

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA
Antitrust Division
450 Fifth Street, N.W., Suite 4000
Washington, DC 20530,

and

STATE OF CONNECTICUT
Office of the Attorney General
55 Elm Street
Hartford, CT 06106,

Plaintiffs,

v.

AMC ENTERTAINMENT HOLDINGS,
INC.
One AMC Way
11500 Ash Street
Leawood, KS 64105,

and

SMH THEATRES, INC.
12750 Merit Drive, Suite 800
Dallas, TX 75251,

Defendants.

HOLD SEPARATE STIPULATION AND ORDER

It is hereby stipulated and agreed by and between the undersigned parties, subject to approval and entry by the Court, that:

I. DEFINITIONS

As used in this Hold Separate Stipulation and Order:

A. “Acquirer” or “Acquirers” means the entity or entities to which Defendants divest the Divestiture Assets.

B. “AMC” means AMC Entertainment Holdings, Inc., a Delaware corporation headquartered in Leawood, Kansas, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

C. “Starplex Cinemas” means SMH Theatres, Inc., a Texas Corporation headquartered in Dallas, Texas, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

D. “Divestiture Assets” means the following theatre assets:

	Theatre	Address
1	Starplex Town Center Plaza 10	319 Route 130 North, East Windsor, NJ 08520
2	Starplex Berlin 12	19 Frontage Rd, Berlin, CT 06037

The term “Divestiture Assets” also includes:

1. All tangible assets that comprise the business of operating theatres that exhibit first-run, commercial movies, including, but not limited to real property and improvements, research and development activities, all equipment, fixed assets, and fixtures, personal property, inventory, office furniture, materials, supplies, and other tangible property and all assets used in connection with the Divestiture Assets; all licenses, permits, and authorizations issued by any governmental organization relating to the Divestiture Assets; all contracts

(including management contracts), teaming arrangements, agreements, leases, commitments, certifications, and understandings relating to the Divestiture Assets, including supply agreements (provided however, that supply agreements that apply to all of each Defendant's theatres may be excluded from the Divestiture Assets, subject to the transitional agreement provisions specified in Section IV(E) of the proposed Final Judgment); all customer lists (including loyalty club data at the option of the Acquirer(s), copies of which may be retained by Defendants at their option), contracts, accounts, and credit records relating to the Divestiture Assets; all repair and performance records and all other records relating to the Divestiture Assets; and

2. All intangible assets relating to the operation of the Divestiture Assets, including, but not limited to all patents, licenses and sublicenses, intellectual property, copyrights, trademarks, trade names, service marks, service names, (provided however, that the name AMC, the name Starplex, and any registered service marks of Starplex may be excluded from the Divestiture Assets, subject to the transitional agreement provisions specified in Section IV(E) of the proposed Final Judgment), technical information, computer software and related documentation (provided however, that Defendant's proprietary software may be excluded from the Divestiture Assets, subject to the transitional agreement provisions specified in Section IV(E) of the proposed Final Judgment), know-how and trade secrets, drawings, blueprints, designs, design protocols, specifications for materials, specifications for parts and devices, safety procedures for the handling of materials and substances, all research data concerning historic and current research and development, quality assurance and control procedures, design tools and simulation capability, all manuals and technical information Starplex Cinemas provides to their own employees, customers, suppliers, agents, or licensees (except for the employee manuals that

Starplex provides to all its employees), and all research data concerning historic and current research and development.

II. OBJECTIVES

The Final Judgment filed in this case is meant to ensure Defendants' prompt divestiture of the Divestiture Assets for the purpose of preserving competition in the exhibition of first-run, commercial motion pictures in the area in and around East Windsor, New Jersey and in the area in and around Berlin and Plainville, Connecticut, in order to remedy the effects that the Plaintiffs allege would otherwise result from AMC's acquisition of Starplex Cinemas. This Hold Separate Stipulation and Order ensures prior to such divestiture that the Divestiture Assets remain independent, economically viable, and ongoing business concerns that will remain independent and uninfluenced by AMC's acquisition of Starplex Cinemas, and that competition is maintained during the pendency of the ordered divestitures.

