(4a)	(404,913)
Total stockholders' equity	265,949	290,593	556,542
Total liabilities and stockholders' equity	$ 3,855,954	$ (220,399)	$ 3,635,555

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

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AMC ENTERTAINMENT HOLDINGS, INC.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF OPERATIONS
FIFTY-TWO WEEKS ENDED MARCH 31, 2011
(dollars in thousands, except per share data)

	Fifty-two Weeks Ended March 31, 2011					
	Parent 52 Weeks Ended March 31, 2011 Historical	Kerasotes April 1, 2010 to May 24, 2010 Historical	Kerasotes Acquisition Pro Forma Adjustments	Parent Pro Forma Kerasotes Acquisition	Offering Transactions Pro Forma Adjustments	Parent Pro Forma
Revenues	$ 2,422,968	$ 40,696	$ (12,687)(1) (2)	$ 2,450,977	$	$ 2,450,977
Cost of operations	1,684,791	25,802	(8,610)(1) 10,056 (2)	1,712,039		1,712,039
Rent	475,810	6,405	(2,854) 655 (2)	480,016		480,016
General and administrative:						
M&A Costs	16,838			16,838		16,838
Management fee	5,000			5,000	(5,000)(6)	
Other	58,157	1,651		59,808		59,808
Depreciation and amortization	212,413	2,702	(561)(1) 1,541 (2)	216,095		216,095
Impairment of long-lived assets	12,779			12,779		12,779
Operating costs and expenses	2,465,788	36,560	227	2,502,575	(5,000)	2,497,575
Operating income (loss)	(42,820)	4,136	(12,914)	(51,598)	5,000	(46,598)
Other expense	28,556			28,556		28,556
Interest expense	183,657	395	(223)(2)	183,829	(36,391)(5)	147,438
Equity in earnings of non-consolidated entities	(17,178)			(17,178)		(17,178)
Gain on NCM transactions	(64,441)			(64,441)		(64,441)
Investment income	(491)	(99)	99 (2)	(491)		(491)
Total other expense (income)	130,103	296	(124)	130,275	(36,391)	93,884
Earnings (loss) from continuing operations before income taxes	(172,923)	3,840	(12,790)	(181,873)	41,391	(140,482)
Income tax provision (benefit)	1,950		(3,400)(3)	(1,450)	15,500 (7)	14,050
Earnings (loss) from continuing operations	$ (174,873)	$ 3,840	$ (9,390)	$ (180,423)	$ 25,891	$ (154,532)
Basic earnings (loss) per share from continuing operations	$ (136.73)					$
Average shares outstanding-Basic	1,278.92					
Diluted earnings per share from continuing operations	$ (136.73)					$

Average shares outstanding-Diluted	1,278.92

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

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

Kerasotes Acquisition

On May 24, 2010, we completed the acquisition of substantially all of the assets (92 theatres and 928 screens) of Kerasotes. Kerasotes operated 95 theatres and 972 screens in mid-sized, suburban and metropolitan markets, primarily in the Midwest. More than three quarters of the Kerasotes theatres feature stadium seating and almost 90% have been built since 1994. We acquired Kerasotes based on their highly complementary geographic presence in certain key markets. Additionally, we expect to realize synergies and cost savings related to the Kerasotes acquisition as a result of moving to our operating practices, decreasing costs for newspaper advertising and concessions and general and administrative expense savings, particularly with respect to the consolidation of corporate related functions and elimination of redundancies. The purchase price for the Kerasotes theatres paid in cash at closing was $276.8 million, net of cash acquired, and is subject to working capital and other purchase price adjustments. We paid working capital and other purchase price adjustments of $3.8 million during the second quarter of fiscal 2011, based on the final closing date working capital and deferred revenue amounts and have included this amount as part of the total purchase price.

The acquisition of Kerasotes is being treated as a purchase in accordance with Accounting Standards Topic 805, *Business Combinations*. The following is a summary of the final allocation of the purchase price to the estimated fair values of assets and liabilities acquired in the transaction. The allocation of purchase price is based on management's judgment after evaluating several factors, including bid prices from potential buyers and a preliminary valuation assessment which falls under Level 3 of the valuation hierarchy:

(In thousands)		**Total**
Cash	$	809
Receivables, net(1)		3,832
Other current assets		13,428
Property, net		201,520
Intangible assets, net(2)		17,387
Goodwill(3)		119,874
Other long-term assets		4,531
Accounts payable		(13,538)
Accrued expenses and other liabilities		(12,439)
Deferred revenues and income		(1,806)
Capital and financing lease obligations		(12,583)
Other long-term liabilities(4)		(39,600)
Total purchase price	$	281,415

(1) Receivables consist of trade receivables recorded at fair value. We did not acquire any other class of receivables as a result of the acquisition of Kerasotes.

(2) Intangible assets consist of certain Kerasotes' trade names, a non-compete agreement, and favorable leases. See Note 5 Goodwill and Other Intangible Assets to our audited consolidated financial statements for the 52-week period ended March 31, 2011 included elsewhere in this prospectus for further information.

(3) Goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations. Amounts recorded for goodwill are not subject to amortization and are expected to be deductible for tax purposes.

(4) Other long-term liabilities consist of certain theatre and ground leases that have been identified as unfavorable.

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During the 52 weeks ended March 31, 2011, we incurred acquisition-related costs of approximately $12.6 million included in general and administrative expense: merger, acquisition and transaction costs in our consolidated statements of operations. We have expensed acquisition-related transaction costs as incurred pursuant to ASC 805-10.

In connection with the acquisition of Kerasotes, we divested seven Kerasotes theatres with 85 screens as required by the Antitrust Division of the United States Department of Justice. Proceeds from the divested theatres exceeded the carrying amount of such theatres by $10.7 million, which was recorded as a reduction to goodwill.

We were also required by the Antitrust Division of the United States Department of Justice to divest of four legacy AMC theatres with 57 screens. We recorded a gain on disposition of assets of $10.1 million for one divested legacy theatre with 14 screens during the 52 weeks ended March 31, 2011, which reduced operating expenses by approximately $10.1 million. Additionally, we acquired two theatres with 26 screens that were received in exchange for three of the legacy AMC theatres with 43 screens.

A reconciliation of the $275.0 million purchase price as set forth in the acquisition agreement to the total estimated purchase price is as follows:

Base Purchase Price	$	275,000,000
Swap Termination Costs		1,798,000
Closing Date Working Capital Amount		4,617,000
Total estimated purchase price	$	281,415,000

Methods and Significant Assumptions Used in Valuation

Leases

To evaluate whether the individual standard operating leases being acquired were either favorable or unfavorable, a representative sample of leases from both Kerasotes' and AMC's theatre portfolio was analyzed to develop an estimate of current market terms. Rent, as a percentage of revenue, was considered an appropriate metric to estimate a market term.

Theatres considered at-market were the theatres in which rent-to-revenue ratio was within a calculated a range equal to one standard deviation around the average. As a secondary test, a comparison of all of the theatres' positive average annual operating cash flow ("OCF") margin was done. Similar to the rent to revenue analysis, a one standard deviation range from the average OCF margin was developed to represent reasonable profitability. Certain theatres within this at-market rent range were deemed favorable or unfavorable depending on the strength of their OCF margin.

To calculate the value of the favorable and unfavorable leases, the expected rent to be paid annually was compared to a normalized rent level based on the average rent-to-revenue ratio discussed above. The rent differential was calculated over the remaining term of the individual leases for the identified theatres. The difference in rent was then discounted at a rate of return based on rates for similar real property.

Trade Name

The Royalty Savings or Relief-from-Royalty Method, an income approach (Level 3 fair value measurement), was used to estimate the Fair Value of the ShowPlace and Star trade names. The Royalty Savings Method, estimates the value of a trade name by capitalizing the royalties saved because we own the trade name. The relief from royalty analysis is comprised of two primary steps including: i) the

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determination of the appropriate royalty rate, and ii) the subsequent application of the relief from royalty method.

The seller has retained the "Kerasotes" name but most of the theatres were branded as either ShowPlace or Star. Therefore we valued the ShowPlace and Star trade names. We plan to preserve the use all of the ShowPlace and Star Theatres' trade names on a total of 46 theatres.

The royalty savings was calculated by multiplying the royalty rate by the annual revenues for all of the theatres with the ShowPlace or Star names. The royalty rate was established based on various quantitative and qualitative factors. The present value of the after-tax royalty savings was determined using a rate for intangible assets.

Non-Compete Agreement

As part of the Kerasotes transaction, certain management members of the remaining Kerasotes company ("Potential Competitors") entered into five year non-competition agreements, which prevent them from competing against the sold Kerasotes theatres and all other AMC theatres over the duration of the agreement. The Differential Cash Flow Method, an income approach (Level 3 fair value measurement), was used to value the Non-Competition Agreements.

Key assumptions used in the Differential Cash Flow Method included assumptions regarding theatre cash flows with and without the non-compete agreements in place, probabilities regarding competitors reentering the market, and a discount rate used to present value cash flows, appropriate for intangible assets.

Our allocation of purchase price as of May 24, 2010 consisted primarily of:

(a) Receivables and Current assets acquired from Kerasotes, which excluded $26.7 million of assets in the Kerasotes unaudited condensed statement of assets and liabilities as of March 31, 2010 included elsewhere in this prospectus as such assets were not acquired;

(b) Property, net which reflects the estimated fair value of furniture, fixtures and equipment, leasehold improvements and real estate;

(c) Intangible assets, net comprised principally of six theatres with favorable leases of $5.6 million, the ShowPlace and Star trade names of $5.1 million and noncompete agreements with Kerasotes management of $6.4 million;

(d) Other long-term assets is comprised of Land and Buildings at certain inactive theatre locations;

(e) Accounts payable and accrued expenses and other liabilities primarily comprised of utility accruals, trade payables, accrued payroll and payroll taxes, and accrued property taxes. We did not assign any fair value to $0.3 million of "Current portion of developer reimbursements," $0.7 million of "Current portion of long-term debt to Parent" or $7.3 million of "Current portion of deferred gain" that are listed on the Kerasotes March 31, 2010 unaudited condensed statement of assets and liabilities included elsewhere in this Prospectus as the "Current portion of developer reimbursements" represented deferred rent which is reduced to $0 fair value in purchase accounting, the "Long-term debt to Parent" was not a liability that was assumed in the acquisition and the deferred gain related to Kerasotes sale lease back transactions is reduced to $0 in purchase accounting;

(f) Deferred revenues for advance ticket sales, gift card sales and other scrip. As part of its fair value estimation for deferred revenue amounts, we reduced the historical amounts recorded by Kerasotes as of May 24, 2010 by $2.6 million to reflect the expected non-presentment rate based on our accounting policy for these sales. We determined that a $2.6 million reduction to deferred revenues was appropriate based upon our review and evaluation of Kerasotes' actual historical experience

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compared to the company's actual historical experience. This change conforms Kerasotes non-presentment rate for advance ticket sales and gift card sales used to calculate "breakage" to our accounting policy by multiplying Kerasotes' historical cumulative gift card sales and advance ticket sales by our non-presentment rate for these types of items where Kerasotes had not recorded any gift card or advance ticket sale breakage. We believe these non-presentment rates are appropriate, as (i) we believe the characteristics of the historic Kerasotes customer base that purchases gift cards and advance tickets to be similar to our historic customer base, (ii) we have a longer historical record for selling gift cards than Kerasotes, and our more fully developed historical customer data supports the non-presentment rate we used and (iii) we both use the same third party provider to administer gift cards and advance tickets;

(g)

Capital and financing lease obligations were recorded for one location accounted for by Kerasotes as a sale leaseback transaction following the financing method. Deferred rent for two theatre locations totaling $4.1 million included in the Kerasotes March 31, 2010 unaudited condensed statement of assets and liabilities included elsewhere in this prospectus within the line item called "Developer reimbursements" were assigned a fair value of $0 as deferred rent is reduced to $0 fair value in purchase accounting; and

(h)

Other long-term liabilities, comprised of the estimated fair value of 15 theatres with unfavorable leases acquired from Kerasotes of $39.0 million. We did not assign any fair value to $19.9 million of "Long-term debt to Parent," $111.2 million of "Deferred gain from sale-leaseback transactions" or $7.4 million of "Deferred rent and other long-term liabilities" included in the Kerasotes March 31, 2010 unaudited condensed statement of assets and liabilities included elsewhere in this Prospectus as the "Long-term debt to Parent" was not a liability that was assumed in the acquisition and the "Deferred gain" related to Kerasotes sale lease back transactions and deferred rent is reduced to $0 in purchase accounting.

Loss per Share from Continuing Operations

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

(in thousands, except per share data)		52 Weeks Ended March 31, 2011
Numerator:		
Loss from continuing operations	$	(174,873)
Denominator:		
Shares for basic earnings (loss) per common share		1,278.92
Stock options		
Shares for diluted earnings (loss) per common share		1,278.92
Basic loss from continuing operations per common share	$	(136.73)
Diluted loss from continuing operations per common share	$	(136.73)

Options to purchase 35,684.2 shares of common stock at a weighted average exercise price of $450 per share and 5,372 shares of nonvested restricted stock were outstanding during the 52 weeks ended March 31, 2011, but were not included in the computation of diluted earnings per share since the options were anti-dilutive.

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Pro Forma Loss per Share from Continuing Operations

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

(in thousands, except per share data)	52 Weeks Ended March 31, 2011
Numerator:	
Earnings (loss) from continuing operations	$ (154,532)
Denominator:	
Shares for basic earnings (loss) per common share	
Stock options	
Shares for diluted earnings (loss) per common share	
Basic earnings (loss) from continuing operations per common share	$
Diluted earnings (loss) from continuing operations per common share	$

Options to purchase shares of common stock at a weighted average exercise price of $ per share were outstanding during the 52 weeks ended March 31, 2011, but were not included in the computation of diluted earnings per share since the options were anti-dilutive.

Kerasotes Acquisition Pro Forma Adjustments

(1) Reflects the exclusion of revenues and expenses and disposition of assets and liabilities for theatres expected to be disposed of in connection with the approval of the Kerasotes Acquisition by the U.S. Department of Justice:

	52 Weeks Ended March 31, 2011 (thousands of dollars)
Revenues	$ 12,687
Cost of operations	8,610
Rent	2,854
Depreciation & amortization	561
	44

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(2) Pro forma adjustments are made to the unaudited pro forma condensed consolidated financial statement of operations for purchase accounting to reflect the following:

	52 Weeks Ended March 31, 2011 (thousands of dollars)	Estimated Useful Life	Balance Sheet Classification
Revenues:			
Remove Kerasotes historical gift certificate breakage	$		
Cost of operations:			
Remove gain on sale of divested theatres	10,056		
Depreciation and Amortization:			
Remove Kerasotes historical amount	$ (2,702)		
Buildings and improvements, furniture, fixtures and equipment and leasehold improvements	3,754	7	Property, net
Favorable leases	292	3.6	Intangibles, net
Non-compete agreements	197	5	Intangibles, net
Tradename		Indefinite	Intangibles, net
	$ 1,541		

We determined the estimated useful lives for Buildings and improvements, Furniture fixtures and equipment and Leasehold improvements using our accounting policy for those classes of assets. Building lives assigned were approximately 20 years, Leasehold improvement lives reflect the shorter of the base terms of the corresponding lease agreements or the expected useful lives of the assets. Furniture, fixtures and equipment lives range from 1 to 10 years. The seven year estimated useful life represents the weighted average life for the assets acquired and the majority of the assets acquired were Furniture, fixtures and equipment and Leasehold improvements. Lives for favorable leases reflect the remaining base term of the lease agreements. The five year life for the non-compete agreement reflects the term of the agreement.

The pro forma adjustments for depreciation and amortization were determined by first removing all of the Kerasotes recorded historical amounts of depreciation and amortization which were recorded by Kerasotes based on their historical cost and accounting policies. We then recomputed depreciation and amortization for the appropriate period of time for each period presented to replace the historical amounts recorded by Kerasotes with depreciation and amortization we calculated based on the estimated fair values recorded in purchase accounting divided by the remaining useful lives on a straight-line basis.

	52 Weeks Ended March 31, 2011 (thousands of dollars)	Estimated Useful Life	Balance Sheet Classification
Rent:			
Kerasotes amortization of deferred gain on sale-leaseback transactions	$ 1,086		
Unfavorable leases	(431)	15	Other long-term liabilities
	$ 655		

The pro forma adjustments for rent were determined by removing all of the Kerasotes amortization of deferred gain on sale-leaseback transactions recorded in their historical financial statements and included in the pro forma financial statements within the Rent line as the deferred gain on the sale-leaseback transactions was reduced to a $0 in purchase accounting. We have also

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included amortization of the fair value of the unfavorable leases recorded in purchase accounting and calculated the amounts based on the estimated fair values recorded in purchase accounting divided by the remaining base terms of the lease agreements.

	52 Weeks Ended March 31, 2011 (thousands of dollars)
Interest Expense:	
Interest expense to Kerasotes Showplace Theatres, LLC and other	$ (223)
	$ (223)

We made pro forma adjustments to interest expense to remove the interest expense recorded in Kerasotes historical financial statements related to long-term debt that was not assumed as part of the Kerasotes Acquisition.

	52 Weeks Ended March 31, 2011 (thousands of dollars)
Investment Income:	
Kerasotes expense related to interest rate swap and other	$ 99
	$ 99

We made pro forma adjustments to investment income to remove the historical amounts recorded by Kerasotes related to assets not acquired in the Kerasotes Acquisition which was primarily the Kerasotes interest rate swap agreement.

(3) Represents the expected income tax impact of the Kerasotes Acquisition in U.S. tax jurisdictions at the expected state and federal rate of approximately 37.5%.

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Offering Transactions Pro Forma Adjustments

(4)

Reflects the estimated cash sources and uses of funds in connection with the offering Transactions as summarized below.

Sources of Funds	Amount (thousands of dollars)	Uses of Funds	Amount (thousands of dollars)
Proceeds from the sale of common stock	$ 350,000	Repayment of principal Parent term loan facility	$ 161,047
Company cash	219,311	Repayment of PIK interest Parent term loan facility	48,907
		Repayment of principal 8% senior subordinated notes due 2014	300,000
		Premium on repayment of 8% senior subordinated notes due 2014	4,000
		Repayment of accrued interest on 8% senior subordinated notes due 2014	2,022
		Lump sum payment under management fee agreement	25,835
		Underwriting fees for sale of common stock	21,000
		Professional and consulting fees for sale of common stock	6,500
	$ 569,311		$ 569,311

(4a)

Pro forma adjustments have been made to stockholders' equity for those income statement items that are not expected to have a continuing impact in connection with the offering Transactions, as follows:

Write off of discount on Parent term loan facility	$ 386
Write off of deferred charges on Parent term loan facility	1,088
Write off of discount on 8% senior subordinated notes due 2014	598
Premium paid on 8% senior subordinated notes due 2014	4,000
	$ 6,072

(5)

Represents the elimination of all interest expense and amortization of discount and deferred charges recorded historically related to the debt obligations to be extinguished with the proceeds from this offering as follows:

	52 Weeks Ended March 31, 2011 (thousands of dollars)
Parent term loan facility due 2012 PIK interest(1)	$ 10,983
Parent term loan facility due 2012 discount amortization	320
Parent term loan facility due 2012 deferred charge amortization	978
8% senior subordinated notes due 2014 interest	23,935
8% senior subordinated notes due 2014 deferred charge amortization	175
	$ 36,391

(1) Interest rates based on LIBOR plus 5% and ranged from 5.2% to 5.5%.

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We made pro forma adjustments to interest expense to remove all of the historical amounts of interest expense included in our consolidated financial statements related to the Parent term loan and 8% senior subordinated notes, which are expected to be extinguished with the proceeds from this offering. The amounts of interest expense we recorded and removed in their entirety were based on LIBOR plus 5% for the $210.0 million principal amount of Parent term loan and 8% for the $300.0 million principal amount of 8% senior subordinated notes multiplied by the outstanding principal balance of each debt agreement. Discount and deferred charge amortization that is eliminated was calculated using the effective interest method over the terms of the debt agreements.

