

SETTLEMENT AGREEMENT

This Agreement is made and entered into on this 16th day of March, 2009, by, between and among (1) the State of Arizona, through Attorney General Terry Goddard and the Civil Rights Division (“Plaintiff”), Plaintiff in the civil action entitled *The State of Arizona ex rel. Terry Goddard, the Attorney General; and the Civil Rights Division of the Arizona Department of Law v. Marquee Holdings Inc., AMC Entertainment Inc., AMC Entertainment International, Inc., American Multi-Cinema, Inc., Plitt Theatres, Inc. and Corporations A-Z*, Case No. CV2006-01754 (the “Action”) in the Arizona Superior Court for Maricopa County, and (2) American Multi-Cinema, Inc. (“AMC”), a defendant in this Action.¹

WHEREAS, on or about February 17, 2006, Plaintiff received complaints alleging disability discrimination in a public accommodation filed by Frederick Lindstrom, by and through his parent, Rachel Lindstrom, Ava Crowell, and Larry Wanger (collectively, the “Aggrieved Parties”) against American Multi-Cinema, Inc., Loews Foothills Cinemas, and AMC Desert Ridge 18;

WHEREAS, AMC, through its subsidiaries or affiliated companies, operates AMC’s theatres in Arizona, including Ahwatukee 24, Arizona Center 24, Arrowhead Center 14, Deer Valley 30, Desert Ridge 18, Esplanade 14, Mesa Grande 24, and Westgate 20 in Phoenix, and Foothills 15 in Tucson;

WHEREAS, on or about November 15, 2006, Plaintiff commenced the Action in the Arizona Superior Court for Maricopa County, seeking declaratory and injunctive relief, civil penalties, damages for the Charging Parties and a class of similarly situated persons, and costs under the Arizonans with Disabilities Act, A.R.S. § 41-1492, et seq., (“AzDA”), including the installation of systems providing for the captioning and

¹ All references to AMC in this Settlement Agreement include AMC and its agents, owners, parent company, subsidiaries and affiliated companies, the successors or assigns of any of the foregoing, and all persons acting by, through, under, or in concert with them, or any of them.

narrative description of motion pictures shown at all AMC's theatres in the State of Arizona; and

WHEREAS, AMC denies and continues to deny that it has violated the AzDA and that installation of equipment or systems to provide captioning and/or narrative description is required by the AzDA; and

WHEREAS, the movie theatre industry generally, including AMC specifically, is in various stages of considering, planning, and implementing a costly transition from 35 millimeter film exhibition to digital cinema, which will substantially affect the compatibility of systems to provide captioning and/or narrative description, and recognizing AMC's desire for flexibility in the selection of such systems; and

WHEREAS, the legal standards applicable to Plaintiff's claims are currently in dispute in *Arizona v. Harkins Amusement Enter., Inc.*, 548 F. Supp. 2d 723 (D. Ariz. 2008), which is on appeal pending before the Ninth Circuit Court of Appeals; and

WHEREAS, Plaintiff and AMC have negotiated at arms length and in good faith regarding installation of equipment or systems to provide captioning and/or narrative description at AMC's theatres in Arizona, and endeavored to reach a compromise resolution of the disputes between them; and

WHEREAS, Plaintiff and AMC have reached an agreement that is in the parties' best interests, and the Plaintiff believes that it is in the public's interest, to resolve this Action on the mutually agreeable terms set forth in this Agreement; and

WHEREAS, Plaintiff and AMC now desire to effect a full, final, and complete compromise and settlement of all claims, disputes and controversies arising in connection with the Action and the allegations asserted therein.

NOW, THEREFORE, in consideration of the covenants and mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Plaintiff and AMC, intending to be legally bound, agree as follows:

1. CAPTIONING AND NARRATIVE DESCRIPTION TECHNOLOGY.

1.1 Existing Captioning and Narrative Description Technology. Prior to the initiation of this lawsuit, AMC installed Rear Window Captioning closed-captioning and DVS narrative description systems in one auditorium at Ahwatukee 24, Arizona Center 24, Arrowhead Center 14, Deer Valley 30, Desert Ridge 18, Esplanade 14, Mesa Grande 24, and Westgate 20 in Phoenix, and at the Foothills 15 in Tucson. During the term of this Agreement (as described in Section 3.2 of this Agreement), until AMC's obligations to equip theatres pursuant to Section 1.2 arise and are met, AMC agrees to maintain its existing Rear Window Captioning and DVS systems in its existing Arizona theatres. Notwithstanding AMC's obligation set forth in Section 1.2 of this Agreement, AMC may choose to continue to maintain its current Rear Window Captioning systems for a period of time after any conversion of AMC's theatres to digital at its discretion.