III. JURISDICTION AND VENUE

The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue is proper in the United States District Court for the District of Columbia.

IV. COMPLIANCE WITH AND ENTRY OF THE FINAL JUDGMENT

A. The parties stipulate that a Final Judgment in the form attached hereto as Exhibit A may be filed with and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act ("APPA"), 15 U.S.C. §16, and without further notice to any party or other proceedings, provided that the United States has not withdrawn its consent, which it may do at

any time before the entry of the proposed Final Judgment by serving notice thereof on the Defendants and by filing that notice with the Court.

B. Defendants agree to arrange, at their expense, publication as quickly as possible of the newspaper notice required by the APPA, which shall be drafted by the United States in its sole discretion . The publication shall be arranged no later than three (3) business days after Defendants' receipt from the United States of the text of the notice and the identity of the newspaper within which the publication shall be made. Defendants shall promptly send to the United States (1) confirmation that publication of the newspaper notice has been arranged, and (2) the certification of the publication prepared by the newspaper within which the notice was published.

C. Defendants shall abide by and comply with the provisions of the proposed Final Judgment, pending the Final Judgment's entry by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Hold Separate Stipulation and Order by the parties, comply with all the terms and provisions of the proposed Final Judgment. The United States shall have the full rights and enforcement powers in the proposed Final Judgment, including Section XI, as though the same were in full force and effect as the final order of the Court.

D. Defendants shall not consummate the transaction sought to be enjoined by the Complaint herein before the Court has signed this Hold Separate Stipulation and Order.

E. This Hold Separate Stipulation and Order shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

F. In the event (1) the United States has withdrawn its consent, as provided in Section IV(A) above, or (2) the proposed Final Judgment is not entered pursuant to this Hold Separate Stipulation and Order, the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Hold Separate Stipulation and Order, and the making of this Hold Separate Stipulation and Order shall be without prejudice to any party in this or any other proceeding.

G. Defendants represent that the divestitures ordered in the proposed Final Judgment can and will be made, and that Defendants will later raise no claim of mistake, hardship, or difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

V. HOLD SEPARATE PROVISIONS

Until the divestitures required by the Final Judgment have been accomplished:

A. Defendants shall preserve, maintain, and continue to operate the Divestiture Assets as independent, ongoing, economically viable, competitive businesses, with management, sales, and operations of such assets held entirely separate, distinct, and apart from those of Defendants' other operations. Defendants shall not coordinate its production, marketing, or terms of sale of any products with those produced by or sold under any of the Divestiture Assets. Defendants shall take all steps necessary to preserve and maintain the value and goodwill of the Divestiture Assets. Within twenty (20) calendar days after the entry of the Hold Separate Stipulation and Order, Defendants will inform the United States of the steps Defendants have taken to comply with this Hold Separate Stipulation and Order.

B. Defendants shall take all steps necessary to ensure that (1) the Divestiture Assets will be maintained and operated as independent, ongoing, economically viable, and active competitors in the exhibition of first-run, commercial motion pictures; (2) management of the Divestiture Assets will not be influenced by Defendants; and (3) the books, records, competitively sensitive sales, marketing, and pricing information, and decision-making concerning production, distribution, or sales of products by or under any of the Divestiture Assets will be kept separate and apart from Defendants' other operations.

C. Defendants shall preserve, in accordance with current practice, the existing relationships with each theatre advertising customer and with others doing business with any of the Divestiture Assets.

D. Defendants shall use all reasonable efforts to maintain and increase the sales and revenues of the Divestiture Assets and shall maintain at 2015 levels or previously approved levels for 2016, whichever are higher, all promotional, advertising, sales, technical assistance, marketing, and merchandising support for the Divestiture Assets.

E. Defendants shall provide sufficient working capital and lines and sources of credit to continue to maintain the Divestiture Assets as economically viable and competitive ongoing businesses, consistent with the requirements of Sections V(A) and (B).

F. Defendants shall take all steps necessary to ensure that the Divestiture Assets are fully maintained in operable condition at no less than current capacity and sales, and shall maintain and adhere to normal repair and maintenance schedules for the Divestiture Assets.

G. Defendants shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer, pledge, or otherwise dispose of any of the Divestiture Assets.