(6)
Reflects the termination of the management fee agreement. The management fee will be terminated in connection with the Transactions as discussed elsewhere in this prospectus.

(7)
Represents the expected income tax impact of the offering Transactions, in U.S. tax jurisdictions at our expected state and federal tax rate of 37.5%.

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SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

The following table sets forth certain of our selected historical financial and operating data. Our selected financial data for the fiscal years ended March 31, 2011, April 1, 2010, April 2, 2009, April 3, 2008 and March 29, 2007 have been derived from the consolidated financial statements for such periods either included elsewhere in this prospectus or not included herein.

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

	Years Ended(1)(3)				
	52 Weeks Ended March 31, 2011	52 Weeks Ended April 1, 2010	52 Weeks Ended April 2, 2009	53 Weeks Ended April 3, 2008	52 Weeks Ended March 29, 2007
	(in thousands, except per share and operating data)				
Statement of Operations Data:					
Revenues:					
Admissions	$ 1,697,858	$ 1,711,853	$ 1,580,328	$ 1,615,606	$ 1,576,924
Concessions	664,108	646,716	626,251	648,330	631,924
Other theatre	61,002	59,170	58,908	69,108	94,374
Total revenues	2,422,968	2,417,739	2,265,487	2,333,044	2,303,222
Operating Costs and Expenses:					
Film exhibition costs	887,758	928,632	842,656	860,241	838,386
Concession costs	83,187	72,854	67,779	69,597	66,614
Operating expense(7)	713,846	610,774	576,022	572,740	564,206
Rent	475,810	440,664	448,803	439,389	428,044
General and administrative:					
Merger, acquisition and transactions costs	16,838	2,578	1,481	7,310	12,447
Management fee	5,000	5,000	5,000	5,000	5,000
Other	58,157	58,274	53,800	39,084	45,860
Depreciation and amortization	212,413	188,342	201,413	222,111	228,437
Impairment of long-lived assets	12,779	3,765	73,547	8,933	10,686
Operating costs and expenses	2,465,788	2,310,883	2,270,501	2,224,405	2,199,680
Operating income (loss)	(42,820)	106,856	(5,014)	108,639	103,542
Other (income) loss	28,556	(87,793)	(14,139)	(12,932)	(10,267)
Interest expense:					
Corporate borrowings	177,459	168,439	182,691	197,721	214,539
Capital and financing lease obligations	6,198	5,652	5,990	6,505	4,669
Equity in (earnings) losses of non-consolidated entities(5)	(17,178)	(30,300)	(24,823)	(43,019)	(233,704)
Gain on NCM transactions	(64,441)				
Investment income(6)	(491)	(287)	(1,759)	(24,013)	(17,594)
Earnings (loss) from continuing operations before income taxes	(172,923)	51,145	(152,974)	(15,623)	145,899
Income tax provision	1,950	(36,300)	5,800	(7,580)	28,246
Earnings (loss) from continuing operations	(174,873)	87,445	(158,774)	(8,043)	117,653
Earnings (loss) from discontinued operations, net of income tax provision(2)	569	(7,534)	9,728	1,802	(746)

Net earnings (loss)	$ (174,304)	$ 79,911	$ (149,046)	$ (6,241)	$ 116,907
Basic earnings (loss) per share of common stock:					
Earnings (loss) from continuing operations	$ (136.73)	$ 68.38	$ (123.93)	$ (6.27)	$ 91.76
Earnings (loss) from discontinued operations	0.44	(5.89)	7.60	1.40	(0.59)
Net earnings (loss) per share	$ (136.29)	$ 62.49	$ (116.33)	$ (4.87)	$ 91.17

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	Years Ended(1)(3)				
	52 Weeks Ended March 31, 2011	52 Weeks Ended April 1, 2010	52 Weeks Ended April 2, 2009	53 Weeks Ended April 3, 2008	52 Weeks Ended March 29, 2007
	(in thousands, except per share and operating data)				
Average shares outstanding:					
Basic	1,278.92	1,278.82	1,281.20	1,282.65	1,282.25
Diluted earnings (loss) per share of common stock:					
Earnings (loss) from continuing operations	$ (136.73)	$ 68.24	$ (123.93)	$ (6.27)	$ 91.69
Earnings (loss) from discontinued operations	0.44	(5.88)	7.60	1.40	(0.58)
Net earnings (loss) per share	$ (136.29)	$ 62.36	$ (116.33)	$ (4.87)	$ 91.11
Average shares outstanding:					
Diluted	1,278.92	1,281.42	1,281.20	1,282.65	1,283.20
Balance Sheet Data (at period end):					
Cash and equivalents	$ 417,408	$ 611,593	$ 539,597	$ 111,820	$ 319,533
Corporate borrowings, including current portion	2,312,108	2,271,914	2,394,586	2,287,521	1,864,670
Other long-term liabilities	432,439	309,591	308,702	350,250	373,943
Capital and financing lease obligations, including current portion	65,675	57,286	60,709	69,983	53,125
Stockholders' equity	265,949	439,542	378,484	506,731	1,167,053
Total assets	3,855,954	3,774,912	3,774,894	3,899,128	4,118,149
Other Data:					
Net cash provided by (used in) operating activities	$ (16,168)	$ 198,936	$ 167,249	$ 201,209	$ 417,870
Capital expenditures	(129,347)	(97,011)	(121,456)	(171,100)	(142,969)
Proceeds from sale/leasebacks	4,905	6,570			
Operating Data (at period end):					
Screen additions	55	6	83	136	107
Screen acquisitions	960				32
Screen dispositions	400	105	77	196	243
Average screens continuing operations(4)	5,086	4,485	4,545	4,561	4,627
Number of screens operated	5,128	4,513	4,612	4,606	4,666
Number of theatres operated	360	297	307	309	318
Screens per theatre	14.2	15.2	15.0	14.9	14.7
Attendance (in thousands) continuing operations(4)	194,412	200,285	196,184	207,603	213,041

(1) A cash dividend of $652.8 million was declared on common stock for fiscal 2008. There were no other cash dividends declared on common stock.

(2) All fiscal years presented includes earnings and losses from discontinued operations related to 44 theatres in Mexico that were sold during fiscal 2009. Fiscal 2007 includes losses from discontinued operations related to five theatres in Japan that were sold during fiscal 2006 and five theatres in Iberia that were sold during fiscal 2007.

(3) Fiscal 2008 includes 53 weeks. All other years have 52 weeks.

(4)

Includes consolidated theatres only.

(5) During fiscal 2011, fiscal 2010, fiscal 2009 and fiscal 2008, equity in earnings, including cash distributions from NCM, were $32.9 million, $34.4 million, $27.7 million and $22.2 million, respectively. During fiscal 2008, equity in (earnings) losses of non-consolidated entities includes a gain of $18.8 million from the sale of Hoyts General Cinema South America and during fiscal 2007 a gain of $238.8 million related to the NCM, Inc. initial public offering.

(6) Includes gain of $16.0 million for the 53 weeks ended April 3, 2008 from the sale of our investment in Fandango, Inc. Includes interest income on temporary cash investments of $17.3 million for the 52 weeks ended March 29, 2007.

(7) Includes theatre and other closure expense (income) for fiscal 2011, 2010, 2009, 2008 and 2007 of $60.8 million, $2.6 million, $(2.3) million, $(21.0) million and $9.0 million, 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 $55.0 million for theatre and other closure expense.

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

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

Overview

We are one of the world's leading theatrical exhibition companies. As of March 31, 2011, we owned, operated or had interests in 360 theatres and 5,128 screens with 99%, or 5,073, of our screens in the U.S. and Canada, and 1%, or 55 of our screens in China (Hong Kong), France and the United Kingdom.

During the fifty-two weeks ended March 31, 2011, we acquired 92 theatres with 928 screens from Kerasotes in the U.S. In connection with the acquisition of Kerasotes, we divested of 11 theatres with 142 screens as required by the Antitrust Division of the United States Department of Justice and acquired two theatres with 26 screens that were received in exchange for three of the divested theatres above with 43 screens. We also permanently closed 22 theatres with 144 screens in the U.S. and temporarily closed and reopened 41 screens of four theatres in the U.S. as part of a remodeling project to allow for dine-in theatres at these locations. We permanently closed 73 underperforming screens at 6 theatre locations in the U.S and Canada and continue to operate 89 screens at these locations. We opened one new managed theatre with 14 screens in the U.S. and acquired one theatre with 6 screens in the U.S. in the ordinary course of business.

Our Theatrical Exhibition revenues are generated primarily from box office admissions and theatre concession sales. The balance of our revenues are generated from ancillary sources, including on-screen advertising, rental of theatre auditoriums, fees and other revenues generated from the sale of gift cards and packaged tickets, on-line ticket fees and arcade games located in theatre lobbies.

Box office admissions are our largest source of revenue. 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. 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.

Concessions sales are our second largest source of revenue after box office admissions. Concessions items include popcorn, soft drinks, candy, hot dogs, premium concession items, specialty drinks, healthy choice items and made to order hot foods including menu choices such as curly fries, chicken tenders and jalapeño poppers. Different varieties of concession items are offered at our theatres based on preferences in that particular geographic region. We have also implemented dine-in theatre concepts at 7 locations, which feature full kitchen facilities, seat-side servers and a separate bar and lounge area. Our strategy emphasizes prominent and appealing concessions counters designed for rapid service and efficiency including a guest friendly grab and go experience. We design our theatres to have more concessions capacity to make it easier to serve larger numbers of customers. Strategic placement of large concessions 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 concessions stands.

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Our revenues are dependent upon the timing and popularity 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 will vary significantly from quarter to quarter.

We have a guest frequency program, *AMC Stubs*, which allows members to earn $10 for each $100 purchase completed at our theatres. Amounts earned are redeemable by members on future purchases at our theatres. The value of amounts earned are included in deferred revenues and income and recorded as a reduction in admissions and concessions revenues at the time the amounts are earned, based on the selling price of awards that are projected to be redeemed. Earned awards must be redeemed no later than 90 days from the date of issuance. We account for membership fee revenue for our guest frequency program on a deferred basis, net of estimated refunds, whereby revenue is recognized ratably over the one-year membership period.

During fiscal 2011, films licensed from our six largest distributors based on revenues accounted for approximately 81% of our U.S. and Canada admissions revenues. 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.

During the period from 1990 to 2010, 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 634 in 2008, according to the Motion Picture Association of America 2010 MPAA Theatrical Market Statistics. The number of digital 3D films released annually increased to a high of 25 in 2010 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 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 enhanced seat design. We have increased our 3D enabled screens by 1,128 to 1,603 screens and our IMAX screens by 26 to 107 screens during the fifty-two weeks ended March 31, 2011; and as of March 31, 2011, approximately 33.6% of our screens were 3D enabled screens and approximately 2.1% of our screens were IMAX 3D enabled screens.

Significant Events

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

During the fourth quarter of our fiscal year ending March 31, 2011, we evaluated excess capacity and vacant and under-utilized retail space throughout our theatre circuit. On March 28, 2011, management decided to permanently close 73 underperforming screens and auditoriums in six theatre locations in the United States and Canada while continuing to operate 89 screens at these locations. The permanently closed screens are physically segregated from the screens that will remain in operation and access to the closed space is restricted. Additionally, management decided to discontinue development of and cease use of (including for storage) certain vacant and under-utilized retail space at four other theatres in the United States and the United Kingdom. As a result of closing the screens and auditoriums and discontinuing the development and use of the other spaces, we recorded a charge of $55 million for theatre and other closure expense, which is included in operating expense in our consolidated statement of operations for the fiscal year ending March 31, 2011. The charge to theatre and other closure expense reflects the discounted contractual amounts of the existing lease obligations

of $53.6 million for the remaining 7 to 13 year terms of the leases as well as expenses incurred for related asset removal and shutdown costs of $1.5 million. A significant portion of each of the affected properties will be closed and no longer used. The charges to theatre and other closure expense do not result in any new, increased or accelerated obligations for cash payments related to the underlying long-term operating lease agreements. We expect that the estimated future savings in rent expense and variable operating expenses as a result of our exit plan and from operating these ten theatres in a more efficient manner will exceed the estimated loss in attendance and revenues that we may experience related to the closed auditoriums.

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

On December 15, 2010, AMCE completed the offering (the "Notes Offering") of $600.0 million aggregate principal amount of 9.75% Senior Subordinated Notes due 2020 (the "Notes due 2020"). Concurrently with the Notes Offering, AMCE launched a cash tender offer and consent solicitation for any and all of our then outstanding $325.0 million aggregate principal amount of 11% Senior Subordinated Notes due 2016 (the "Notes due 2016") Notes due 2016 at a purchase price of $1,031 plus a $30 consent fee for each $1,000 of principal amount of currently outstanding Notes due 2016 validly tendered and accepted by AMCE on or before the early tender date (the "Cash Tender Offer"). AMCE used the net proceeds from the issuance of the Notes due 2020 to pay the consideration for the Cash Tender Offer plus accrued and unpaid interest on $95.1 million principal amount of the Notes due 2016 validly tendered. We recorded a loss on extinguishment related to the Cash Tender Offer of $7.6 million in Other expense during the fifty-two weeks ended March 31, 2011, which included previously capitalized deferred financing fees of $1.7 million, a tender offer and consent fee paid to the holders of $5.8 million and other expenses of $149,000. AMCE redeemed the remaining $229.9 million aggregate principal amount outstanding Notes due 2016 at a price of $1,055 per $1,000.00 principal amount on February 1, 2011 in accordance with the terms of the indenture. AMCE recorded a loss on extinguishment related to the Cash Tender Offer of $16.7 million in Other expense during the fifty-two weeks ended March 31, 2011, which included previously capitalized deferred financing fees of $3.9 million, a tender offer and consent fee paid to the holders of $12.6 million and other expenses of $99,000.

Concurrently with the Notes Offering and Cash Tender Offer on December 15, 2010, Holdings launched a cash tender offer and consent solicitation for any and all of its outstanding $240.8 million aggregate principal amount (accreted value) of its 12% Senior Discount Notes due 2014 (the "Discount Notes due 2014") at a purchase price of $797.00 plus a $30.00 consent fee for each $1,000.00 face amount (or $792.09 accreted value) of currently outstanding Discount Notes due 2014 validly tendered and accepted by Holdings on or before the early tender date (together with the Cash Tender Offer, the "Cash Tender Offers"). Holdings used $185.0 million of dividends received from AMCE on December 15, 2010 to pay the consideration for the Discount Notes due 2014 Cash Tender Offer plus accrued and unpaid interest on $170.6 million principal amount (accreted value) of the Discount Notes due 2014 validly tendered. Holdings redeemed the remaining $70.1 million (accreted value) outstanding Discount Notes due 2014 at a price of $823.77 per $1,000.00 face amount (or $792.09 accreted value) on January 3, 2011 using funds from an additional dividend received from AMCE of $76.1 million. We

recorded a loss on extinguishment for the Discount Notes due 2014 of approximately $14.8 million, which includes previously capitalized deferred financing fees of $4.2 million, a tender offer and consent fee paid to the holders of $10.3 million and other expenses of $312,000.

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

All of our NCM membership units are redeemable for, at the option of NCM, cash or shares of common stock of National CineMedia, Inc. ("NCM, Inc.") on a share-for-share basis. On August 18, 2010, we sold 6.5 million shares of common stock of NCM, Inc. in an underwritten public offering for $16.00 per share and reduced our related investment in NCM by $36.7 million, the average carrying amount of all shares owned. Net proceeds on the sale were $99.8 million, after deducting related underwriting fees and professional and consulting costs of $4.2 million, resulting in a gain on sale of $63.1 million. In addition, on September 8, 2010, we sold 155,193 shares of NCM, Inc. to the underwriters to cover over allotments for $16.00 per share and reduced our related investment in NCM by $867,000, the average carrying amount of all shares owned. Net proceeds received on this sale were $2,384,000, after deducting related underwriting fees and professional and consulting costs of $99,000, resulting in a gain on sale of $1.5 million.

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

On May 24, 2010, we completed the acquisition of 92 theatres and 928 screens from Kerasotes. Kerasotes operated 95 theatres and 972 screens in mid-sized, suburban and metropolitan markets, primarily in the Midwest. More than three quarters of the Kerasotes theatres feature stadium seating and almost 90 percent have been built since 1994. The purchase price for the Kerasotes theatres paid in cash at closing was $276.8 million, net of cash acquired, and was subject to working capital and other purchase price adjustments as described in the Unit Purchase Agreement. We paid working capital and other purchase price adjustments of $3.8 million during the second quarter of fiscal 2011, based on the final closing date working capital and deferred revenue amounts, and have included this amount as part of the total purchase price. The acquisition of Kerasotes significantly increased our size. Accordingly, results of operations for the fifty-two weeks ended March 31, 2011, which include forty-four weeks of

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operations of the theatres we acquired, are not comparable to our results for the fifty-two weeks ended April 1, 2010. For additional information about the Kerasotes acquisition, see the notes to our consolidated financial statements for the fifty-two week period ended March 31, 2011, included elsewhere in this prospectus.

On March 10, 2010, Digital Cinema Implementation Partners, LLC ("DCIP") completed its financing transactions for the deployment of digital projection systems to nearly 14,000 movie theatre screens across North America, including screens operated or managed by the Company, Regal Entertainment Group ("Regal") and Cinemark Holdings, Inc ("Cinemark"). At closing, we contributed 342 projection systems that we owned to DCIP, which we recorded at estimated fair value as part of an additional investment in DCIP of $21.8 million. We also made cash investments in DCIP of $840,000 at closing and DCIP made a distribution of excess cash to us after the closing date and prior to fiscal 2010 year-end of $1.3 million. We recorded a loss on contribution of the 342 projection systems of $563,000, based on the difference between estimated fair value and our carrying value on the date of contribution. On March 26, 2010, we acquired 117 digital projectors from third party lessors for $6.8 million and sold them together with seven digital projectors that we owned to DCIP for $6.6 million. We recorded a loss on the sale of these 124 systems to DCIP of $697,000. As of March 31, 2011, we operated 2,301 digital projection systems leased from DCIP pursuant to operating leases and anticipate that we will have deployed over 3,800 of these systems in our existing theatres by the end of fiscal 2012.

The additional digital projection systems will allow us to add additional 3D enabled screens to our circuit where we are generally able to charge a higher admission price than 2D. The digital projection systems leased from DCIP and its affiliates will replace most of our existing 35 millimeter projection systems in our U.S. theatres. We are examining the estimated depreciable lives for our existing 35 millimeter projection systems, with a net book value of $5.7 million as of March 31, 2011, and have adjusted the depreciable lives in order to accelerate the depreciation of the applicable existing 35 millimeter projection systems, so that such systems are fully depreciated at the end of the digital projection system deployment timeframe. We currently estimate that the depreciation expense related to these assets as a result of the acceleration will be $3.8 million, $1.5 million and $400,000 in fiscal years 2012, 2013 and 2014, respectively. Upon full deployment of the digital projection systems, we expect the cash rent expense of such equipment to approximate $4.5 million, annually, and the deferred rent expense to approximate $5.5 million, annually, which will be recognized in our consolidated statements of operations as "Operating expense".