1.2 New Digital Captioning and Narrative Description Technology. Within thirty (30) months of the date this Agreement is executed, as digital projection is deployed and captioning and narrative description become Commercially Available in digital format ("Digital Captioning and Narrative Description Technology"), AMC agrees to equip its auditoriums in Arizona with Digital Captioning and Narrative Description Technology as described herein. Specifically, AMC agrees to equip eight (8) additional auditoriums in Phoenix (resulting in 9.5% of the total auditoriums in Phoenix being equipped) and two additional auditoriums in Tucson (resulting in 20% of the total auditoriums in Tucson being equipped) with such technology. The total number of equipped auditoriums after the additional installations of such technology will amount to 10.4% of AMC's existing auditoriums in Arizona. AMC further agrees that the auditoriums equipped pursuant to this Section 1.2 shall be mid-sized auditoriums (i.e., auditoriums with fewer than 300 but more than 100 seats).

(a) For purposes of this Agreement, "Commercially Available" shall mean a sufficient supply from vendors at commercially reasonable prices.

(b) During the term of this Agreement, AMC agrees to install Digital Captioning and Narrative Description Technology in 10% of the new auditoriums in any new theatres it builds in Arizona. For new builds, in the event the 10% commitment results in a fractional amount greater than or equal to one-half of one percent, the number of auditoriums to be equipped with captioning and narrative description shall be rounded up to the nearest whole number.

(c) Within AMC's commitment above to equip approximately 10% of its auditoriums in Phoenix with Digital Captioning and Narrative Description Technology, AMC agrees to disperse the technology geographically as reasonably likely to be viewed by the most number of its patrons with hearing and visual impairments, in AMC's discretion; provided, however, that in no event will AMC aggregate its equipped auditoriums in fewer than two (2) theatres in Phoenix. If AMC aggregates its equipped auditoriums in no more than two theatres in Phoenix, AMC agrees to install no less than fifty (50%) of the Digital Captioning and Narrative Description Technology in its Arizona Center 24 theatre.

(d) AMC will equip a total of three auditoriums in its one theatre in Tucson, Arizona with Digital Captioning and Narrative Description Technology.

1.3. Choice of New Digital Captioning and Narrative Description Technology. Because it is uncertain what commercially reasonable technology may develop to provide audio captioning and narrative description in connection with digital projection, Plaintiff agrees that AMC may deploy PDA, personal wireless device, Rear Window Captioning, DVS, or other Digital Captioning and Narrative Description Technology, in its discretion.

1.4. Deployment of New Digital Captioning and Narrative Description Technology. AMC, as part of its transition to digital cinema, will include its Arizona theatres as part of the initial twenty-five percent (25%) of the theatres it transitions to digital cinema. AMC will deploy the Digital Captioning and Narrative Description Technology of its choosing as contemplated in this Section in its Arizona theatres within

three (3) months after it becomes Commercially Available.

1.5 Acquired Theatres. AMC shall not be required to equip any acquired theatre with captioning and/or narrative description technology during the term of this Agreement or after.

2. NEGOTIATION OF ALTERNATIVE SOLUTIONS.

2.1. Good Faith Negotiations of Alternative Solutions. In the event that AMC contends that the technology is not Commercially Available within thirty (30) months, the parties agree to engage in good faith negotiations regarding a commercially reasonable alternative solution. Such good faith negotiations shall continue for a period of at least ninety (90) days (or longer if mutually agreed upon). The parties' good faith negotiations shall be conducted by AMC's General Counsel (Kevin Connor or his successor) and the Chief Counsel of the Litigation Section of the Arizona Civil Rights Division (Michael M. Walker or his successor).

2.2. No expansion of non-digital Rear Window Captioning or DVS Technology. Plaintiff agrees that the expansion of Rear Window Captioning or DVS technology on 35 MM film as a means of satisfying AMC's obligations under this Agreement will not be considered a commercially reasonable alternative solution during the thirty-three (33) months after the execution of this Agreement.

2.3. Impasse and Reinstitution of Proceedings Against AMC. If at the end of thirty-three (33) months (or longer if mutually agreed upon) the parties are at an impasse, Plaintiff may reinstitute proceedings against AMC either in the form of a new action or an action to enforce this Agreement.

3. TERM AND EFFECT OF SETTLEMENT AGREEMENT.

3.1 Release. Except for the obligations of AMC that are expressly set forth in this Agreement, Plaintiff releases AMC, its agents, owners, employees, parent company, subsidiaries and affiliated companies, the successors or assigns of any of the foregoing, and all persons in active concert or participation with AMC (the "Releasees"), from any

and all civil liability to Plaintiff for the counts alleged in the Complaint in this matter. This provision, however, does not limit Plaintiff's authority to reinstitute proceedings against AMC pursuant to Section 2.3 of the Agreement or to file a lawsuit to seek enforcement of the terms of the Agreement.