H. Defendants shall provide such support services for the Divestiture Assets as the Divestiture Assets require to operate as economically viable, competitive, and ongoing exhibitors of first-run, commercial motion pictures in the area in and around East Windsor, New Jersey and in the area in and around Berlin and Plainville, Connecticut. These support services may include federal, state, and local municipal regulatory compliance; human resources; legal; finance; software and computer operations support; and such other services as are required to operate the Divestiture Assets.

I. Defendants shall maintain, in accordance with sound accounting principles, separate, accurate, and complete financial ledgers, books, and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues, and income of the Divestiture Assets.

J. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Divestiture Assets to one or more Acquirers acceptable to the United States in its sole discretion.

K. Defendants' employees with primary responsibility for operation of the Divestiture Assets shall not be transferred or reassigned to other areas within Defendants' business, except for transfer bids initiated by employees pursuant to Defendants' regular, established, job posting policy. Defendants shall provide the United States with ten (10) calendar days notice of such transfer.

L. Defendants, subject to the approval of the United States, shall appoint a person or persons to oversee the Divestiture Assets, and who will be responsible for compliance with this section. This person shall have complete managerial responsibility for the Divestiture Assets, subject to the provisions of the proposed Final Judgment. In the event such person is unable to

perform his or her duties, Defendants shall appoint, subject to the approval of the United States, a replacement within ten (10) working days. Should Defendants fail to appoint a replacement acceptable to the United States within this time period, the United States shall appoint a replacement.

M. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestitures pursuant to the Final Judgment to an Acquirer or Acquirers acceptable to the United States.

VI. APPLICATION AND DURATION OF HOLD SEPARATE OBLIGATIONS

Defendants' obligations under Section V of this Hold Separate Stipulation and Order shall remain in effect until (1) consummation of all of the divestitures required by the proposed Final Judgment or (2) further order of the Court. If the United States voluntarily dismisses the Complaint in this matter, Defendants are released from all further obligations under the Hold Separate Stipulation and Order.

DATED: DECEMBER 15, 2015

Respectfully submitted,

**FOR PLAINTIFF UNITED STATES
OF AMERICA:**



Gregg I. Malawer (D.C. Bar #481685)

Miriam R. Vishio (D.C. Bar #482282)

U.S. Department of Justice

Antitrust Division

450 5th Street, NW, Suite 4000

Washington, DC 20530

Fax: (202) 514-7308

Telephone: Gregg Malawer (202) 616-5943

E-mail: gregg.malawer@usdoj.gov

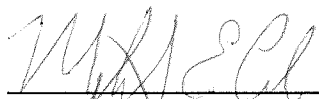
Telephone: Miriam Vishio (202) 598-8091

E-mail: miriam.vishio@usdoj.gov

Attorneys for Plaintiff the United States

DATED: DECEMBER 15, 2015

**FOR PLAINTIFF
STATE OF CONNECTICUT**

A handwritten signature in cursive script, appearing to read "Michael E. Cole", is written over a horizontal line.

GEORGE JEPSEN

ATTORNEY GENERAL

By: Michael E. Cole

Assistant Attorney General

Chief, Antitrust & Government Program Fraud


55 Elm Street, P.O. Box 120

Hartford, CT 06141-120

860-808-5040

Email: Michael.cole@ct.gov

**FOR DEFENDANT AMC
ENTERTAINMENT HOLDINGS, INC.:**



Michael B. Bernstein (D.C. Bar #492437)
Arnold & Porter LLP
601 Massachusetts Ave., NW
Washington, DC 20001
Telephone: (202) 942-5227
Fax: (202) 942-5999
E-mail: Michael.B.Bernstein@aporter.com

**FOR DEFENDANT SMH THEATRES,
INC. :**



Kay Lynn Brumbaugh (D.C. Bar #1012966)
Andrew Kurth LLP
1717 Main Street, Suite 3700
Dallas, Texas 75201
Telephone: (214) 659-4702
Fax: (214) 659-4788
E-mail:
kaylynnbrumbaugh@andrewskurth.com

ORDER

IT IS SO ORDERED by the Court, this ____ day of December, 2015.

United States District Judge