On June 9, 2009, we completed the offering of $600 million aggregate principal amount of our 8.75% Senior Notes due 2019 (the "Notes due 2019"). Concurrently with the notes offering, we launched a cash tender offer and consent solicitation for any and all of our then outstanding $250 million aggregate principal amount of 8⁵/₈% Senior Notes due 2012 (the "Fixed Notes due 2012") at a purchase price of $1,000 plus a $30.00 consent fee for each $1,000.00 of principal amount of currently outstanding Fixed Notes due 2012 validly tendered and accepted by us on or before the early tender date (the "Cash Tender Offer"). We used the net proceeds from the issuance of the Notes due 2019 to pay the consideration for the Cash Tender Offer plus accrued and unpaid interest on $238.1 million principal amount of the Fixed Notes due 2012. We recorded a loss on extinguishment related to the Cash Tender Offer of $10.8 million in Other expense during the fifty-two weeks ended April 1, 2010, which included previously capitalized deferred financing fees of $3.3 million consent fee paid to holders of $7.1 million and other expenses of $372,000. On August 15, 2009, we redeemed the remaining $11.9 million of Fixed Notes due 2012 at a price of $1,021.56 per $1,000 principal in accordance with the terms of the indenture. We recorded a loss of $450,000 in Other expense related to the extinguishment of the remaining Fixed Notes principal due 2012 during the fifty-two weeks ended April 1, 2010, which included previously capitalized deferred financing fees of $157,000, a consent fee paid to the holders of $257,000 and other expenses of $36,000.

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We acquired Grupo Cinemex, S.A. de C.V. ("Cinemex") in January 2006 as part of a larger acquisition of Loews Cineplex Entertainment Corporation. We do not operate any other theatres in Mexico and have divested of the majority of our other investments in international theatres in Japan, Hong Kong, Spain, Portugal, Argentina, Brazil, Chile, and Uruguay over the past several years as part of our overall business strategy.

On December 29, 2008, we sold all of our interests in Cinemex, which then operated 44 theatres with 493 screens primarily in the Mexico City Metropolitan Area, to Entretenimiento GM de Mexico S.A. de C.V. ("Entretenimiento"). The purchase price received at the date of the sale and in accordance with the Stock Purchase Agreement was $248.1 million. During the year ended April 1, 2010, we received payments of $4.3 million for purchase price related to tax payments and refunds, and a working capital calculation and post closing adjustments. During the year ended March 31, 2011, we received payments, net of legal fees, of $1.8 million of the purchase price related to tax payments and refunds. Additionally, we estimate that we are contractually entitled to receive an additional $7.3 million of the purchase price related to tax payments and refunds. While we believe we are entitled to these amounts from Cinemex, the collection will require litigation, which was initiated by us on April 30, 2010. Resolution could take place over a prolonged period. As a result of the litigation, we established an allowance for doubtful accounts related to this receivable in the amount of and further directly charged off certain amounts as uncollectible with an offsetting charge of $8.9 million recorded to loss on disposal included as a component of discontinued operations.

The operations and cash flows of the Cinemex theatres have been eliminated from our ongoing operations as a result of the disposal transaction. We do not have any significant continuing involvement in the operations of the Cinemex theatres. The results of operations of the Cinemex theatres have been classified as discontinued operations for all periods presented.

Stock-Based Compensation

We account for stock-based employee compensation arrangements using the fair value method. The fair value of each stock option was estimated on the grant date using the Black-Scholes option pricing model using the following assumptions: common stock value on the grant date, risk-free interest rate, expected term, expected volatility, and dividend yield. We have elected to use the simplified method for estimating the expected term of "plain vanilla" share option grants as we do not have enough historical experience to provide a reasonable estimate. Compensation cost is calculated on the date of the grant and then amortized over the vesting period.

We granted 38,876.7 options on December 23, 2004, 600 options on January 26, 2006, 15,980.5 options on March 6, 2009 and 4,786 options on May 28, 2009 to employees to acquire our common stock. The fair value of these options on their respective grant dates was $22.4 million, $138,000, $2.1 million, and $0.65 million, respectively. All of these options currently outstanding are equity classified.

During fiscal 2011, we granted 6,507 options and 6,856 shares of restricted stock. The fair value of these options and restricted shares on their respective grant dates was approximately $1.9 million and $5.2 million, respectively. All of these options currently outstanding are equity classified.

The common stock value used to estimate the fair value of each option on the March 6, 2009 grant date was based upon a contemporaneous valuation reflecting market conditions as of January 1, 2009, a purchase of 2,542 shares by Parent for $323.95 per share from our former Chief Executive Officer pursuant to his Separation and General Release Agreement dated February 23, 2009 and a sale of 385.862 shares by Parent to our current Chief Executive Officer pursuant to his Employment Agreement dated February 23, 2009 for $323.95 per share.

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The common stock value of $339.59 per share used to estimate the fair value of each option on the May 28, 2009 grant date was based upon a valuation prepared by management on behalf of the Compensation Committee of the Board of Directors. Management chose not to obtain a contemporaneous valuation performed by an unrelated valuation specialist as management believed that the valuation obtained at January 1, 2009 and the subsequent stock sales and purchases were recent and could easily be updated and rolled forward without engaging a third party and incurring additional costs. Additionally, management considered that the number of options granted generated a relatively low amount of annual expense over 5 years ($130,100) and that any differences in other estimates of fair value would not be expected to materially impact the related annual expense. The common stock value was estimated based on current estimates of annual operating cash flows multiplied by the current average peer group multiple for similar publicly traded competitors of 6.7x less net indebtedness, plus the current fair value of our investment in NCM. Management compared the estimated stock value of $339.59 per share with the $323.95 value per share discussed above related to the March 6, 2009 option grant and noted the overall increase in value was primarily due the following:

March 6, 2009 grant value per share	$	323.95
Decline in net indebtedness		20.15
Increase in value of investment in NCM		37.10
Increase due to peer group multiple		47.89
Decrease in annual operating cash flows		(89.50)
May 28, 2009 grant value per share	$	339.59

The common stock value of $752 per share used to estimate the fair value of each option and restricted share on July 8, 2010 was based upon a contemporaneous valuation reflecting market conditions. The total estimated grant date fair value for 5,484 shares of restricted stock (time vesting) and 1,372 shares of restricted stock (performance vesting, where the performance targets were established at the grant date following ASC 718-10-55-95) was based on $752 per share and was $4,126,000 and $1,032,000, respectively. The estimated grant date fair value of the options granted on 5,484 shares under the 2010 Equity Incentive Plan was $293.72 per share, or $1,611,000, and was determined using the Black-Sholes option-pricing model. The estimated grant date fair value of the options granted on 1,023 shares under the 2004 Stock Option Plan was $300.91 per share, or $308,000, and was determined using the Black-Sholes option-pricing model. The option exercise price for these grants were $752 per share, and the estimated fair value of the shares were $752, resulting in $0 intrinsic value for the option grants. As of March 31, 2011, there was approximately $6,379,000 of total estimated unrecognized compensation cost related to nonvested stock-based compensation arrangements under both the 2010 Equity Incentive Plan and the 2004 Stock Option Plan.

Critical Accounting Estimates

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

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

Impairments. We evaluate goodwill and other indefinite lived intangible assets for impairment annually, or more frequently as specific events or circumstances dictate. Impairment for other long lived assets (including finite lived intangibles) is done whenever events or changes in circumstances indicate that these assets may not be fully recoverable. We have invested material amounts of capital in goodwill and other intangible assets in addition to other long lived assets. We operate in a very competitive business environment and our revenues are highly dependent on movie content supplied by film producers. In addition, it is not uncommon for us to closely monitor certain locations where operating performance may not meet our expectations. Because of these and other reasons over the past three years we have recorded material impairment charges primarily related to long lived assets. For the last three years, impairment charges were $21.6 million in fiscal 2011, $3.8 million in fiscal 2010 and $77.8 million in fiscal year 2009. 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. These estimates determine whether an impairment has been incurred and also quantify the amount of any related impairment charge. Given the nature of our business and our recent history, future impairments are possible and they may be material based upon business conditions that are constantly changing.

Our recorded goodwill was $1,954 million and $1,845 million as of March 31, 2011 and April 1, 2010, 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. We determine fair value by using an enterprise valuation methodology determined by applying multiples to cash flow estimates less net indebtedness, which we believe is an appropriate method to determine fair value. There is considerable management judgment with respect to cash flow estimates and appropriate multiples and discount rates to be used in determining fair value, and, accordingly, actual results could vary significantly from such estimates which fall under Level 3 within the fair value measurement hierarchy.

We evaluated our enterprise value in fiscal 2011 and fiscal 2010 based on contemporaneous valuations reflecting market conditions. Two valuation approaches were utilized; the income approach and the market approach. The income approach provides an estimate of enterprise value by measuring estimated annual cash flows over a discrete projection period and applying a present value rate to the cash flows. The present value of the cash flows is then added to the present value equivalent of the residual value of the business to arrive at an estimated fair value of the business. The residual value represents the present value of the projected cash flows beyond the discrete projection period. The discount rate is determined using a rate of return deemed appropriate for the risk of achieving the projected cash flows. The market approach used publicly traded peer companies and reported transactions in the industry. Due to conditions and the relatively few sale transactions, the market approach was used to provide additional support for the value achieved in the income approach.

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Key rates used in the income approach for fiscal 2011 and 2010 follow:

Description	Fiscal 2011	Fiscal 2010
Discount rate	9.0%	9.0%
Market risk premium	5.5%	6.0%
Hypothetical capital structure: Debt/Equity	40%/60%	40%/60%

The discount rate is an estimate of the weighted average cost of debt and equity capital. The required return on common equity was estimated by adding the risk-free required rate of return, the market risk premium (which is adjusted for the Company's estimated market volatility, or beta), and small stock premium.

The results of our annual goodwill impairment analysis performed during the fourth quarter of fiscal 2011 indicated the estimated fair value of our Theatrical Exhibition reporting unit exceeded its carrying value by approximately $500.0 million. While the fair value of our Theatrical Exhibition operations exceed the carrying value at the present time, small changes in certain assumptions can have a significant impact on fair value. Facts and circumstances could change, including further deterioration of general economic conditions, the number of motion pictures released by the studios, and the popularity of films supplied by our distributors. These and/or other factors could result in changes to the assumptions underlying the calculation of fair value which could result in future impairment of our remaining goodwill.

The aggregate annual cash flows were determined based on management projections on a theatre-by-theatre basis further adjusted by non-theatre cash flows. The projections considered various factors including theatre lease terms, a reduction in attendance, and a reduction in capital investments in new theatres, given current market conditions and the resulting difficulty with obtaining contracts for new-builds. Cash flow estimates included in the analysis reflect our best estimate of the impact of the roll-out of digital projectors throughout our theatre circuit. Based on the seasonal nature of our business, fluctuations in attendance from period to period are expected and we do not believe that the results would significantly decrease our projections or impact our conclusions regarding goodwill impairment. The anticipated acceleration of depreciation of the 35mm equipment described above under " Significant Events" does not have an impact on our estimation of fair value as depreciation does not impact our projected available cash flow. The expected increases in rent expense upon full deployment of the digital projection systems also described under " Significant Events" were included in the cash flow projections used to estimate our fair value as a part of our fiscal 2011 annual goodwill impairment analysis, and had the impact of reducing the projected cash flows. Cash flows were projected through fiscal 2017 and assumed revenues would increase approximately 3.25% annually primarily due to projected increases in ticket and concession pricing. Costs and expenses, as a percentage of revenue are projected to decrease from 85.5% to 85.1% through fiscal 2017. The residual value is a function of the estimated cash flow for fiscal 2018 divided by a capitalization rate (discount rate less long-term growth rate of 2%) then discounted back to represent the present value of the cash flows beyond the discrete projection period. We utilized the foregoing assumptions about future revenues and costs and expenses for the limited purpose of performing our annual goodwill impairment analysis. These assumptions should not be viewed as "projections" or as representations by us as to expected future performance or results of operations, and you should not rely on them in deciding whether to invest in our common stock. See "Special Note Regarding Forward-Looking Statements."

As the expectations of the average investor are not directly observable, the market risk premium must be inferred. One approach is to use the long-run historical arithmetic average premiums that investors have historically earned over and above the returns on long-term Treasury bonds. The premium obtained using the historical approach is sensitive to the time period over which one calculates the average. Depending on the time period chosen, the historical approach yields an average premium in a range of 5.0% to 8.0%.

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There was no goodwill impairment in fiscal 2011 of fiscal 2010.

Film exhibition costs. We have agreements with film companies who provide the content we make available to our customers. We are required to routinely make estimates and judgments about box office receipts for certain films and for films provided by specific film distributors in closing our books each period. These estimates are subject to adjustments based upon final settlements and determinations of final amounts due to our content providers that are typically based on a film's box office receipts and how well it performs. In certain instances this evaluation is done on a film by film basis or in the aggregate by film production suppliers. We rely upon our industry experience and professional judgment in determining amounts to fairly record these obligations at any given point in time. The accrual made for film costs have historically been material and we expect they will continue to be so into the future. During fiscal years 2011, 2010 and 2009 our film exhibition costs totaled $887.8 million, $928.6 million and $842.7 million, respectively.

Income and operating taxes. Income and operating taxes are inherently difficult to estimate and record. This is due to the complex nature of the U.S. tax code which we use to file our tax returns 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 carried forward of approximately $494.1 million and $945.3 million, respectively at March 31, 2011, require us to estimate the amount of carry forward losses that we can reasonably be expected to realize using feasible and prudent tax planning strategies that are available to us. Future changes in conditions and in the tax code may change these strategies and thus change the amount of carry forward losses that we expect to realize and the amount of valuation allowances we have recorded. Accordingly future reported results could be materially impacted by changes in tax matters, positions, rules and estimates and these changes could be material.

Theatre and other closure expense (income). Theatre and other closure expense (income) 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 (income) 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 (income) based on contractual lease terms and our estimates of taxes and utilities. The discount rate we use to estimate theatre and other closure expense (income) is based on estimates of our borrowing costs at the time of closing. Our theatre and other closure liabilities have been measured using a discount rate of approximately 7.55% to 9.0%. During the fourth quarter of our fiscal year ending March 31, 2011, we permanently closed 73 underperforming screens and auditoriums in six theatre locations while continuing to operate the remaining 89 screens, and discontinued the development of and ceased use of certain vacant and under-utilized retail space at four other theatres. As a result of closing the screens and auditoriums and discontinuing the development and use of the other spaces, we recorded a charge of $55.0 million for theatre and other closure expense. We have recorded theatre and other closure (income) expense, which is included in operating expense in the consolidated statements of operations, of $60.8 million, $2.6 million, and $(2.3) million during the fiscal years ended March 31, 2011, April 1, 2010, and April 2, 2009, respectively.

Gift card and packaged ticket revenues. 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 when we estimate the likelihood of future redemption is remote based upon applicable laws and regulations. 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.

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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. When it is determined that a future redemption is remote we record income for unused cards and tickets. We changed our estimate on when packaged tickets would be considered remote in terms of future redemption in fiscal 2008 and changed our estimate of redemption rates for packaged tickets in 2009. Prior to 2008 we had estimated that unused packaged tickets would not become remote in terms of future use until 24 months after they were issued. The change we made to shorten this period from 24 to 18 months and align redemption patterns for packaged tickets with our gift card program represented our best judgment based on continued development of specific historical redemption patterns in our gift cards at AMC. We believe this 18 month period continues to be appropriate and do not anticipate any changes to this policy given our historical experience. We monitor redemptions and if we were to determine changes in our redemption statistics had taken place we would be required to change the current 18 month time period to a period that was determined to be more appropriate. This could cause us to either accelerate or lengthen the amount of time a gift card or packaged ticket is outstanding prior to being remote in terms of any future redemption.

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Operating Results

The following table sets forth our revenues, costs and expenses attributable to our operations. Reference is made to Note 16 Operating Segment to the audited consolidated financial statements included elsewhere in this prospectus for additional information therein.

(In thousands)	52 Weeks Ended March 31, 2011	52 Weeks Ended April 1, 2010	52 Weeks Ended April 2, 2009
Revenues			
Theatrical exhibition			
Admissions	$ 1,697,858	$ 1,711,853	$ 1,580,328
Concessions	664,108	646,716	626,251
Other theatre	61,002	59,170	58,908
Total revenues	$ 2,422,968	$ 2,417,739	$ 2,265,487
Operating Costs and Expenses			
Theatrical exhibition			
Film exhibition costs	$ 887,758	$ 928,632	$ 842,656
Concession costs	83,187	72,854	67,779
Operating expense	713,846	610,774	576,022
Rent	475,810	440,664	448,803
General and administrative expense:			
Merger, acquisition and transaction costs	16,838	2,578	1,481
Management fee	5,000	5,000	5,000
Other	58,157	58,274	53,800
Depreciation and amortization	212,413	188,342	201,413
Impairment of long-lived assets	12,779	3,765	73,547
Operating costs and expenses	$ 2,465,788	$ 2,310,883	$ 2,270,501
Operating Data (at period end unaudited)			
New theatre screens	55	6	83
Screens acquired	960		
Screen dispositions	400	105	77
Average screens continuing operations(1)	5,086	4,485	4,545
Number of screens operated	5,128	4,513	4,612
Number of theatres operated	360	297	307
Screens per theatre	14.2	15.2	15.0
Attendance (in thousands) continuing operations(1)	194,412	200,285	196,184

(1) Includes consolidated theatres only.

We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as earnings (loss) from continuing operations plus (i) income tax provisions (benefit), (ii) interest expense and (iii) depreciation and amortization, as further adjusted to eliminate the impact of certain items that we do not consider indicative of our ongoing operating performance. 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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Reconciliation of Adjusted EBITDA
(unaudited)

(In thousands)	52 Weeks Ended March 31, 2011	52 Weeks Ended April 1, 2010	52 Weeks Ended April 2, 2009
Earnings (loss) from continuing operations	$ (174,873)	$ 87,445	$ (158,774)
Plus:			
Income tax provision (benefit)	1,950	(36,300)	5,800
Interest expense	183,657	174,091	188,681
Depreciation and amortization	212,413	188,342	201,413
Impairment of long-lived assets	12,779	3,765	73,547
Certain operating expenses(1)	57,421	6,099	1,517
Equity in earnings of non-consolidated entities	(17,178)	(30,300)	(24,823)
Gain on NCM transactions	(64,441)		
Investment income	(491)	(287)	(1,759)
Other (income) expense(2)	42,828	(73,958)	
General and administrative expense:			
Merger, acquisition and transaction costs	16,838	2,578	1,481
Management fee	5,000	5,000	5,000
Stock-based compensation expense	1,526	1,384	2,622
Adjusted EBITDA(3)(4)	$ 277,429	$ 327,859	$ 294,705

(1) Amounts represent preopening expense, theatre and other closure expense (income), deferred digital equipment rent expense and disposition of assets and other gains included in operating expenses. During the fourth quarter of fiscal 2011, we permanently closed 73 underperforming screens and auditoriums in six theatre locations while continuing to operate the remaining 89 screens, and discontinued the development of and ceased use of certain vacant and underutilized retail space at four other theatres, resulting in a charge of $55.0 million for theatre and other closure expense, which significantly increased our annual theatre and other closure expense.

(2) Other expense (income) for fiscal 2011 is comprised of the loss on extinguishment of indebtedness related to the redemption of our Discount Notes due 2014 of $14.8 million, Notes due 2016 of $24.3 million and expense related to the modification of the senior secured credit facility of $3.7 million. Other expense (income) for fiscal 2010 is comprised of the gain or extinguishment of indebtedness of $(85.2) million related to the Parent's term loan facility and the loss on extinguishment of indebtedness related to the redemption of our $8^5/_8$% senior notes due 2012 of $11.3 million.

(3) The acquisition of Kerasotes contributed approximately $31.6 million in Adjusted EBITDA during of May 24, 2010 to March 31, 2011.

(4) Does not reflect reduction in costs we anticipate that we will achieve relating to modifications made to our RealD agreement in fiscal 2011. Had the modifications to the RealD agreement been in place at April 2, 2010, we would have further reduced our operating costs by $2.1 million. Also does not reflect the anticipated synergies and cost savings related to the Kerasotes Acquisition that we expect to derive from increased ticket and concession revenues at the former Kerasotes locations as a result of moving to our operating practices, decreased costs for newspaper advertising and concessions for those locations, and general and administrative expense savings, particularly with respect to the consolidation of corporate overhead functions and elimination of redundancies. Based on the cost savings initiatives we have implemented since the Kerasotes

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Acquisition, which include reductions in salaries, reductions in newspaper advertising costs, savings achieved in respect of concession costs and theatre operating expenses, as well as reduced rent expense, we estimate that we would have further reduced these costs by $2.2 million. Does not reflect reductions in revenues and costs that we anticipate we will achieve relating to the early closure of underperforming theatres and screens in fiscal 2011. Had the theatres and screens been closed at April 2, 2010, we would have improved our Adjusted EBITDA results by $12.4 million.