3.2 Term. The term of this Agreement shall continue for two years after AMC either completes deployment of the digital captioning and narrative description as contemplated in Section 1.2 of this Agreement or completes installation of a commercially reasonable alternative solution as contemplated in Section 2.1 of this Agreement.

3.3 Dismissal of Action. Plaintiff agrees to dismiss this Action with prejudice subject to reserving the right to enforce the terms of the Agreement and to reinstitute a proceeding against AMC as contemplated in Section 2.3 of this Agreement.

3.4 Civil Rights Division Processing of Complaints. During the term of this Agreement, Plaintiff agrees that it will not file a Divisional complaint against the Releasees for failure to show captioned and/or described motion pictures. Plaintiff further agrees to dismiss with prejudice all third party complaints currently pending or filed against the Releasees concerning exhibition of captioned and described motion pictures during the term of this Agreement.

3.5 Third Party Litigation. During the term of this Agreement, Plaintiff shall not advance a position that contradicts the terms of the Agreement in any third party litigation against AMC involving AMC's exhibition of captioned and/or described motion pictures or the lack thereof.

4. ADDITIONAL TERMS.

4.1 Relief for Aggrieved Persons. In exchange for the promises in this Section 4.1 and herein in this Agreement, Aggrieved Persons have agreed to execute a separate release incorporated by reference as Appendix A. Specifically, within thirty (30) days of the execution of this Agreement, AMC agrees to pay \$3,000 to the Arizona Center for

Disability Law and to give twelve complimentary movie passes to each of the Aggrieved Persons identified in this Agreement in exchange for the Aggrieved Persons' agreement to settle any and all claims by the Charging Parties. Payment shall be by check and will be made payable to the Arizona Center for Disability Law. The check and movies passes will be mailed to Michael Walker, Arizona Attorney General's Office, 1275 W. Washington, Phoenix, Arizona 85007.

4.2 Subsequent Regulations. Should the U.S. Department of Justice ("DOJ") issue regulations at any time during the term of this Agreement that sets forth a standard for provision of captioning and descriptive narration services or technology by movie theatres that is greater than the requirements of this Agreement, the parties agree that the DOJ regulations will supersede the relevant provisions of this Agreement.

4.3 Control over Captioning and Description Services. Plaintiff acknowledges that movie theatre operators, including AMC, do not control which motion pictures are captioned and/or described or otherwise enabled for captioning and narrative description. AMC makes no representations concerning the present or anticipated availability of motion pictures with captioning and narrative description. Nevertheless, AMC agrees it will not attempt to dissuade studios from captioning or providing narrative description for any motion pictures.

4.4 Press Release. The parties agree to negotiate the terms of an agreed joint press release prior to execution of this Agreement.

4.5 Movie Circulation and Scheduling. Subject to the availability of product, during the term of this Agreement, AMC agrees to make ongoing good faith efforts to book and schedule captioned and described movies through its captioning and narrative description equipped auditoriums in a way that offers as broad a choice of captioned and described movies as is reasonably practicable.

4.6 Maintenance of Current Level of Captioning and Narrative Description Equipment. During the term of this Agreement, AMC agrees to maintain its present

current level of captioning and descriptive narration equipment per equipped screen, including the reflectors, headsets, and/or PDAs. Although AMC has never experienced a shortage of such equipment, if a shortage develops, AMC will increase the number of devices to a level calculated to avoid shortages. In addition, AMC agrees to maintain its present inventory of captioning and descriptive video equipment in good and working order. AMC further agrees to maintain information in its current training curriculum for Arizona employees regarding operation and maintenance of the captioning and narrative description equipment, and to update AMC's training curriculum, if necessary, regarding new equipment that may be installed pursuant to Section 1.2 of this Agreement. The parties agree that the content, timing, need, and efficacy of any training is to be determined solely by AMC.

4.7 Advertisement of Motion Pictures Exhibited With Captioning and/or Narrative Descriptions. AMC agrees that advertisement and notice of the available captioned and described motion pictures at its Arizona theatres will be provided in a manner consistent with AMC's advertisement in other markets and noting that this manner may evolve over time.

4.8 Community Awareness. AMC agrees to sponsor, co-sponsor, or host one community awareness event related to captioning and/or descriptive narration, to be determined in its discretion, within one year after execution of this Agreement. AMC agrees to sponsor, co-sponsor, or host a second community awareness event related to captioning and/or descriptive narration, to be determined in its discretion, within one year after its Arizona theatres are converted to digital projection. AMC agrees that one of these Community Awareness events will occur in Tucson.

4.9 Reporting. AMC agrees to update Plaintiff in writing at twelve (12) month intervals following the execution of this Agreement as to AMC's ongoing efforts to obtain financing for its transition to digital cinema and the extent to which AMC has installed New Digital Captioning and Narrative Description Technology as contemplated

by Section 1.2 of this Agreement or installed any commercially reasonable alternative solution as contemplated in Section 2.1 of this Agreement. AMC agrees to send the report to Michael Walker, Civil Rights Division, Arizona Attorney General's Office, 1275 W. Washington Street, Phoenix, Arizona, 85007, or his successor.