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. In addition, we use Adjusted EBITDA for incentive compensation purposes.

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

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

For the Year Ended March 31, 2011 and April 1, 2010

Revenues. Total revenues increased 0.2%, or $5.2 million, during the year ended March 31, 2011 compared to the year ended April 1, 2010. Total revenues included approximately $225.2 million of additional revenues resulting from the acquisition of Kerasotes. Admissions revenues decreased 0.8%, or $14.0 million, during the year ended March 31, 2011 compared to the year ended April 1, 2010, due to a 2.9% decrease in attendance, partially offset by a 2.1% increase in average ticket prices. Attendance was negatively impacted by underperformance of film product during the year ended March 31, 2011 as compared to the year ended April 1, 2010. The increase in average ticket price was primarily due to an increase in attendance from 3D film product for which we are able to charge more per ticket than for a standard 2D film, as well as increases in IMAX and 3D ticket prices. Admission revenues included approximately $148.2 million of additional revenues resulting from the acquisition of Kerasotes. Admissions revenues at comparable theatres (theatres opened on or before the first quarter of fiscal 2010) decreased 8.2%, or $136.4 million, during the year ended March 31, 2011 from the comparable period last year. Concessions revenues increased 2.7%, or $17.4 million, during the year ended March 31, 2011 compared to the year ended April 1, 2010, due to a 5.9% increase in average concessions per patron, partially offset by the decrease in attendance. The increase in concessions per patron includes the impact of concession price and size increases placed in effect during the third quarter of fiscal 2010 and the second and third quarters of fiscal 2011, and a shift in product mix to higher priced items. The increase in concession revenues includes approximately $73.3 million from

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Kerasotes. Other theatre revenues increased 3.1%, or $1.8 million, during the year ended March 31, 2011 compared to the year ended April 1, 2010, primarily due to increases in advertising revenues and theatre rentals, partially offset by a reduction in on-line ticket fees. The increase in other theatre revenues includes $3.7 million from Kerasotes.

Operating costs and expenses. Operating costs and expenses increased 6.7%, or $154.9 million during the year ended March 31, 2011 compared to the year ended April 1, 2010. The effect of the acquisition of Kerasotes was an increase in operating costs and expenses of approximately $237.5 million. Film exhibition costs decreased 4.4%, or $40.9 million, during the year ended March 31, 2011 compared to the year ended April 1, 2010 due to the decrease in admissions revenues and the decrease in film exhibition costs as a percentage of admissions revenues. As a percentage of admissions revenues, film exhibition costs were 52.3% in the current period and 54.2% in the prior year period, due to the underperformance of film product during the current year. Concession costs increased 14.2%, or $10.3 million, during the year ended March 31, 2011 compared to the year ended April 1, 2010 due to an increase in concession costs as a percentage of concessions revenues and the increase in concession revenues. As a percentage of concessions revenues, concession costs were 12.5% in the current period compared with 11.3% in the prior period, primarily due to the concession price and size increases, a shift in product mix to items that generate higher sales but lower percentage margins, and concession offers targeting attendance growth. As a percentage of revenues, operating expense was 29.5% in the current period as compared to 25.3% in the prior period. During the year ended March 31, 2011, we evaluated excess capacity and vacant and under-utilized retail space throughout our theatre circuit and recorded charges to theatre and other closure expense of $60.8 million, which caused our operating expense to increase. See Note 14 Theatre and Other Closure and Disposition of Assets to our audited consolidated financial statements included elsewhere in this prospectus for further information. Gains were recorded on disposition of assets during the year ended March 31, 2011 which reduced operating expenses by approximately $9.7 million, primarily due to the sale of a divested AMC theatre in conjunction with the acquisition of Kerasotes. Rent expense increased 8.0%, or $35.1 million, during the year ended March 31, 2011 compared to the year ended April 1, 2010, primarily due to increased rent as a result of the acquisition of Kerasotes of approximately $42.9 million.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs increased $14.3 million during the year ended March 31, 2011 compared to the year ended April 1, 2010. Current year costs primarily consist of costs related to the acquisition of Kerasotes.

Management fees. Management fees were unchanged during the year ended March 31, 2011. Management fees of $1.3 million are paid quarterly, in advance, to our Sponsors in exchange for consulting and other services.

Other. Other general and administrative expense decreased 0.2%, or $117,000, during the year ended March 31, 2011 compared to the year ended April 1, 2010 primarily due to increases in salaries expense, advertising and public relations, and estimated expense related to our complete withdrawals from a union-sponsored pension plans of $3.0 million, partially offset by decreases in incentive compensation expense related to declines in operating performance. During the year ended April 1, 2010, we recorded $1.4 million of expense related to a complete withdrawal from a union-sponsored pension plan.

Depreciation and amortization. Depreciation and amortization increased 12.8%, or $24.1 million, compared to the prior year. Increases in depreciation and amortization expense during the year ended March 31, 2011 are the result of increased net book value of theatre assets primarily due to the

acquisition of Kerasotes, which contributed $30.9 million of depreciation expense, partially offset by decreases in the declining net book value of AMC theatre assets.

Impairment of long-lived assets. During the year ended March 31, 2011, we recognized non-cash impairment losses of $12.8 million. We recognized an impairment loss of $11.4 million on seven theatres with 75 screens (in Arizona, California, Maryland, Missouri and New York) in property, net. In addition, we recognized an impairment loss related to a favorable lease of $1.3 million recorded in intangible assets, net. During the year ended April 1, 2010, we recognized non-cash impairment losses of $3.8 million related to theatre fixed assets and real estate recorded in other long-term assets. We recognized an impairment loss of $2.3 million on five theatres with 41 screens (in Florida, California, New York, Utah and Maryland). Of the theatre charge, $2.3 million was related to property, net. We also adjusted the carrying value of undeveloped real estate assets based on a recent appraisal which resulted in an impairment charge of $1.4 million.

Other expense (income). Other expense (income) includes $14.1 million and $13.6 million of income related to the derecognition of gift card liabilities, as to which we believe future redemption to be remote, during the year ended March 31, 2011 and April 1, 2010, respectively. Other expense (income) includes a loss on extinguishment of indebtedness related to the redemption of our Discount Notes due 2014 of $14.8 million, a loss on extinguishment of indebtedness related to the redemption of our Notes due 2016 of $24.3 million and expense related to the modification of our senior secured credit facility term loan due 2013 of $3.3 million, and senior secured credit facility revolver of $367,000 during the year ended March 31, 2011. Other expense (income) includes a loss of $11.3 million related to the redemption of our $8^5/_8$% Notes due 2012 and a gain on extinguishment of indebtedness related to the Parent term loan facility of $85.2 million during the year ended April 1, 2010.

Interest expense. Interest expense increased 5.5%, or $9.6 million, primarily due to an increase in interest expense related to the issuance of our 8.75% Senior Notes due 2019 (the "Notes due 2019") on June 9, 2009 and our 9.75% Senior Subordinated Notes due 2020 (the "Notes due 2020") on December 15, 2010 and modification of our senior secured credit facility on December 15, 2010.

Equity in earnings of non-consolidated entities. Equity in earnings of non-consolidated entities was $17.2 million in the current year compared to $30.3 million in the prior year. Equity in earnings related to our investment in National CineMedia, LLC were $32.9 million and $34.4 million for the year ended March 31, 2011 and April 1, 2010, respectively. Equity in losses related to our investment in DCIP were $5.2 million and $4.1 million for the year ended March 31, 2011 and April 1, 2010, respectively. We recognized an impairment loss of $8.8 million related to an equity method investment through Midland Empire Partners, LLC during the year ended March 31, 2011.

Gain on NCM transactions. The gain on NCM, Inc. shares of common stock sold during the year ended March 31, 2011 was $64.6 million. We also recorded a loss of $207,000 from the surrender of 1,479,638 ownership units in NCM as part of the 2010 Common Unit Adjustment. See Note 6 Investments to our audited consolidated financial statements included elsewhere in this prospectus for further information.

Investment income. Investment income was $491,000 for the year ended March 31, 2011 compared to $287,000 for the year ended April 1, 2010.

Income tax provision (benefit). The income tax provision (benefit) from continuing operations was a provision of $2.0 million for the year ended March 31, 2011 and a benefit of $36.3 million for the year ended April 1, 2010. Our income tax benefit in fiscal 2010 includes the release of $55.2 million of valuation allowance for deferred tax assets. See Note 10 Income Taxes to our audited consolidated financial statements included elsewhere in this prospectus for further information.

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Earnings (loss) 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 years presented and include bad debt expense related to amounts due from Cinemex of $8.9 million for the year ended April 1, 2010. See Note 3 Discontinued Operations to our audited consolidated financial statements included elsewhere in this prospectus for further information.

Net earnings (loss). Net earnings (loss) were $(174.3) million and $79.9 million for the year ended March 31, 2011 and April 1, 2010, respectively. Net loss during the year ended March 31, 2011 was primarily due to theatre and other closure expense of $60.8 million, loss on extinguishment and modification of indebtedness of $42.8 million, increased interest expense of $9.6 million, impairment charges of $21.6 million in the current year, increased merger and acquisition costs of approximately $14.3 million primarily due to the acquisition of Kerasotes, and the decrease in attendance, partially offset by the gain on NCM transactions of $64.4 million and a gain on disposition of assets of approximately $9.7 million. Net earnings during the year ended April 1, 2010 were favorably impacted by a $55.2 million reduction in the valuation allowance for deferred income tax assets, partially offset by an expense of $11.3 million related to the redemption of our 8$^{5}/_{8}$% Senior Notes due 2012 and a gain on extinguishment of indebtedness related to the Parent term loan facility of $85.2 million and losses of $8.9 million related to the allowance for doubtful accounts and direct write-offs of amounts due from Cinemex included in discontinued operations.

For the Year Ended April 1, 2010 and April 2, 2009

Revenues. Total revenues increased 6.7%, or $152.3 million, during the year ended April 1, 2010 compared to the year ended April 2, 2009. Admissions revenues increased 8.3%, or $131.5 million, during the year ended April 1, 2010 compared to the year ended April 2, 2009, due to a 6.1% increase in average ticket prices and a 2.1% increase in attendance. Admissions revenues at comparable theatres (theatres opened on or before the first quarter of fiscal 2009) increased 8.5%, or $131.5 million, during the year ended April 1, 2010 from the comparable period last year. The increase in average ticket price was primarily due to increases in attendance from IMAX and 3D film product where we are able to charge more per ticket than for a standard 2D film, as well as our practice of periodically reviewing ticket prices and making selective adjustments based upon such factors as general inflationary trends and conditions in local markets. Attendance was positively impacted by more favorable 3D and IMAX film product during the year ended April 1, 2010 as compared to the year ended April 2, 2009, as well as by an increase in the number of IMAX and 3D enabled screens that we operate. Concessions revenues increased 3.3%, or $20.5 million, during the year ended April 1, 2010 compared to the year ended April 2, 2009, due primarily to the increase in attendance. Other theatre revenues increased 0.4%, or $262,000, during the year ended April 1, 2010 compared to the year ended April 2, 2009, primarily due to increases in on-line ticket fees, partially offset by a reduction in theatre rentals.

Operating costs and expenses. Operating costs and expenses increased 1.8%, or $40.4 million during the year ended April 1, 2010 compared to the year ended April 2, 2009. Film exhibition costs increased 10.2%, or $86.0 million, during the year ended April 1, 2010 compared to the year ended April 2, 2009 due to 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 54.2% in the current period and 53.3% in the prior year period primarily due to an increase in admissions revenues on higher grossing films, which typically carry a higher film cost as a percentage of admissions revenues. Concession costs increased 7.5%, or $5.1 million, during the year ended April 1, 2010 compared to the year ended April 2, 2009 due to an increase in concession costs as a percentage of concessions revenues and the increase in concession revenues. As a percentage of concessions revenues, concession costs were 11.3% in the current period compared with 10.8% in the prior period. As a percentage of revenues, operating expense was 25.3% in the current period as compared to 25.4%

in the prior period. Rent expense decreased 1.8%, or $8.1 million, during the year ended April 1, 2010 compared to the year ended April 2, 2009 primarily due to rent reductions from landlords related to their failure to meet co-tenancy provisions in certain lease agreements and renegotiations on more favorable terms. Rent reductions related to co-tenancy may not continue should our landlords meet the related co-tenancy provisions in the future.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs increased $1.1 million during the year ended April 1, 2010 compared to the year ended April 2, 2009 primarily due to costs incurred related to the Kerasotes acquisition during the current year.

Management fees. Management fees were unchanged during the year ended April 1, 2010. Management fees of $1.3 million are paid quarterly, in advance, to our Sponsors in exchange for consulting and other services.

Other. Other general and administrative expense increased 8.3%, or $4.5 million, during the year ended April 1, 2010 compared to the year ended April 2, 2009 due primarily to increases in annual incentive compensation of approximately $12 million based on improved operating performance and increases in net periodic pension expense of $4.7 million, partially offset by decreases in cash severance payments of $7 million to our former Chief Executive Officer made in the prior year and a decrease in expense related to a union-sponsored pension plan of $3.9 million. During the year ended April 2, 2009, we recorded $5.3 million of expense related to our partial withdrawal liability for a union-sponsored pension plan. During the year ended April 1, 2010, we recorded $1.4 million of expense related to our estimated complete withdrawal from the union-sponsored pension plan.

Depreciation and amortization. Depreciation and amortization decreased 6.5%, or $13.1 million, compared to the prior year due primarily to the impairment of long-lived assets in fiscal 2009.

Impairment of long-lived assets. During the year ended April 1, 2010, we recognized non-cash impairment losses of $3.8 million related to theatre fixed assets and real estate recorded in other long-term assets. We recognized an impairment loss of $2.3 million on five theatres with 41 screens (in Florida, California, New York, Utah and Maryland). Of the theatre charge, $2.3 million was related to property, net. We also adjusted the carrying value of undeveloped real estate assets based on a recent appraisal which resulted in an impairment charge of $1.4 million. During the year ended April 2, 2009, we recognized non-cash impairment losses of $73.6 million related to theatre fixed assets, internal use software and assets held for sale. We recognized an impairment loss of $65.6 million on 34 theatres with 520 screens (in Arizona, California, Canada, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, New York, North Carolina, Ohio, Texas, Virginia, Washington and Wisconsin). Of the theatre charge, $1.4 million was related to intangible assets, net, and $64.3 million was related to property, net. We recognized an impairment loss on abandonment of internal use software, recorded in other long-term assets of $7.1 million when management determined that the carrying value would not be realized through future use. We adjusted the carrying value of our assets held for sale to reflect the subsequent sales proceeds received in January 2009 and declines in fair value, which resulted in impairment charges of $786,000.

Other (income) expense. Other (income) expense includes $13.6 million and $14.1 million of income related to the derecognition of gift card liabilities, as to which we believe future redemption to be remote, during the year ended April 1, 2010 and April 2, 2009, respectively. Other (income) expense includes a gain on extinguishment of indebtedness of $85.2 million related to the Parent term loan facility and a loss on extinguishment of indebtedness of $11.3 million related to the Cash Tender Offer during the year ended April 1, 2010.

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Interest expense. Interest expense decreased 7.7%, or $14.6 million, primarily due to a decrease in interest rates on the senior secured credit facility, extinguishment of debt from the Cash Tender Offer and partial extinguishment of the Parent term loan facility, partially offset by an increase in interest expense related to the issuance of the Notes due 2019.

Equity in earnings of non-consolidated entities. Equity in earnings of non-consolidated entities was $30.3 million in the current year compared to $24.8 million in the prior year. Equity in earnings related to our investment in NCM LLC were $34.4 million and $27.7 million for the year ended April 1, 2010 and April 2, 2009, respectively. We recognized an impairment loss of $2.7 million related to an equity method investment in one U.S. motion picture theatre during the year ended April 2, 2009.

Investment income. Investment income was $287,000 for the year ended April 1, 2010 compared to $1.8 million for the year ended April 2, 2009. The year ended April 2, 2009 includes a gain of $2.4 million from the May 2008 sale of our investment in Fandango, which was the result of receiving the final distribution from the general claims escrow account. During the year ended April 2, 2009, we recognized an impairment loss of $1.5 million related to unrealized losses previously recorded in accumulated other comprehensive income on marketable securities related to one of our deferred compensation plans when we determined the decline in fair value below historical cost to be other than temporary.

Income tax provision (benefit). The income tax provision (benefit) from continuing operations was a benefit of $36.3 million for the year ended April 1, 2010 and a provision of $5.8 million for the year ended April 2, 2009. Our income tax benefit in fiscal 2010 includes the release of $55.2 million of valuation allowance for deferred tax assets. See Note 10 Income Taxes to the audited consolidated financial statements included elsewhere in this prospectus for our effective income tax rate reconciliation.

Earnings (loss) 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 years presented and include bad debt expense related to amounts due from Cinemex of $8.9 million for the year ended April 1, 2010. See Note 3 Discontinued Operations to the audited consolidated financial statements included elsewhere in this prospectus for the components of the earnings from discontinued operations.

Net earnings (loss). Net earnings (loss) were $79.9 million and $(149) million for the year ended April 1, 2010 and April 2, 2009, respectively. Net earnings were favorably impacted by a gain on extinguishment of indebtedness of $85.2 million related to the Parent term loan facility and a $55.2 million reduction in the valuation allowance for deferred income tax assets. Net earnings during the year ended April 1, 2010 were negatively impacted by an expense of $11.3 million related to the Cash Tender Offer and by losses of $8.9 million related to the allowance for doubtful accounts and direct write-offs of amounts due from Cinemex included in discontinued operations. Net loss for the year ended April 2, 2009 was primarily due to impairment charges of $73.5 million.

Liquidity and Capital Resources

Our consolidated revenues are primarily collected in cash, principally through box office admissions and theatre concessions 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 holiday seasons. Consequently, we typically generate higher revenues during such periods.

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We fund the costs of constructing, maintaining and remodeling new theatres through existing cash balances, cash generated from operations 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.

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 $180.2 million under our senior secured revolving credit facility available to meet these obligations as of March 31, 2011. See Note 8 Corporate Borrowings and Capital and Financing Lease Obligations to our audited consolidated financial statements included elsewhere in this prospectus 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 Parent term loan facility, the senior secured credit facility and our 8% Senior Subordinated Notes due 2014 (the "Notes due 2014"), 11% Senior Subordinated Notes due 2016 (the "Notes due 2016"), Notes due 2019 and 9.75% Senior Subordinated Notes due 2020 (the "Notes due 2020"). We are considering various options with respect to the utilization of cash and equivalents on hand in excess of our anticipated operating needs. Such options might include, but are not limited to, acquisitions of theatres or theatre companies, repayment of our corporate borrowings and payment of dividends.

Cash Flows from Operating Activities

Cash flows provided by (used in) operating activities, as reflected in the consolidated statements of cash flows included elsewhere in this prospectus, were $(16.2) million, $198.9 million and $167.2 million during the years ended March 31, 2011, April 1, 2010 and April 2, 2009, respectively. The decrease in operating cash flows provided by operating activities during the year ended March 31, 2011 was primarily due to increased payments due to the retirement of indebtedness, the decrease in net earnings and attendance and also lower amounts of accounts payables and accrued expenses and other liabilities associated with lower levels of business volume and including payments of amounts acquired in the Kerasotes acquisition as well as payments made for merger, acquisition and transaction costs in connection with the Kerasotes acquisition.

The increase in operating cash flows during the year ended April 1, 2010 is primarily due to an increase in accrued expenses and other liabilities as a result of increases in accrued interest and annual incentive compensation and the increase in attendance. The decrease in operating cash flows during the year ended April 2, 2009 is primarily due to the increase in net loss, which was partially offset by an increase in non-cash impairment charges. We had working capital surplus as of March 31, 2011 and April 1, 2010 of $74.1 million and $256.0 million, respectively. Working capital includes $141.2 million and $125.8 million of deferred revenue as of March 31, 2011 and April 1, 2010, respectively.

Cash Flows from Investing Activities

Cash provided by (used in) investing activities, as reflected in the consolidated statements of cash flows included elsewhere in this prospectus, were $(250.0) million, $(96.3) million and $100.9 million during the years ended March 31, 2011, April 1, 2010 and April 2, 2009, respectively. Cash outflows from investing activities include capital expenditures during the years ended March 31, 2011, April 1, 2010 and April 2, 2009 of $129.3 million, $97.0 million and $121.5 million, respectively. Our capital expenditures primarily consisted of maintaining our theatre circuit, technology upgrades, strategic

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initiatives and remodels. We expect that our gross capital expenditures in fiscal 2012 will be approximately $140.0 million to $150.0 million.

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

During the year ended March 31, 2011, we received net proceeds of $102.2 million from the sale of 6,655,193 shares of common stock of NCM, Inc. for $16.00 per share and reduced our related investment in NCM by $37.6 million, the average carrying amount of the shares owned.

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

On March 26, 2010, we acquired 117 digital projection systems from third party lessors for $6.8 million and sold these systems together with seven digital projectors that we owned to DCIP for cash proceeds of $6.6 million on the same day. Cash outflows from investing activities include capital expenditures of $97 million during the year ended April 1, 2010. We expect that our gross capital expenditures in fiscal 2012 will be approximately $140 million to $150 million.

Cash flows for the year ended April 2, 2009 include proceeds from the sale of Cinemex of $224.4 million and proceeds from the sale of Fandango of $2.4 million. We have received an additional $171.8 million and $4.3 million in purchase price from Cinemex related to tax payments and refunds and a working capital calculation and post closing adjustments during the years ended March 31, 2011 and April 1, 2010, respectively.

We fund the costs of constructing, maintaining and remodeling new theatres through existing cash balances, cash generated from operations 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 included elsewhere in this prospectus, were $(73.1) million, $(29.4) million and $162.6 million during the years ended March 31, 2011, April 1, 2010 and April 2, 2009, respectively.

Proceeds from the issuance of the 9.75% Senior Notes due 2020 were $600.0 million and deferred financing costs paid related to the issuance of the 9.75% Senior Notes due 2020 were $12.7 million during the year ended March 31, 2011. In addition, deferred financing costs paid related to the senior secured credit facility were $1.9 million. During the year ended April 1, 2010, we issued $600.0 million aggregate principal amount of Notes due 2019. Proceeds from the issuance of the Notes due 2019 were $585.5 million and deferred financing costs paid related to the issuance of the Notes due 2019 were $16.3 million.

During the year ended March 31, 2011, we made principal payments of $325.0 million to repurchase a portion of our 11% Notes due 2016. In addition, we made payments for tender offer and consent consideration of $18.4 million for our Notes due 2016. During the year ended March 31, 2011, we made payments of $240.8 million to redeem our Discount Notes due 2014, of which $169.9 million is classified as a financing activity and $70.9 million is classified as operating activity because it was attributable to amounts historically accrued through interest expense as part of operating activities related to original issue discount.

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During fiscal 2010 we made payments of $160.0 million to purchase term loans and reduced the principal balance of our Parent term loan facility from $466.9 million to $193.3 million. During fiscal 2009, we borrowed $185.0 under the senior secured credit facility.

During the fiscal year ended April 1, 2010, we made principal payments of $250.0 million in connection with a cash tender offer and redemption of all of our then outstanding Notes due 2012, and we repaid $185.0 million of revolving credit borrowings under our senior secured credit facility.

Concurrently with the closing of the merger of Loews with AMCE, AMCE entered into a senior secured credit facility, which is with a syndicate of banks and other financial institutions and initially provided for financing of up to $850 million, consisting of a $650 million term loan facility with a maturity date of January 26, 2013 and a $200 million revolving credit facility that matures in 2012. The revolving credit facility includes borrowing capacity for available letters of credit and for swingline borrowings on same-day notice.

Borrowings under our senior secured credit facility bear interest at a rate equal to an applicable margin plus, at our option, either a base rate or LIBOR. The current applicable margin for borrowings under the revolving credit facility is 0.75% with respect to base rate borrowings and 1.75% with respect to LIBOR borrowings, and the current applicable margin for borrowings under the term loan facility is 0.75% with respect to base rate borrowings and 1.75% with respect to LIBOR borrowings. The applicable margin for such borrowings may be reduced, subject to attaining certain leverage ratios. In addition to paying interest on outstanding principal under the senior secured credit facility, we are required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder at a rate equal to 0.25%. We also pay customary letter of credit fees. We may voluntarily repay outstanding loans under the senior secured credit facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

On December 15, 2010, AMCE entered into a third amendment to our senior secured credit facility dated as of January 26, 2006 to, among other things: (i) extend the maturity of the term loans held by accepting lenders and to increase the interest rate with respect to such term loans, (ii) replace our existing revolving credit facility (with higher interest rates and a longer maturity than the existing revolving credit facility), and (iii) amend certain of the existing covenants therein. The following are key terms of the amendment:

- The term loan maturity was extended to December 15, 2016 (the "Term Loan due 2016") for the aggregate principal amount of $476.6 million held by lenders who consented to the amendment. The remaining aggregate term loan principal amount of $142.5 million will mature on January 26, 2013 (the "Term Loan due 2013"). The current applicable margin for borrowings under the Term Loan due 2013 is 0.50% with respect to base rate borrowings and 1.50% with respect to LIBOR borrowings and the applicable margin for borrowings under the Term Loan due 2016 is 2.25% with respect to base rate borrowings and 3.25% with respect to LIBOR borrowings. We will repay $374,088 of the Term Loan due 2013 quarterly through September 30, 2012, with any remaining balance due on January 26, 2013 and repay approximately $1.3 million of the Term Loan due 2016 quarterly through September 30, 2016, with any remaining balance due on December 15, 2016.

- The new five-year revolving credit facility includes a borrowing capacity of $192.5 million through December 15, 2015 and is available for letters of credit and for swingline borrowings on same-day notice. The current applicable margin for borrowings under the revolving credit facility is 2.00% with respect to base rate borrowings and 3.00% with respect to LIBOR borrowings. The company is required to pay an unused commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder at a rate equal to 0.50% per annum. It will also pay customary letter of credit fees.

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On February 24, 2004, AMCE sold $300 million aggregate principal amount of 8% senior subordinated notes due 2014. We intend to repay these notes in their entirety in connection with this offering.

On June 9, 2009, AMCE issued $600 million aggregate principal amount of Notes due 2019. Proceeds from the issuance of the notes were $585.5 million and were used to redeem the then outstanding $250.0 million aggregate principal amount of the Fixed Notes due 2012. Deferred financing costs paid related to the issuance of the notes were $16.3 million. The Notes due 2019 bear interest at the rate of 8.75% per annum, payable in June and December of each year. The Notes due 2019 are redeemable at our option, in whole or in part, at any time on or after June 1, 2014 at 104.375% of the principal amount thereof, declining ratably to 100% of the principal amount thereof on or after June 1, 2017, plus interest accrued to the redemption date.

On December 15, 2010, AMCE completed the offering of $600.0 million aggregate principal amount of the Notes due 2020. The Notes due 2020 mature on December 1, 2020, pursuant to an indenture dated as of December 15, 2010, among us, the Guarantors named therein and U.S. Bank National Association, as trustee (the "Indenture"). The Indenture provides that the Notes due 2020 are AMCE's general unsecured senior subordinated obligations and are fully and unconditionally guaranteed on a joint and several senior subordinated unsecured basis by all of its existing and future domestic restricted subsidiaries that guarantee its other indebtedness. We will pay interest on the notes at 9.75% per annum, semi-annually in arrears on June 1 and December 1, commencing on June 1, 2011. We may redeem some or all of the Notes due 2020 at any time on or after December 1, 2015, at the redemption prices set forth in the Indenture. We may redeem the Notes due 2020 on or after December 1, 2018 at a price equal to 100% of the principal amount of the Notes due 2020 redeemed plus accrued and unpaid interest to the redemption date. In addition, we may redeem up to 35% of the aggregate principal amount of the Notes due 2020 using net proceeds from certain equity offerings completed prior to December 1, 2013.

As of December 30, 2010, we were in compliance with all financial covenants relating to our Parent term loan facility, the Notes due 2019 and the Notes due 2020.

New Post-IPO Governance Arrangements

In connection with this offering, the Sponsors and certain of our pre-existing stockholders will enter into an Amended and Restated Stockholders Agreement, which, together with our Second Amended and Restated Certificate of Incorporation and the Management Stockholders Registration Rights Agreement, will define the rights of such stockholders post-initial public offering with respect to voting, governance, ownership and transfer of our stock. See "Certain Relationships and Related Party Transactions Governance Agreements."

Contractual Obligations

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

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betterments and pension funding that have initial or remaining non-cancelable terms in excess of one year as of March 31, 2011 on a pro forma basis are as follows:

(In thousands)	Minimum Capital and Financing Lease Payments	Principal Amount of Corporate Borrowings(1)	Interest Payments on Corporate Borrowings(2)	Minimum Operating Lease Payments	Acquisitions and Capital Related Betterments(3)	Pension Funding(4)	Pro Forma Total Commitments
2012	$ 9,424	$ 6,500	$ 129,975	$ 422,605	$ 56,426	$ 9,199	$ 634,129
2013	8,456	145,287	129,366	426,255	7,580		716,944
2014	8,107	5,004	127,160	407,275	1,000		548,546
2015	8,129	5,004	126,985	402,757	1,000		543,875
2016	8,235	5,004	126,810	390,583	1,000		531,632
Thereafter	72,699	1,649,076	454,717	2,240,031			4,416,523
Total	$ 115,050	$ 1,815,875	$ 1,095,013	$ 4,289,506	$ 67,006	$ 9,199	$ 7,391,649

(1) Represents cash requirements for the payment of principal on corporate borrowings. Total amount does not equal carrying amount due to unamortized discounts on issuance.

(2) Interest expense on the term loan portion of our senior secured credit facility was estimated at 1.75% for the Term Loan due 2013 and 3.50% for the Term Loan due 2016 based upon the interest rate in effect as of March 31, 2011.

(3) Includes committed capital expenditures, investments, and betterments to our circuit including the estimated cost of ADA related betterments. Does not include planned, but non-committed capital expenditures.

(4) Historically, we fund our pension plan such that the plan is 90% funded. The plan has been frozen effective December 31, 2006. The funding requirement has been estimated based upon our expected funding amount. Also included are payments due under a withdrawal liability for a union sponsored plan. The retiree health plan is not funded.

Historical. Minimum annual cash payments required under existing capital and financing lease obligations, maturities of corporate borrowings, future minimum rental payments under existing operating leases, furniture, fixtures, and equipment and leasehold purchase provisions, ADA related betterments and pension funding that have initial or remaining non-cancelable terms in excess of one year as of March 31, 2011 are as follows:

(In thousands)	Minimum Capital and Financing Lease Payments	Principal Amount of Corporate Borrowings(1)	Interest Payments on Corporate Borrowings(2)	Minimum Operating Lease Payments	Acquisitions and Capital Related Betterments(3)	Pension Funding(4)	Historical Total Commitments
2012	$ 9,424	$ 6,500	$ 165,498	$ 422,605	$ 56,426	$ 9,199	$ 669,652
2013	8,456	354,855	156,360	426,255	7,580		953,506
2014	8,107	305,004	149,160	407,275	1,000		870,546
2015	8,129	5,004	126,985	402,757	1,000		543,875
2016	8,235	5,004	126,810	390,583	1,000		531,632
Thereafter	72,699	1,649,076	454,717	2,240,031			4,416,523
Total	$ 115,050	$ 2,325,443	$ 1,179,530	$ 4,289,506	$ 67,006	$ 9,199	$ 7,985,734

(1)

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

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(2) Interest expense on the term loan portion of our senior secured credit facility was estimated at 1.75% for the Term Loan due 2013 and 3.50% for the Term Loan due 2016 based upon the interest rates in effect as of March 31, 2011.

(3) Includes committed capital expenditures, investments and betterments, including the estimated cost of ADA related betterments. 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. Also included are payments due under a withdrawal liability for a union sponsored plan. The retiree health plan is not funded.

As discussed in Note 10 Income Taxes to our audited consolidated financial information included elsewhere in this prospectus, we adopted accounting for uncertainty in income taxes per the guidance in ASC 740, *Income Taxes*, ("ASC 740"). At March 31, 2011, we have recognized an obligation for unrecognized benefits of $34.3 million. There are currently unrecognized tax benefits which we anticipate will be resolved in the next 12 months; however, we are unable at this time to estimate what the impact on our effective tax rate will be. Any amounts related to these items are not included in the tables above.

Fee Agreement

In connection with the holdco merger, on June 11, 2007, Parent, Holdings, AMCE and the Sponsors entered into a Fee Agreement (the "Management Fee Agreement"), which replaced the December 23, 2004 fee agreement among Holdings, AMCE and the Sponsors, as amended and restated on January 26, 2006 (the "original fee agreement"). The Management Fee Agreement provides for an annual management fee of $5 million, payable quarterly and in advance to our Sponsors, on a pro rata basis, until the earlier of (i) the twelfth anniversary from December 23, 2004 and (ii) such time as the Sponsors own less than 20% in the aggregate of Parent.

In addition, the Management Fee Agreement provides for reimbursements by AMCE to the Sponsors for their out-of-pocket expenses, and by AMCE to Parent of up to $3.5 million for fees payable by Parent in any single fiscal year in order to maintain Parents' and AMCE's corporate existence, corporate overhead expenses and salaries or other compensation of certain employees.

Upon the consummation of a change in control transaction or an IPO, the Sponsors will receive, in lieu of quarterly payments of the annual management fee, an automatic fee equal to the net present value of the aggregate annual management fee that would have been payable to the Sponsors during the remainder of the term of the fee agreement (assuming a twelve year term from the date of the original fee agreement), calculated using the treasury rate having a final maturity date that is closest to the twelfth anniversary of the date of the original fee agreement date. As of March 31, 2011, we estimate this amount would be $25.8 million should a change in control transaction or an IPO occur.

The Management Fee Agreement also provides that AMCE will indemnify the Sponsors against all losses, claims, damages and liabilities arising in connection with the management services provided by the Sponsors under the fee agreement.

Investment in NCM LLC

We hold an investment of 15.66% of NCM LLC accounted for following the equity method as of March 31, 2011. The fair market value of these units is approximately $323.4 million as of March 31, 2011 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 $472.3 million including distributions received from NCM LLC that were previously deferred. Our investment in NCM LLC is a source of liquidity for us and we expect that any sales we may make of

NCM LLC units would be made in such a manner to most efficiently manage any related tax liability. We have available net operating loss carryforwards which could reduce any related tax liability.

Impact of Inflation

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

New Accounting Pronouncements

See Note 1 The Company and Significant Accounting Policies to the audited consolidated financial statements included elsewhere in this prospectus for information regarding recently issued accounting standards.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various market risks including interest rate risk and foreign currency exchange rate risk.

Market risk on variable-rate financial instruments. We maintain a senior secured credit facility, comprised of a $192.5 million revolving credit facility and a $650.0 term loan facility, which permits borrowings at a rate equal to an applicable margin plus, at our option, either a base rate or LIBOR. 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 March 31, 2011 and had $615.9 million outstanding under the term loan facility on March 31, 2011. A 100 basis point change in market interest rates would have increased or decreased interest expense on the senior secured credit facility on an historical and pro forma basis by $6.2 million during the fifty-two weeks ended March 31, 2011. A 100 basis point change in market interest rates would have increased or decreased historical interest expense on the Parent term loan facility by $2.0 million during the 52 weeks ended March 31, 2011. On a pro forma basis, the impact of a 100 basis point change in market interest rates would be $0 for the 52 weeks ended March 31, 2011 on the Parent term loan facility as the Parent term loan facility would be extinguished.

Market risk on fixed-rate financial instruments. Included in long-term corporate borrowings are principal amounts of $300.0 million of our Notes due 2014, $600.0 million of our Notes due 2019, and $600.0 million of our Notes due 2020. Increases in market interest rates would generally cause a decrease in the fair value of the Notes due 2014, 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 2014, Notes due 2019 and Notes due 2020.

Foreign currency exchange rates. We currently operate theatres in Canada, France and the United Kingdom. As a result of these operations, we have assets, liabilities, revenues and expenses denominated in foreign currencies. The strengthening of the U.S. dollar against the respective currencies causes a decrease in the carrying values of assets, liabilities, revenues and expenses denominated in such foreign currencies and the weakening of the U.S. dollar against the respective currencies causes an increase in the carrying values of these items. The increases and decreases in

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assets, liabilities, revenues and expenses are included in accumulated other comprehensive loss. Changes in foreign currency exchange rates also impact the comparability of earnings in these countries on a year-to-year basis. As the U.S. dollar strengthens, comparative translated earnings decrease, and as the U.S. dollar weakens comparative translated earnings from foreign operations increase. A 10% increase in the value of the U.S. dollar against all foreign currencies of countries where we currently operate theatres would increase earnings before income taxes by approximately $2.6 million for the fifty-two weeks ended March 31, 2011 and decrease accumulated other comprehensive loss by approximately $10.4 million as of March 31, 2011. A 10% decrease in the value of the U.S. dollar against all foreign currencies of countries where we currently operate theatres would increase earnings before income taxes by approximately $4.1 million for the fifty-two weeks ended March 31, 2011 and increase accumulated other comprehensive loss by approximately $12.7 million as of March 31, 2011.

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BUSINESS

We are one of the world's leading theatrical exhibition companies. As of March 31, 2011, we owned, operated or held interests in 360 movie theatres with a total of 5,128 screens, approximately 99% of which were located in the United States and Canada. Our theatres are primarily located in major metropolitan markets, which we believe offer strategic, operational and financial advantages. We also have a modern, highly productive theatre circuit that leads the theatrical exhibition industry in key asset quality and performance metrics, such as revenues per head and per theatre productivity measures. Our industry leading performance is largely driven by the quality of our theatre sites, our operating practices, which focus on delivering the best customer experience through consumer-focused innovation, and, most recently, our implementation of premium sight and sound formats, which we believe will be key components of the future movie-going experience. As of March 31, 2011, we are the largest IMAX exhibitor in the world with a 45% market share in the United States and nearly twice the screen count of the second largest U.S. IMAX exhibitor, and each of our local IMAX installations is protected by geographic exclusivity.

Approximately 200 million consumers have attended our theatres each year for the past five years. We offer these consumers a fully immersive out-of-home entertainment experience by featuring a wide array of entertainment alternatives, including popular movies, throughout the day and at different price points. This broad range of entertainment alternatives appeals to a wide variety of consumers across different age, gender, and socioeconomic demographics. For example, in addition to traditional film programming, we offer more diversified programming that includes independent and foreign films, performing arts, music and sports. We also offer food and beverage alternatives beyond traditional concession items, including made-to-order meals, customized coffee, healthy snacks and dine-in theatre options, all designed to create further service and selection for our consumers. We believe there is potential for us to further increase in our annual attendance as we gain market share from other in-home and out-of-home entertainment options.

Our large annual attendance has made us an important partner to content providers who want access and distribution to consumers. We currently generate 16% more estimated unique visitors per year (33.3 million) than HBO's subscribers (28.6 million) and 67% more than Netflix's subscribers (20.0 million) according to the October 14, 2010 *Hollywood Reporter*, the December 31, 2010 Netflix Form 10-K and the Theatrical Market Statistics 2010 report from the Motion Picture Association of America. Further underscoring our importance to content providers, we represent approximately 17% to 20%, on average, of each of the 6 largest grossing studios' U.S. box office revenues. Average annual film rental payments to each of these studios ranged from approximately $100 million to $160 million.

For the fiscal year ended March 31, 2011, we generated pro forma revenues of approximately $2.5 billion, pro forma Adjusted EBITDA of $282.4 million and pro forma loss from continuing operations of $(154.5) million. For the fiscal year ended March 31, 2011, the fiscal year ended April 1, 2010 and the fiscal year ended April 2, 2009, we generated revenues of approximately $2.4 billion, $2.4 billion and $2.3 billion, respectively, Adjusted EBITDA of $277.4 million, $327.9 million and $294.7 million, respectively, and earnings (loss) from continuing operations of $(174.9) million, $87.4 million and $(158.8) million, respectively.

The following table provides detail with respect to digital delivery, 3D enabled projection, large screen formats, such as IMAX and our proprietary ETX, and deployment of our enhanced food and beverage offerings as deployed throughout our circuit on March 31, 2011.

Format	Theatres	Screens	Planned Deployed Screens FYE 2012
Digital	314	2,301	3,891
3D enabled	314	1,603	2,250
IMAX (3D enabled)	107	107	129
ETX (3D enabled)	14	14	17
Dine-in theatres	7	61	110-130

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The following table provides detail with respect to the geographic location of our Theatrical Exhibition circuit as of March 31, 2011:

Theatrical Exhibition	Theatres(1)	Screens(1)
California	44	649
Illinois	45	504
Texas	21	413
Florida	20	366
New Jersey	23	304
New York	24	266
Indiana	22	262
Michigan	10	184
Colorado	13	173
Georgia	11	167
Arizona	9	160
Missouri	12	140
Washington	11	137
Massachusetts	10	129
Maryland	12	127
Pennsylvania	10	126
Virginia	7	113
Minnesota	7	111
Ohio	6	94
Louisiana	5	68
Wisconsin	4	63
North Carolina	3	60
Oklahoma	3	60
Kansas	2	48
Connecticut	2	36
Iowa	2	31
Nebraska	1	24
District of Columbia	3	22
Kentucky	1	20
Arkansas	1	16
South Carolina	1	14
Nevada	1	10
Utah	1	9
Canada	8	167
China (Hong Kong)(2)	2	13
France	1	14
United Kingdom	2	28
Total Theatrical Exhibition	360	5,128

(1) Included in the above table are 8 theatres and 96 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 3 theatres accounted for following the equity method and own a 50% economic interest in 1 IMAX screen accounted for following the equity method.

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

We were founded in 1920 and since then have pioneered many of the theatrical exhibition industry's most important innovations, including the multiplex theatre format in the early 1960s and the North American megaplex theatre format in the mid-1990s. In addition, we have acquired some of the most respected companies in the theatrical exhibition industry, including Loews, General Cinema and, more recently, 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 will be a dynamic acquisition-based domestic theatrical distribution company that will concentrate on wide-release movies;

In March 2005, we formed a joint venture with one of the major theatrical exhibition chains which combined our respective cinema screen advertising businesses into a company called NCM and in July 2005, another of the major theatrical exhibition chains joined NCM as one of the founding members. As of March 31, 2011, we owned 17,323,782 common units in NCM, or a 15.66% ownership interest in NCM. All of our NCM membership units are redeemable for, at the option of NCM, cash or shares of common stock of NCM, Inc. on a share-for-share basis. The estimated fair market value of our units in NCM was approximately $323.4 million based on the closing price per share of NCM, Inc. on March 31, 2011 of $18.67 per share;

We hold a 29% interest in DCIP, a joint venture charged with implementing digital cinema in the Company's theatres; and

We hold a 26.22% interest in Movietickets.com, a joint venture that provides moviegoers with a way to buy movie tickets online, access local showtime information, view trailers and read reviews.

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

The following table sets forth our historical information, on a continuing operations basis, concerning new builds (including expansions), acquisitions and dispositions and end-of-period operated theatres and screens through March 31, 2011:

	New Builds		Acquisitions		Closures/Dispositions		Total Theatres	
Fiscal Year	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens	Number of Theatres	Number of Screens
2006	7	106	116	1,363	7	60	335	4,770
2007	7	107	2	32	26	243	318	4,666
2008	9	136			18	196	309	4,606
2009	6	83			8	77	307	4,612
2010	1	6			11	105	297	4,513
2011 through December 30, 2010	4	55	95	960	36	400	360	5,128
	34	493	213	2,355	106	1,081		

We have also 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:

During fiscal 2010, DCIP, our joint venture with two other exhibitors, completed its formation and $660.0 million funding to facilitate the financing and deployment of digital technology in our theatres. During March of 2011, DCIP completed additional financing of $220.0 million, which we believe will allow us to complete our planned digital deployments. We anticipate that our deployment of digital projection systems should take three and a half years to complete. Future digital cinema developments will be managed by DCIP, subject to certain approvals. We intend

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to continue our rapid deployment of digital projectors through our arrangements with DCIP and expect to have installed over 3,800 digital projectors by the end of fiscal year 2012.

To complement our deployment of digital technology, in 2006 we partnered with RealD to install their 3D enabled systems in our theatres. As of March 31, 2011, we had 1,603 RealD, 107 IMAX and 14 ETX 3D-enabled systems. During the past year, 3D films have generated approximately 10% greater attendance and approximately 40% greater admissions revenue than the standard 2D versions of the same film at an additional $1 to $5 per ticket. Concurrent with our digital rollout, we plan on having over 2,250 RealD screens across our circuit by the end of fiscal year 2012.

We are the world's largest IMAX exhibitor with 107 screens (all 3D-enabled) as of March 31, 2011. With a 45% market share in the U.S. (as of March 31, 2011), our IMAX screen count is nearly twice the screen count of the second largest U.S. IMAX exhibitor. During June 2010, we announced an expansion of our IMAX relationship. Under this expanded agreement, we expect to increase our IMAX screen count to 129 by the end of fiscal year 2012.

During fiscal 2010, we introduced our proprietary large-screen digital format, ETX, and as of March 31, 2011 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 produces average weekly box office per print that is 140% more than standard 2D versions of the same movie. We plan to have 17 ETX large screen formats by the end of fiscal year 2012.

Currently, we have 138 theatres featuring one or more of our proprietary food and beverage concepts. We believe that these enhanced food and beverage concepts allow us to offer a more diverse array of food types such as expanded menus and venues including dine-in theatre options, which should appeal to a greater cross section of potential customers. We plan to continue to invest in one or more food and beverage offerings across 125 to 150 theatres over the next three years.

We are a founding member of NCM, a cinema screen advertising venture. As of March 31, 2011 we had a 15.66% interest in NCM. See Note 6 Investments to the audited consolidated financial statements included elsewhere in this prospectus. NCM operates an in-theatre digital network in the United States. The digital network consists of projectors used to display advertising and other non-film events. NCM's primary activities that impact our theatres include:

- advertising through its branded "First Look" pre-feature entertainment program, lobby promotions and displays,
- live and pre-recorded networked and single-site meetings and events, and
- live and pre-recorded concerts, sporting events and other non-film entertainment programming.

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

Our tickets are currently on sale at two different Internet ticketing vendors. We are a founding partner and current owner of approximately 26.22% of MovieTickets.com, an Internet ticketing venture representing over 150 exhibitors with 14,000 screens. During 2010, MovieTickets.com sold over 16 million tickets, including approximately 7.3 million for us. We also partner with Fandango for Internet ticketing services for certain of our theatres. During 2010, Fandango sold over four million tickets for us.

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Our Competitive Strengths

We believe our leadership in major metropolitan markets, superior asset quality and continuous focus on innovation and the guest experience have positioned us well to capitalize disproportionately on trends providing momentum to the theatrical exhibition industry as a whole, particularly the mass adoption of digital and 3D technologies. We believe we can gain additional share of wallet from the consumer by broadening our offerings to them and increasing our engagement with them. We can then enable marketers and partners, such as NCM, to engage with our guests, deriving further financial value and benefit. We believe our management team is uniquely equipped to execute our strategy to realize these opportunities, making us a particularly effective competitor in our industry and positioning us well for future growth. Our competitive strengths include:

Broad National Reach. Thirty-nine percent (39%) of Americans (or approximately 120 million consumers) live within 10 miles of an AMC theatre. This proximity and convenience, along with the affordability and diversity of our film product, drive approximately 200 million consumers into our theatres each year, or approximately 33.3 million unique visitors annually. We believe our ability to serve a broad consumer base across numerous entertainment occasions, such as teenage socializing, romantic dates and group events, is a competitive advantage. Our consumer reach, operating scale, access to diverse content and marketing platforms are valuable to content providers and marketers who want to access this broad and diverse audience.

Major Market Leader. We maintain the leading market share within our markets. As of March 31, 2011, we operated in 24 of the top 25 DMAs and had the number one or two market share in each of the top 15 DMAs, including New York City, Los Angeles, Chicago, Philadelphia, San Francisco, Boston and Dallas. In addition, 75% of our screens were located in the top 25 DMAs and 89% were located in the top 50 DMAs. Population growth from 2010 through 2015 is projected by Nielsen Claritas to be 4.5% in the top 25 DMAs and 4.5% in the top 50 DMAs, compared to only 3.2% in all other DMAs. Our strong presence in the top DMAs makes our theatres more visible and therefore strategically more important to content providers who rely on these markets for a disproportionately large share of box office receipts. According to Rentrak, during the 52 weeks ended March 31, 2011, 59% of all U.S. box office receipts were derived from the top 25 DMAs and 75% were derived from the top 50 DMAs. 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.

We believe that customers in our major metropolitan markets are generally more affluent and culturally diverse than those in smaller markets. Traditionally, our strong presence in these markets has created a greater opportunity to exhibit a broad array of programming and premium formats, which we believe drives higher levels of attendance at our theatres. This has allowed us to generate higher per screen and per theatre operating metrics. For example, our pro forma average ticket price in the United States was $8.73 for our 52 weeks ended March 31, 2011, as compared to $7.87 for the industry as a whole for the 12 months ended March 31, 2011.

Modern, Highly Productive Theatre Circuit. We believe the combination of our strong major market presence, focus on a superior guest experience and core operating strategies enables us to deliver industry-leading theatre level operating metrics. For the 52 weeks ended March 31, 2011, on a pro forma basis, our theatre exhibition circuit generated attendance per average theatre of 538,000 (higher than any of our peers) revenues per average theatre of $6.7 million and operating cash flows before rent (defined as Adjusted EBITDA before rent and G&A-Other) per average theatre of $2.2 million. Over the past five fiscal years, we invested an average of $132.4 million per year to improve and expand our theatre circuit, contributing to the modern portfolio of theatres we operate today.

Leader in Deployment of Premium Formats. We also believe our strong major market presence and our highly productive theatre circuit allow us to take greater advantage of incremental

revenue-generating opportunities associated with the premium services that will define the future of the theatrical business, including digital delivery, 3D projection, large screen formats, such as IMAX and our proprietary ETX offering, and alternative programming. As the industry's digital conversion accelerates, we believe we have established a differentiated leadership position in premium formats. For example, we are the world's largest IMAX exhibitor with 107 screens as of March 31, 2011, all of which are 3D enabled, and we expect to increase our IMAX screen count to 129 by the end of fiscal year 2012. We are able to charge a premium price for the IMAX experience, which, in combination with higher attendance levels, produces average weekly box office per print that is 300% greater than standard 2D versions of the same movie. The availability of IMAX and 3D content has increased significantly from calendar year 2005 to 2010. During this period, available 3D content increased from 3 titles to 26 titles while available IMAX content increased from 5 titles to 14 titles. Industry film grosses for available 3D products increased from $191.0 million to approximately $3.0 billion, while industry film grosses for available IMAX products increased from $864.0 million to approximately $3.0 billion over this time period. This favorable trend continues in calendar year 2011 with 37 3D titles and 19 IMAX titles slated to open, including highly successful franchise installments such as *Pirates of the Caribbean: On Stranger Tides, Kung Fu Panda: The Kaboom of D, Transformers: Dark of the Moon, Harry Potter and the Deathly Hallows, Part 2* and *Mission Impossible-Ghost Protocal.* As reported in the May 1, 2011 issue of *Movieline International*, the film release schedule for calendar year 2012 is beginning to solidify with 24 3D titles and 2 IMAX titles already announced, including sequels of high profile franchises such as Spiderman, Men in Black, James Bond, Bourne Legacy, Batman and a 3D version of *Star Wars.* We expect that additional 3D and IMAX titles will be announced as the beginning of 2012 approaches.

Innovative Growth Initiatives in Food and Beverage. We believe our theatre circuit is better positioned than our peer competitors' to generate additional revenue from broader and more diverse food and beverage offerings, in part due to our markets' larger, more diverse and more affluent customer base and our management's extensive experience in guest services, specifically within the food and beverage industry. Our annual food and beverage sales exceed the domestic food service sales generated from 18 of the top 75 ranked restaurants chains in the U.S., while representing only approximately 27% of our total revenue. To capitalize on this opportunity, we have introduced proprietary food and beverage offerings in 138 theatres, and we intend to deploy these offerings across our theatre circuit based on the needs and specific circumstances of each theatre. Our wide range of food and beverage offerings feature expanded menus, enhanced concession formats and unique dine-in theatre options, which we believe appeals to a larger cross section of potential customers. For example, in fiscal 2009 we converted a small, six-screen theatre in Atlanta, Georgia to a dine-in theatre facility with full kitchen facilities, seat side services and with a separate bar and lounge area. From fiscal 2008 to fiscal 2011, this theatre's attendance increased over 60%, revenues more than doubled, and operating cash flow and margins increased significantly. We plan to continue to invest in one or more enhanced food and beverage offerings across 125 to 150 theatres over the next three years.

Our current food and beverage initiatives include:

- Dine-in theatre concepts at 7 locations, which feature full kitchen facilities, seat-side servers and a separate bar and lounge area;

- Concession Stand of the Future ("The Marketplace") at 3 locations, featuring self serve and premium concession items and specialty drinks;

- Concession Freshen at 13 locations, which provides a guest friendly grab and go experience and creates visual interest and space for more products;

- Better For You Merchandisers at 12 locations, addressing currently unmet guest needs by providing healthy choice concession items; and

- Made To Order Hot Foods at 125 locations, including menu choices such as curly fries, chicken tenders and jalapeño poppers.

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Strong Cash Flow Generation. We believe that our major market focus and highly productive theatre circuit have enabled us to generate significant cash flow provided by operating activities. For the 52 weeks ended March 31, 2011, on a pro forma basis (including giving effect to the redemption of our Discount Notes due 2014), our net cash provided by operating activities totaled $88.6 million. For the fiscal year ended April 1, 2010, on a pro forma basis, our net cash provided by operating activities totaled $245.7 million. This strong cash flow will enable us to continue our deployment of premium formats and services and to finance planned capital expenditures without relying on the capital markets for funding. In addition, in future years, we expect to continue to generate cash flow sufficient to allow us to grow our revenues, maintain our facilities, service our indebtedness and make dividend payments to our stockholders.

Management Team Uniquely Positioned to Execute. Our management team has a unique combination of industry experiences and skill-sets, equipping them to effectively execute our strategies. Our CEO's broad experience in a number of consumer packaged goods and entertainment-related businesses expands our growth perspectives beyond traditional theatrical exhibition and has increased our focus on providing more value to our guests. Recent additions, including a Chief Marketing Officer, heads of Food and Beverage, Programming and Development/Real Estate and a Senior Vice President for Strategy and Strategic Partnerships, augment our deep bench of industry experience. The expanded breadth of our management team complements the established team that is focused on for operational excellence, innovation and successful industry consolidation.

Our Strategy

Our strategy is to leverage our modern theatre circuit and major market position to lead the industry in consumer-focused innovation and financial operating metrics. The use of emerging premium formats and our focus on the guest experience give us a unique opportunity to leverage our theatre circuit and major market position across our platform. Our primary goal is to maintain our company's and the industry's social relevance and to offer consumers distinctive, affordable and compelling out-of-home entertainment alternatives that capture a greater share of their personal time and spend. We have a two-pronged strategy to accomplish this goal: first, drive consumer-related growth and second, focus on operational excellence.

Drive Consumer-Related Growth

Capitalize on Premium Formats. Technical innovation has allowed us to enhance the consumer experience through premium formats such as IMAX and 3D. Our customers are willing to pay a premium price for this differentiated entertainment experience. When combined with our major markets' customer base, the operating flexibility of digital technology will enhance our capacity utilization and dynamic pricing capabilities. This will enable 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. We have already seen success from the Metropolitan Opera, with respect to which, during fiscal 2011, we programmed 37 performances in over 100 theatres and charged an average ticket price of $18. 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 through the installation of additional IMAX, ETX and RealD systems and the presentation of attractive alternative content. For example:

- We have the leading market share of IMAX 3D-enabled digital projection systems. We expect to increase our IMAX screen count to 129 by the end of fiscal year 2012. These IMAX projection systems are slated to be installed in many of our top performing locations in major U.S. markets, each of our local IMAX installations is protected by geographic exclusivity. Available IMAX titles announced for calendar year 2011 are 19 as compared with 14 titles in calendar year 2010.

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As of March 31, 2011, we had installed 2,301 digital projectors in our existing theatre base, representing a 45% digital penetration in our theatre circuit. We intend to continue our rapid deployment of digital projectors through our arrangements with DCIP and expect to have installed over 3,800 digital projectors by the end of fiscal year 2012. We lease our digital projection systems from DCIP and therefore do not bear the majority of the cost of the digital projector rollout. Operating a digital theatre circuit provides numerous benefits, which include forming the foundation for 3D formats and alternative programming, allowing for more efficient film operations, lowering costs and enabling a better, more versatile advertising platform.

To complement our deployment of digital technology, in 2006 we partnered with RealD to install their 3D enabled systems in our theatres. As of March 31, 2011, we had 1,603 RealD, 107 IMAX and 14 ETX 3D-enabled systems. During the past year, 3D films have generated approximately 10% greater attendance and approximately 40% greater admissions revenues than the standard 2D versions of the same film at an additional $1 to $5 per ticket. Concurrent with our digital rollout, we plan on having over 2,250 RealD screens across our theatre circuit by the end of fiscal 2012. Available 3D titles for calendar year 2011 are 37 as compared with 26 titles in calendar year 2010.

During fiscal 2010, we introduced our proprietary large-screen digital format, ETX, and as of March 31, 2011 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, in combination with higher attendance levels, produces average weekly box office per print that is 140% more than standard 2D versions of the same movie. We plan to have 17 ETX large screen formats by the end of fiscal year 2012.

Broaden and Enhance Food and Beverage Offerings. To address consumer trends, we are expanding our menu of premium food and beverage products to include made-to-order meals, customized coffee, healthy snacks, alcohol and other gourmet products. We plan to invest across a spectrum of enhanced food and beverage formats, from simple, less capital-intensive concession design improvements to the development of new dine-in theatre options. We have successfully implemented our dine-in theatre offerings to rejuvenate theatres approaching the end of their useful lives as traditional movie theatres and, in some of our larger theatres to more efficiently leverage their additional capacity. The costs of these conversions in some cases are partially covered by investments from the theatre landlord. We plan to continue to invest in one or more enhanced food and beverage offerings across 125 to 150 theatres over the next three years.

Maximize Guest Engagement and Loyalty. In addition to differentiating the AMC Entertainment movie-going experience by deploying new sight and sound formats, as well as food and beverage offerings, we are also focused on creating differentiation through guest marketing. We are already the most recognized theatre exhibition brand, with almost 60% brand awareness in the United States. We are actively marketing our own "AMC experience" message to our customers, focusing on every aspect of a customer's engagement with AMC, from the moment a guest visits our website or purchases a ticket to the moment he leaves our theatre. We have also refocused our marketing to drive active engagement with our customers through a redesigned website, Facebook, Twitter and push email campaigns. As of May 17, 2011, we had approximately 1.1 million "likes" on Facebook, and we engaged directly with our guests via close to 32 million emails in fiscal 2011. We have launched our new fee-based guest frequency program, *AMC Stubs*, in late March 2011. This new program replaces *Moviewatcher Rewards*, which ended the year with 1.5 million active members, many of which are converting over to *AMC Stubs*. Additional marketing initiatives include:

The ongoing continous improvement of amctheatres.com, our upgraded Interactive Voice Response ("IVR") system and expansion of our use of social medial channels to supplant traditional communication via newspapers with contemporary engagement platforms that offer

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comprehensive theatre, show time and movie-related information. Additional means of consumer engagement are being expanded to include email, social networking, and Short Message Service ("SMS") messaging.

The addition of music, sports and other special events to transform our buildings into full-fledged entertainment venues. This growing complement to traditional content has grown to 80 events in fiscal 2011, including the very popular Metropolitan Opera series.

Targeting film content to the ethnic/lifestyles within individual theatre trade areas, which enables us to drive incremental traffic and create greater guest engagement. Our circuit-within-a-circuit initiative includes a number of guest profiles, including independent films, Latino, Bollywood, Asian/Korean and Urban.

Focus on Operational Excellence

Disciplined Approach to Theatre Portfolio Management. We evaluate the potential for new theatres and, where appropriate, replace underperforming theatres with newer, more modern theatres that offer amenities consistent with our portfolio. We also intend to selectively pursue acquisitions where the characteristics of the location, overall market and facilities further enhance the quality of our theatre portfolio. We presently have no current plans, proposals or understandings regarding any such acquisitions. Historically, we have demonstrated a successful track record of integrating acquisitions such as Loews, General Cinema and Kerasotes. For example, our January 2006 acquisition of Loews combined two leading theatrical exhibition companies, each with a long history of operating in the industry, thereby increasing the number of screens we operated by 47%.

Continue to Achieve Operating Efficiencies. We believe that the size of our theatre circuit, our major market concentration and the breadth of our operations will allow us to continue to achieve economies of scale and further improve operating margins. Our operating strategies are focused on the following areas:

Leveraging our scale to lower our cost of doing business without sacrificing quality or the important elements of guest satisfaction. For example, during fiscal 2010, we reorganized our procurement function and implemented a number of other initiatives that allowed for vendor consolidation, more targeted marketing and promotional efforts, and energy management programs that generated an aggregate annual savings of approximately $15.3 million for the 52 weeks ended March 31, 2011.

Lowering occupancy costs in many of our facilities by renegotiating rental agreements with landlords, strictly enforcing co-tenancy provisions and effective auditing of common area billings. In fiscal 2011, we negotiated rental reductions and enforced co-tenancy provisions in 8 of our leases, generating savings of $2.8 million.

Maintaining our theatres to reduce deferred maintenance costs and lower future capital requirements that might otherwise be required to maintain our facilities in first class operating condition.

Creating and monetizing financial value from our strategic alliances and partnerships, such as NCM, Movietickets.com, DCIP, RealD and Open Road Films.

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.

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During the period from 1990 to 2010, 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 634 in 2008, according to the Motion Picture Association 2009 Theatrical Market Statistics.

North American film distributors typically establish geographic film licensing zones and generally allocate available film to one theatre within each zone. Film zones generally encompass a radius of three to five miles in metropolitan and suburban markets, depending primarily upon population density. In film zones where we are the sole exhibitor, we obtain film licenses by selecting a film from among those offered and negotiating directly with the distributor. As of March 31, 2011, approximately 91% of our screens in the United States and Canada were located in film licensing zones where we are the sole exhibitor.

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

There are several distributors which provide a substantial portion of quality first-run motion pictures to the exhibition industry. These include Paramount Pictures, Twentieth Century Fox, Warner Bros. Distribution, Buena Vista Pictures (Disney), Sony Pictures Releasing, and Universal Pictures. Films licensed from these distributors accounted for approximately 81% of our U.S. and Canadian admissions revenues during fiscal 2011. 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 fiscal 2011, no single distributor accounted for more than 20% of our box office admissions.

Concessions

Concessions sales are our second largest source of revenue after box office admissions. Concessions items include popcorn, soft drinks, candy, hot dogs, premium concession items, specialty drinks, healthy choice items and made to order hot foods including menu choices such as curly fries, chicken tenders and jalapeño poppers. Different varieIZE="2"> 390.3 144.4 75.3 (208.3) 88.7

Noncontrolling interests

0.0 0.0 0.0 0.0 11.2 0.0 11.2

Total liabilities and equity

$93.3 $479.6 $439.8 $274.0 $152.8 $(770.3) $669.2

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2011

(Dollars in millions)	*Parent*	*Koppers Inc.*	*Domestic Guarantor Subsidiaries*	*Foreign Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Consolidating Adjustments*	*Consolidated*
Cash provided by (used in) operating activities	$ 9.1	$ (12.8)	$ 0.0	$ 21.5	$ 8.0	$ 0.0	$ 25.8
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	0.0	(9.6)	0.0	(2.5)	(1.1)	0.0	(13.2)
Net cash proceeds (payments) from divestitures and asset sales	0.0	0.1	0.0	0.1	(0.1)	0.0	0.1
Net cash provided by (used in) investing activities	0.0	(9.5)	0.0	(2.4)	(1.2)	0.0	(13.1)
Cash provided by (used in) financing activities:							
Borrowings (repayments) of long-term debt	0.0	14.4	0.0	0.0	(0.9)	0.0	13.5
Deferred financing costs	0.0	(0.5)	0.0	0.0	0.0	0.0	(0.5)
Dividends paid	(9.1)	0.0	0.0	0.0	0.0	0.0	(9.1)
Net cash provided by (used in) financing activities	(9.1)	13.9	0.0	0.0	(0.9)	0.0	3.9
Effect of exchange rates on cash	0.0	0.0	0.0	4.0	(2.3)	0.0	1.7
Net increase (decrease) in cash and cash equivalents	0.0	(8.4)	0.0	23.1	3.6	0.0	18.3
Cash and cash equivalents at beginning of year	0.0	8.4	0.0	14.7	12.2	0.0	35.3
Cash and cash equivalents at end of period	$ 0.0	$ 0.0	$ 0.0	$ 37.8	$ 15.8	$ 0.0	$ 53.6

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2010

(Dollars in millions)	*Parent*	*Koppers Inc.*	*Domestic Guarantor Subsidiaries*	*Foreign Guarantor Subsidiaries*	*Non-Guarantor Subsidiaries*	*Consolidating Adjustments*	*Consolidated*
Cash provided by (used in) operating activities	$ 9.7	$ 23.4	$ 0.0	$ (21.4)	$ 25.4	$ (4.5)	$ 32.6
Cash provided by (used in) investing activities:							
Capital expenditures and acquisitions	0.0	(5.5)	0.0	(1.9)	(22.6)	0.0	(30.0)
Net cash proceeds (payments) from divestitures and asset sales	0.0	0.1	0.0	1.6	0.0	0.0	1.7
Net cash provided by (used in) investing activities	0.0	(5.4)	0.0	(0.3)	(22.6)	0.0	(28.3)
Cash provided by (used in) financing activities:							
Borrowings (repayments) of long-term debt	0.0	(26.1)	0.0	0.0	0.0	0.0	(26.1)
Deferred financing costs	0.0	(0.4)	0.0	0.0	0.0	0.0	(0.4)
Dividends paid	(9.0)	(4.5)	0.0	0.0	(5.0)	4.5	(14.0)
Stock issued (repurchased)	(0.9)	0.0	0.0	0.0	0.0	0.0	(0.9)
Net cash provided by (used in) financing activities	(9.9)	(31.0)	0.0	0.0	(5.0)	4.5	(41.4)
Effect of exchange rates on cash	0.0	0.1	0.0	(5.2)	1.9	0.0	(3.2)
Net increase (decrease) in cash and cash equivalents	(0.2)	(12.9)	0.0	(26.9)	(0.3)	0.0	(40.3)
Cash and cash equivalents at beginning of year	0.2	12.9	0.0	36.9	8.4	0.0	58.4
Cash and cash equivalents at end of period	$ 0.0	$ 0.0	$ 0.0	$ 10.0	$ 8.1	$ 0.0	$ 18.1

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report and any documents incorporated herein by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and may include, but are not limited to, statements about sales levels, restructuring, profitability and anticipated expenses and cash outflows. All forward-looking statements involve risks and uncertainties. All statements contained herein that are not clearly historical in nature are forward-looking, and words such as believe, anticipate, expect, estimate, may, will, should, conti intends, likely, or other similar words or phrases are generally intended to identify forward-looking statements. Any forward-looking statement contained herein, in press releases, written statements or other documents filed with the Securities and Exchange Commission, or in Koppers communications with and discussions with investors and analysts in the normal course of business through meetings, phone calls and conference calls, regarding expectations with respect to sales, earnings, cash flows, operating efficiencies, product introduction or expansion, the benefits of acquisitions and divestitures or other matters as well as financings and repurchases of debt or equity securities, are subject to known and unknown risks, uncertainties and contingencies. Many of these risks, uncertainties and contingencies are beyond our control, and may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Factors that might affect such forward-looking statements, include, among other things, general economic and business conditions, demand for Koppers goods and services, competitive conditions, interest rate and foreign currency rate fluctuations, availability of key raw materials and unfavorable resolution of claims against us, as well as those discussed more fully elsewhere in this report and in other documents filed with the Securities and Exchange Commission by Koppers, particularly our latest annual report on Form 10-K. We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report and the documents incorporated by reference herein may not in fact occur. Any forward-looking statements in this report speak only as of the date of this report, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited financial statements and related notes included in Item 1 of this Part I as well as the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Overview

We are a leading integrated global provider of carbon compounds and commercial wood treatment products and services. Our products are used in a variety of niche applications in a diverse range of end-markets, including the aluminum, railroad, specialty chemical, utility, rubber, concrete and steel industries. We serve our customers through a comprehensive global manufacturing and distribution network, with manufacturing facilities located in the United States, Australia, China, the United Kingdom, Denmark and the Netherlands.

We operate two principal businesses: **Carbon Materials & Chemicals (CM&C)** and **Railroad & Utility Products (R&UP).**

Through our CM&C business, we process coal tar into a variety of products, including carbon pitch, creosote, naphthalene and phthalic anhydride, which are intermediate materials necessary in the production of aluminum, the pressure treatment of wood and the production of carbon black, the production of high-strength concrete, and the production of plasticizers and specialty chemicals, respectively. Through our R&UP business, we believe that we are the largest supplier of railroad crossties to the North American railroads. Our other commercial wood treatment products include the provision of utility poles to the electric and telephone utility industries. We also provide rail joint bar products as well as various services to the railroad industry.

Our CM&C business has entered into a number of strategic transactions during the last year to expand and focus on its core business related to coal tar distillation and derived products. In March 2010, we completed the acquisition of Cindu Chemicals B.V., a coal tar distillation company located in the Netherlands. This company was subsequently renamed Koppers Netherlands B.V. (Koppers Netherlands). The revenues from this facility from March 1 through December 31, 2010 amounted to approximately $48 million. In October 2010 we also purchased the midwestern United States refined tar business of Stella Jones Inc. to increase our presence in this market.

Our R&UP business purchased the rail joint bar business of Portec Rail Products, Inc. located in Huntington, West Virginia in December 2010. This acquisition strengthens our product portfolio offerings to our existing Class I and commercial railroad customers in the United States.

Outlook

Trend Overview

Our businesses and results of operations are impacted by various competitive and other factors including (i) the impact of global economic conditions on demand for our products both in the United States and overseas; (ii) raw materials pricing and availability, in particular the amount and quality of coal tar available in global markets, which could be negatively impacted by reductions in steel production; (iii) volatility in oil prices, which impacts the cost of coal tar and certain other raw materials, as well as selling prices and margins for certain of our products including carbon black feedstock and phthalic anhydride; (iv) competitive conditions in global carbon pitch markets; and (v) changes in foreign exchange rates.

Our businesses and results of operations were impacted by the global recession starting in late 2008 and continuing through the second quarter of 2011. Certain key end markets experienced significant global reductions in demand that have negatively impacted the profitability for some of our products during that period. During 2010 and 2011 our key end markets showed increased stability for our Carbon Materials & Chemicals business.

During 2009 we saw the idling or closure of several aluminum smelters, particularly in North America and Europe, as global production of aluminum declined over previous levels. However, in late 2010 several North American smelters announced that they were planning to increase production and restart some of their previously idled capacity during 2011, which has benefited our carbon pitch sales volumes thus far in 2011.

For the first six months of 2011, our volumes of carbon pitch have increased in all geographic areas where we operate; however, profit margins for carbon pitch have been reduced in certain regions as coal tar costs have increased in response to reduced availability and higher oil prices, and selling prices for carbon pitch have not increased by large enough amounts to recover the increases in raw material costs. We expect this reduction in margins to improve as we move through 2011, as certain pitch contracts with semi-annual pricing formulas will increase based on raw material increases.

Our carbon black and naphthalene products in Australia have been experiencing reduced profitability due primarily to the strengthening of the Australian dollar relative to the United States dollar, as the majority of sales for these products are exported and are denominated in U.S. dollars. We do not expect this situation to improve unless the Australian dollar weakens relative to the U.S. dollar.

Our railroad business was down in 2010 from an unusually strong prior year as we believe the railroads reduced their untreated crosstie purchases and treating volumes in order to reduce inventory levels. However, volumes of crossties have improved significantly in the first six months of 2011 and we expect this trend to continue for at least the next quarter as the railroads return to more normal inventory levels and the U.S. economy continues to improve and generate more revenues for our Class I and commercial railroad customers.

We produced lower volumes in 2009 and 2010 as compared to 2008 in many of our products which impacted the capacity utilization at our facilities. Lower throughput volumes combined with increasing pressure for price reductions has led us to review our capacity utilization and has resulted in production cutbacks, from time to time, at certain facilities, which can result in lower margins. To the extent these trends continue, we may temporarily idle or permanently close facilities. For example, in December 2009 we announced the sale of our Gainesville utility pole treatment plant, and in the fourth quarter of 2010 we recorded impairment and related charges of $2.2 million related to a wood treating plant in the United States. Utility pole markets are expected to continue to remain competitive with resulting low margins. We will continue to review underperforming assets and rationalize capacity as necessary to remain competitive in this market and will reduce market share if warranted.

Several of our products, particularly carbon black feedstock and phthalic anhydride, have end market pricing that is linked to oil. Historically, we have benefited in terms of revenues and profitability from the higher pricing for these products as the cost of coal tar has not increased proportionally with oil. However over the past few years our coal tar costs have been impacted by oil prices, which results in higher costs for our coal tar when oil prices increase.

The availability of coal tar is linked to levels of metallurgical coke production. As the global steel industry has reduced production of steel and metallurgical coke the volumes of coal tar by-product were also reduced. Our ability to obtain coal tar and the price we are able to negotiate have a significant impact on the level of profitability of our business. Many of our sales contracts include provisions that allow for price increases based on increases in the price of raw materials, which has allowed us to generally maintain profit dollars in our core businesses. However, significant increases in raw material costs can result in margin dilution if only the increased cost of the raw material is passed on to the customer. Additionally, in certain regions such as China that have competing markets for coal tar, or in regions where the available supply of our products exceeds demand, we may not be able to recover raw material cost increases in the selling prices for our end products.

Seasonality and Effects of Weather on Operations

Our quarterly operating results fluctuate due to a variety of factors that are outside of our control, including inclement weather conditions, which in the past have affected operating results. Operations at several facilities have been halted for short periods of time during the winter months. Moreover, demand for some of our products declines during periods of inclement weather. As a result of the foregoing, we anticipate that we may experience material fluctuations in quarterly operating results. Historically, our operating results have been significantly lower in the fourth and first calendar quarters as compared to the second and third calendar quarters. We expect this seasonality trend to continue in future periods.

Results of Operations Comparison of Three Months Ended June 30, 2011 and 2010

Consolidated Results

Net sales for the three months ended June 30, 2011 and 2010 are summarized by segment in the following table:

	Three Months Ended June 30,		
	2011	*2010*	*Net Change*
(Dollars in millions)			
Carbon Materials & Chemicals	$ 256.2	$ 208.4	+23%
Railroad & Utility Products	137.4	118.7	+16%
	$ 393.6	$ 327.1	+20%

CM&C net sales increased by $47.8 million or 23 percent due to the following changes in volume, pricing and foreign exchange:

	Price	*Volume*	*Foreign Exchange*	*Net Change*
Carbon Materials[(a)]	+2%	+1%	+4%	+7%
Distillates[(b)]	+3%	+1%	+1%	+5%
Coal Tar Chemicals[(c)]	+3%	0%	+1%	+4%
Other[(d)]	-1%	+5%	+3%	+7%
Total CM&C	+7%	+7%	+9%	+23%

(a) Includes carbon pitch, petroleum pitch and refined tar.
(b) Includes creosote and carbon black feedstock.
(c) Includes naphthalene and phthalic anhydride.
(d) Includes carbon black, benzole, freight and other products.

Carbon materials volumes increased one percent due to increased demand in North America. The volume increases are due to increased aluminum production as a result of smelter restarts in 2011. Pricing for carbon materials increased two percent in response to higher raw material costs.

Distillate pricing for carbon black feedstock increased three percent due to higher average worldwide oil prices as compared to the prior year. Distillate volumes increased one percent as higher volumes of creosote sold to third parties in North America more than offset reduced carbon black feedstock volumes in China of two percent.

For coal tar chemicals, an increase in phthalic anhydride prices of three percent was driven by higher oil prices. With respect to other products, volumes for miscellaneous chemical products in China increased three percent as compared to the prior year period.

R&UP net sales increased by $18.7 million or 16 percent due to the following changes in volume, pricing and foreign exchange:

	Price	*Volume*	*Foreign Exchange*	*Net Change*
Railroad Crossties[a]	+5%	+5%	0%	+10%
TSO Crossties[b]	+4%	5%	0%	1%
Distribution Poles	+1%	+1%	+1%	+3%
Other[c]	0%	+3%	+1%	+4%
Total R&UP	+10%	+4%	+2%	+16%

(a) Includes treated and untreated railroad crossties.
(b) Includes sales from treatment services only (TSO).
(c) Includes joint bar products, creosote, transmission poles, pilings, freight and other treated and untreated lumber products.

Sales volumes and prices for railroad crossties each increased five percent for the three months ended June 30, 2011, driven by higher purchases from both commercial and Class I railroad customers. Price increases for treating services increased four percent mainly as a result of adding borate treatment to some of our crossties, while volumes for treating services decreased five percent as the railroads reduced their treated tie inventories. With respect to other products, higher volumes of three percent in the U.S. were realized primarily as a result of the acquisition of the Portec Rail Products, Inc. rail joint bar business in December 2010.

Cost of sales as a percentage of net sales was 84 percent for the quarter ended June 30, 2011 and 83 percent for the quarter ended June 30, 2010. Overall, cost of sales increased $58.6 million between periods due primarily to higher costs and volumes for coal tar.

Depreciation and amortization for the quarter ended June 30, 2011 was $0.1 million lower when compared to the prior year period due partially to fully amortized property, plant and equipment.

Selling, general and administrative expenses for the quarter ended June 30, 2011 were $3.7 million higher when compared to the prior year period primarily due to higher salary expense of $2.2 million, higher stock-based compensation expense of $0.5 million and higher consulting expense of $0.7 million related to acquisition integration and information technology projects. The higher salary expense is principally driven by higher management incentive accruals and additional headcount due to acquisitions.

Interest expense for the quarter ended June 30, 2011 was $0.2 million lower when compared to the prior year period.

Income taxes for the quarter ended June 30, 2011 were $0.9 million higher when compared to the prior year period due primarily to an increase in income before taxes of $4.5 million. The Company s effective income tax rate for the quarter ended June 30, 2011 was 34.9 percent as compared to the prior year period of 37.3 percent. The reduction in rate was due primarily to the mix of earnings weighted to the lower tax rate jurisdictions in 2011 compared to 2010.

Segment Results

Segment operating profit for the three months ended June 30, 2011 and 2010 is summarized by segment in the following table:

(Dollars in millions)	Three Months Ended June 30, 2011	2010	% Change
Operating profit:			
Carbon Materials & Chemicals	$ 24.5	$ 21.4	+14%
Railroad & Utility Products	12.8	11.9	+8%
Corporate	(0.2)	(0.5)	+60%
	$ 37.1	$ 32.8	+13%
Operating profit as a percentage of net sales:			
Carbon Materials & Chemicals	9.6%	10.3%	0.7%
Railroad & Utility Products	9.3%	10.0%	0.7%
	9.4%	10.0%	0.6%

Carbon Materials & Chemicals net sales and operating profit by geographic region for the three months ended June 30, 2011 and 2010 is summarized in the following table:

(Dollars in millions)	Three months ended June 30, 2011	2010	% Change
Net sales:			
North America	$ 97.8	$ 82.8	+18%
Europe	74.4	64.0	+16%
Australia	48.8	31.4	+56%
China	37.4	32.3	+16%
Intrasegment	(2.2)	(2.1)	5%
	$ 256.2	$ 208.4	+23%
Operating profit:			
North America	$ 14.7	$ 13.2	+11%
Europe	7.9	6.6	+20%
Australia	2.1	2.5	16%
China	(0.2)	(0.5)	+60%
Intrasegment	0.0	(0.4)	n/a
	$ 24.5	$ 21.4	+14%

North American CM&C sales increased by $15.0 million due primarily to higher volumes for pitch and creosote and higher prices for phthalic anhydride totaling $17.5 million, which were partially offset by lower pricing for pitch totaling $1.5 million. Operating profit as a percentage of net sales decreased to 15 percent from 16 percent for the prior year due to an $0.9 million impact from a reduction in our self-insured retention liabilities as a result of favorable claims experience in the prior year quarter. Additionally, the impact of higher prices for phthalic anhydride was largely offset by higher volumes of carbon pitch at lower prices compared to the prior year quarter.

European CM&C sales increased by $10.4 million due primarily to higher pricing for carbon black feedstock totaling $4.9 million combined with positive foreign currency translation totaling $8.2 million. Operating profit as a percentage of net sales was 11 percent compared to 10 percent in the prior year quarter.

Australian CM&C sales increased by $17.4 million due primarily to foreign currency translation resulting in an increase in sales of $9.1 million combined with higher volumes of carbon pitch and carbon black totaling $8.4 million. Operating profit as a

percentage of net sales decreased to four percent from eight percent in the prior year quarter due primarily to lower profit from the negative impact of the stronger Australian dollar on carbon black sales denominated in U.S. currency combined with higher raw material costs.

Chinese CM&C sales increased by $5.1 million due primarily to higher volumes of miscellaneous products totaling $5.4 million as lower volumes for carbon pitch were offset by higher pricing for carbon pitch. Operating profit for both quarters was negative as higher raw material costs have not been able to be fully passed along to customers in higher selling prices.

Railroad & Utility Products sales for the three months ended June 30, 2011 increased by $18.7 million compared to the prior year period as higher volumes for crossties and higher pricing for crossties and treating services totaling $14.8 million more than offset lower volumes for treating services of $5.9 million. Additionally, sales volumes for other products increased by $6.0 million due primarily to incremental sales of rail joint bar products as a result of the Portec Rail Products, Inc. acquisition in December 2010. Operating profit as a percentage of net sales decreased to nine percent from ten percent in the prior year due primarily to a $1.3 million impact from a reduction in our self-insured retention liabilities as a result of favorable claims experience in the prior year quarter.

Results of Operations   Comparison of Six Months Ended June 30, 2011 and 2010

Consolidated Results

Net sales for the six months ended June 30, 2011 and 2010 are summarized by segment in the following table:

	Six Months Ended June 30,		
(Dollars in millions)	*2011*	*2010*	*Net Change*
Carbon Materials & Chemicals	$ 492.4	$ 381.7	+29%
Railroad & Utility Products	260.3	219.7	+19%
	$ 752.7	$ 601.4	+25%

CM&C net sales increased by $110.7 million or 29 percent due to the following changes in volume, pricing and foreign exchange:

	Price	*Volume*	*Foreign Exchange*	*Net Change*
Carbon Materials[(a)]	+1%	+8%	+3%	+12%
Distillates[(b)]	+3%	+2%	+1%	+6%
Coal Tar Chemicals[(c)]	+3%	0%	+1%	+4%
Other[(d)]	0%	+5%	+2%	+7%
Total CM&C	+7%	+15%	+7%	+29%

(a) Includes carbon pitch, petroleum pitch and refined tar.
(b) Includes creosote and carbon black feedstock.
(c) Includes naphthalene and phthalic anhydride.
(d) Includes carbon black, benzole, freight and other products.

Carbon materials   volumes increased eight percent due to the acquisition in the Netherlands and increased worldwide demand for aluminum products.

Distillate pricing and volumes increased three percent and two percent, respectively, due to increased volumes for creosote and increased pricing for carbon black feedstock driven by higher average worldwide oil prices as compared to the prior year. A portion of the increased volumes also related to the acquisition in the Netherlands on March 1, 2010.

For coal tar chemicals, an increase in phthalic anhydride prices of three percent was driven by higher oil prices. With respect to other products, volumes for miscellaneous chemical products in China increased three percent as compared to the prior year period.

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R&UP net sales increased by $40.6 million or 19 percent due to the following changes in volume, pricing and foreign exchange:

	Price	*Volume*	*Foreign Exchange*	*Net Change*
Railroad Crossties[(a)]	+5%	+8%	0%	+13%
TSO Crossties[(b)]	+3%	4%	0%	1%
Distribution Poles	+1%	0%	0%	+1%
Other[(c)]	0%	+5%	+1%	+6%
Total R&UP	+9%	+9%	+1%	+19%

(a) Includes treated and untreated railroad crossties.
(b) Includes sales from treatment services only (TSO).
(c) Includes joint bar products, creosote, transmission poles, pilings, freight and other treated and untreated lumber products.

Sales prices and volumes for railroad crossties increased five and eight percent, respectively for the six months ended June 30, 2011, driven by higher purchases from both commercial and Class I railroad customers. Price increases for treating services increased three percent as a result of adding borate treatment to some of our crossties, and volumes for treating services decreased four percent as railroads reduced treated tie inventories. With respect to other products, higher volumes of five percent in the U.S. were realized primarily as a result of the acquisition of the Portec Rail Products, Inc. rail joint bar business in December 2010.

Cost of sales as a percentage of net sales was 86 percent for the six months ended June 30, 2011 and 84 percent for the six months ended June 30, 2010. Overall, cost of sales increased $138.5 million between periods. Cost of sales in 2010 was favorably impacted, on a net basis, by a $2.2 million reduction in our self-insured retention liabilities as a result of favorable claims experience.

Depreciation and amortization for the six months ended June 30, 2011 was $0.3 million higher when compared to the prior year period due partially to additional depreciation expense from Koppers Netherlands, which was acquired in March 2010, partially offset by fully amortized property, plant and equipment.

Selling, general and administrative expenses for the six months ended June 30, 2011 were $4.2 million higher when compared to the prior year period due to the addition of six months of expenses in 2011 related to businesses purchased during 2010, higher management incentive accruals and higher stock compensation expense.

Interest expense for the six months ended June 30, 2011 was $0.2 million lower when compared to the prior year period.

Income taxes for the six months ended June 30, 2011 were $1.7 million higher when compared to the prior year period due primarily to an increase in income before taxes of $6.9 million. The Company s effective income tax rate for the six months ended June 30, 2011 was 35.2 percent as compared to the prior year period of 36.9 percent. The reduction in the rate was due primarily to the mix of earnings weighted to the lower tax rate jurisdictions in 2011 compared to 2010.

Segment Results

Segment operating profit for the six months ended June 30, 2011 and 2010 is summarized by segment in the following table:

	Six Months Ended June 30,		
(Dollars in millions)	*2011*	*2010*	*% Change*
Operating profit:			
Carbon Materials & Chemicals	$ 38.1	$ 32.1	+19%
Railroad & Utility Products	20.3	18.6	+9%
Corporate	(0.5)	(1.1)	+55%
	$ 57.9	$ 49.6	+17%
Operating profit as a percentage of net sales:			
Carbon Materials & Chemicals	7.7%	8.4%	0.7%
Railroad & Utility Products	7.8%	8.5%	0.7%
	7.7%	8.2%	0.5%

Carbon Materials & Chemicals net sales and operating profit by geographic region for the six months ended June 30, 2011 and 2010 is summarized in the following table:

	Six months ended June 30,		
(Dollars in millions)	*2011*	*2010*	*% Change*
Net sales:			
North America	$ 173.5	$ 151.1	+15%
Europe	143.9	109.8	+31%
Australia	94.6	69.3	+37%
China	82.7	55.6	+49%
Intrasegment	(2.3)	(4.1)	+44%
	$ 492.4	$ 381.7	+29%
Operating profit:			
North America	$ 15.8	$ 15.9	0%
Europe	15.5	11.6	+34%
Australia	5.8	5.2	+12%
China	1.1	(0.4)	+375%
Intrasegment	(0.1)	(0.2)	+50%
	$ 38.1	$ 32.1	+19%

North American CM&C sales increased by $22.4 million due primarily to higher volumes for pitch and creosote and higher prices for phthalic anhydride totaling $25.7 million, which were partially offset by lower pricing for pitch totaling $4.7 million. Operating profit as a percentage of net sales decreased to nine percent from 11 percent for the prior year, reflecting the impact of lower pitch prices, first quarter demurrage costs and higher bonus accruals, which more than offset the impact of higher prices for phthalic anhydride. Additionally, prior year operating profit was negatively impacted by $1.8 million of expensed acquisition costs related to the acquisition in the Netherlands and positively impacted by $0.9 million from a reduction in our self-insured retention liabilities as a result of favorable claims experience.

European CM&C sales increased by $34.1 million due primarily to the acquisition in the Netherlands, higher volumes for carbon pitch in the United Kingdom of $4.5 million, and higher prices for carbon black feedstock totaling $8.0 million. Operating profit as a percentage of net sales was 11 percent, the same as in the prior year.

Australian CM&C sales increased by $25.3 million due primarily to positive foreign currency translation resulting in an increase in sales of $14.2 million combined with higher volumes of carbon pitch and carbon black totaling $10.8 million. Operating profit as a percentage of net sales decreased to six percent from eight percent in the prior year quarter due to lower profit from the negative impact of the stronger Australian dollar on carbon black sales denominated in U.S. currency combined with higher raw material costs.

Chinese CM&C sales increased by $27.1 million due primarily to higher volumes and prices for carbon pitch totaling $14.8 million combined with higher volumes of miscellaneous products totaling $10.7 million. Operating profit as a percentage of sales increased to one percent from zero percent in the prior year to date period due to profit from the sale of technology of $0.9 million combined with higher pricing for carbon pitch sold into the Middle East.

Railroad & Utility Products sales for the six months ended June 30, 2011 increased by $40.6 million as compared to the prior year period due primarily to higher volumes and prices for crossties totaling $27.7 million combined with higher sales volumes for other products of $14.1 million which was the result of incremental sales of rail joint bar products as a result of the Portec Rail Products, Inc. acquisition in December 2010. Operating profit as a percentage of net sales decreased to eight percent from nine percent in the prior year as an environmental reserve reduction of $2.9 million related to the sale of a treating plant in Australia, combined with an insurance reserve reduction impact of $1.3 million in the prior year period more than offset the positive impact from higher crosstie pricing and volumes for the six months ended June 30, 2011.

Cash Flow

Net cash provided by operating activities was $25.8 million for the six months ended June 30, 2011 as compared to net cash provided by operating activities of $32.6 million for the six months ended June 30, 2010. The decrease of $6.8 million in net cash provided by operations is due primarily to higher working capital requirements partially offset by higher net income as compared to prior periods.

Net cash used in investing activities was $13.1 million for the six months ended June 30, 2011 as compared to net cash used in investing activities of $28.3 million for the six months ended June 30, 2010. The first six months of 2010 included the acquisition of Koppers Netherlands totaling $22.0 million partially offset by the proceeds from the sale of an Australian property for $1.6 million.

Net cash provided by financing activities was $3.9 million for the six months ended June 30, 2011 as compared to net cash used in financing activities of $41.4 million for the six months ended June 30, 2010. The first six months of 2010 included the repayment of borrowing on the revolving credit facility of $26.0 million as compared to net borrowings on the revolving credit facility of $14.5 million for the first six months of 2011.

Dividends paid were $9.1 million for the six months ended June 30, 2011 as compared to dividends paid of $14.0 million for the six months ended June 30, 2010. The dividends in both periods reflect a quarterly dividend rate of 22 cents per common share on Koppers Holdings common stock. In addition, for the six months ended June 30, 2010, dividends of $5.0 million were paid to noncontrolling interests with respect to a partially owned subsidiary.

On August 3, 2011, our board of directors declared a quarterly dividend of 22 cents per common share, payable on October 7, 2011 to shareholders of record as of August 15, 2011.

Liquidity and Capital Resources

Restrictions on Dividends to Koppers Holdings

Koppers Holdings depends on the dividends from the earnings of Koppers Inc. and its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of any declared dividend of Koppers Holdings. In addition, the terms of Koppers Inc. s revolving credit facility and the terms of Koppers Inc. s 7/8% Senior Notes due 2019 (the Senior Notes) indenture place restrictions on the amount of dividends it may pay to Koppers Holdings. The amount of permitted dividends under the revolving credit facility is generally limited by Koppers Inc. s fixed charge coverage ratio covenant, among other terms. The amount of permitted dividends under the Senior Note indenture is primarily determined by a derived basket. The basket is based on the sum of a beginning amount, plus or minus a percentage of Koppers Inc. s consolidated net income (as defined in the indenture), plus the net proceeds of Koppers Inc. s qualified stock issuance or conversions of debt to qualified stock, plus the net proceeds from the sale of or a reduction in an investment (as defined in the indenture) or the value of the assets of an unrestricted subsidiary which is designated a restricted subsidiary.

Notwithstanding the foregoing, the Senior Notes indenture permits an additional aggregate amount of $20.0 million each fiscal year to finance dividends on the capital stock of Koppers Holdings, whether or not there is any basket availability, provided that at the time of such payment, no default in the indenture has occurred or would result from financing the dividends.

Significant reductions in net income, or increases to indebtedness affecting compliance with financial covenants or availability under the revolving credit facility would restrict Koppers Inc. s ability to pay dividends. As of June 30, 2011, the amount of dividends which may be declared by Koppers Inc. under the terms of the Senior Notes, in addition to the $20.0 million annual allowance, amounted to $182.3 million.

Liquidity

The Koppers Inc. revolving credit facility agreement provides for a revolving credit facility of up to $300.0 million at variable rates. Borrowings under the revolving credit facility are secured by a first priority lien on substantially all of Koppers Inc. s assets. The revolving credit facility contains certain covenants that restrict Koppers Inc. s ability to incur additional indebtedness, create liens on its assets, pay dividends and make capital expenditures, investments or acquisitions. In addition, such covenants give rise to events of default upon the failure by Koppers Inc. to meet certain financial ratios.

As of June 30, 2011, we had $267.2 million of unused revolving credit availability for working capital purposes after restrictions by various debt covenants and certain letter of credit commitments. As of June 30, 2011, $10.9 million of commitments were utilized by outstanding letters of credit.

The following table summarizes our estimated liquidity as of June 30, 2011 *(dollars in millions)*:

Cash and cash equivalents	$ 53.6
Amount available under revolving credit facility	267.2
Amount available under other credit facilities	15.7
Total estimated liquidity	$ 336.5

Our estimated liquidity was $302.6 million at December 31, 2010.

As of June 30, 2011, we had $325.0 million aggregate amount of common stock, debt securities, preferred stock, depositary shares and warrants (or a combination of these securities) available to be issued under our registration statement on Form S-3 filed in 2009.

Our need for cash in the next twelve months relates primarily to contractual obligations which include debt service, purchase commitments and operating leases, as well as for working capital, capital maintenance programs and mandatory defined benefit plan funding. We may also use cash to pursue potential strategic acquisitions. Capital expenditures in 2011, excluding acquisitions, are expected to total approximately $32 million. In addition, our 60-percent owned subsidiary in China has issued a guarantee of $18.9 million in support of the Company s 30-percent investment in Tangshan Koppers Kailuan Carbon Chemical Company Limited (TKK) located in the Hebei Province of China. The guarantee relates to bank debt incurred by TKK which matures in August 2011. Based on current credit conditions in China, it is likely that the joint venture partners will provide bridge loans to TKK when the bank debt matures in August. Accordingly, the Company has reflected the full amount of the guarantee with an offsetting amount to equity investment at June 30, 2011.

We believe that our cash flow from operations and available borrowings under the revolving credit facility will be sufficient to fund our anticipated liquidity requirements for at least the next twelve months. In the event that the foregoing sources are not sufficient to fund our expenditures and service our indebtedness, we would be required to raise additional funds.

Debt Covenants

The covenants that affect availability of the revolving credit facility and which may restrict the ability of Koppers Inc. to pay dividends include the following financial ratios:

¡ The fixed charge coverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to be less than 1.10. The fixed charge coverage ratio at June 30, 2011 was 2.4.

¡ The leverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to exceed 4.50. The leverage ratio at June 30, 2011 was 1.74.

¡ The senior secured leverage ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, is not permitted to exceed 2.75. The senior secured leverage ratio at June 30, 2011 was 0.0.

We are currently in compliance with all covenants in the credit agreement governing the revolving credit facility.

At June 30, 2011, Koppers Inc. had $300.0 million principal value outstanding of Senior Notes. The Senior Notes include customary covenants that restrict, among other things, our ability to incur additional debt, pay dividends or make certain other restricted payments, incur liens, merge or sell all or substantially all of the assets or enter into various transactions with affiliates. We are currently in compliance with all covenants in the Senior Notes indenture.

Legal Matters

The information set forth in Note 16 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of this Part I is incorporated herein by reference.

Recently Issued Accounting Guidance

There is no recently issued accounting guidance that is expected to have a material impact on the Company.

Critical Accounting Policies

There have been no material changes to the Company s critical accounting policies as disclosed in the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

Environmental and Other Matters

The information set forth in Note 16 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of Part I is incorporated herein by reference.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There are no material changes to the disclosure on this matter made in the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

ITEM 4. CONTROLS AND PROCEDURES

The Company s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company s disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures were effective as of the end of the period covered by this report. There was no change in the Company s internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 16 to the Condensed Consolidated Financial Statements of Koppers Holdings Inc. included in Item 1 of Part I of this report is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes to the Risk Factors previously disclosed in Item 1A of the Company s Annual Report on Form 10-K for the year ended December 31, 2010.

ITEM 6. EXHIBITS

12.1***	Computation of ratio of earnings to fixed charges
31.1***	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2***	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1***	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*** Filed herewith

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statement of Income for the three and six months ended June 30, 2011 and 2010, (ii) the Condensed Consolidated Balance Sheet at June 30, 2011 and December 31, 2010, (iii) the Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2011 and 2010, and (iv) Notes to Condensed Consolidated Financial Statements for the six months ended June 30, 2011. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

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

KOPPERS HOLDINGS INC.

(REGISTRANT)

Date: August 4, 2011

By: /s/ LEROY M. BALL

Leroy M. Ball

Vice President and Chief Financial Officer
(Principal Financial Officer,

Principal Accounting Officer and Duly Authorized Officer)