4.10 Governing Law. This Agreement shall be governed in all respects by the law of the State of Arizona.

4.11 Amendment or Modification. This Agreement may be modified only by means of a written agreement, signed by all parties hereto.

4.12 Entire Agreement. This Agreement contains the entire understanding and agreement between the parties regarding the matters set forth in it. No representations, warranties, or promises have been made or relied upon by any party hereto, other than those contained herein. This Agreement supersedes any and all other prior agreements or drafts, either written or oral, between the parties with respect to the subject matter hereof.

4.13 Execution in Counterparts. This document may be executed in counterparts. All parties will sign three (3) copies of this Agreement and each copy will be considered an original.

4.14 Force Majeure. Failure of AMC to perform any action required by this Agreement will not subject it to any liability or remedy for damages or otherwise if such failure is caused in whole or in part by circumstances beyond the control of AMC, including, but not limited to, acts of God, fires, accidents, earthquakes, explosions, floods, wars, labor disputes or shortages, riots, sabotage, unavailability of captioned motion pictures or motion pictures containing narrative description, or any similar or dissimilar circumstances beyond the control of AMC; provided, however, that AMC has timely commenced its obligations under this Agreement in good faith and with due diligence. If force majeure requires only a delay in AMC's compliance with the terms of this Agreement, then the time requirements established herein will be delayed only to the extent required by the events or circumstances constituting force majeure.

4.15 Advice of Counsel. The parties hereto represent that they have read this Agreement in its entirety and are satisfied that they understand and agree to all its provisions, and represent that they have freely signed this Agree without coercion.

4.16 Third Party Beneficiaries. The parties acknowledge and agree that the terms of this Agreement, including but not limited to the releases of claims by Plaintiff, will inure to the benefit of AMC's affiliates, owners, predecessors, successors, stockholders, agents, directors, officers, members, partners, employees, insurers, representatives, lawyers, the successors or assigns of any of the foregoing, and all persons acting by, through, under or in concert with them, or any of them (the "Third Party Beneficiaries"). Such Third Party Beneficiaries include, without limitation, Marquee Holdings Inc., AMC Entertainment Inc., AMC Entertainment International, Inc., American Multi-Cinema, Inc., AMC Entertainment Holdings Inc., and Plitt Theatres, Inc.

4.17 Power and Authority to Execute. Each of the parties hereto represent that they have the power and the authority to execute and deliver this Agreement and to perform the obligations hereunder, and that each person executing this Agreement on each party's behalf has been authorized to sign on behalf of the respective party and to bind each to the terms of this Agreement.

AMERICAN MULTI-CINEMA, INC.

By

Kevin Connor
General Counsel
AMC Entertainment, Inc.

Date _____

**STATE OF ARIZONA
OFFICE OF ATTORNEY GENERAL
TERRY GODDARD
CIVIL RIGHTS DIVISION**

Melanie V. Pate
Chief Counsel
Civil Rights Division
1275 West Washington
Phoenix, AZ

Date _____

APPENDIX A

Release and Waiver of Liability

THIS IS A RELEASE AND WAIVER OF LIABILITY (hereinafter referred to as "Release") made this 16th day of March, 2009, by and between American Multi-Cinema, Inc. (hereinafter referred to as "AMC") and Larry Wanger and Frederick Lindstrom, by and through his legal guardian Rachel Lindstrom, and Ava Crowell (hereinafter referred to as "Aggrieved Person(s)").

The parties hereby agree as follows:

1. The Aggrieved Persons hereby fully release and discharge AMC from any and all liability, claims, demands, injuries, actions or causes of action, including attorneys' fees and costs, as a result of the claims brought in *State v. Marquee Holdings, Inc.*, CV 2006-017546 in consideration of the agreements and covenants set out in the Settlement Agreement to which this Release is attached and incorporated by reference.
2. This Release supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning all subject matters covered herein.
3. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release. This Release shall be construed as if such invalid, illegal, or unenforceable provision(s) had not been contained in the Release.

AMERICAN MULTI-CINEMA, INC.

AGGRIEVED PERSONS

By: _____

Kevin Connor
General Counsel
AMC Entertainment, Inc.

By: Rachel Lindstrom

Name: RACHEL LINDSTROM

Date: 3-16-2009

Date _____

By: Larry Wenger

Name: LARRY WENGER

Date: 3-16-09

By: Ava Crowell

Name: Ava Crowell

Date: 3-16-09

APPENDIX A

Release and Waiver of Liability

THIS IS A RELEASE AND WAIVER OF LIABILITY (hereinafter referred to as "Release") made this 16th day of March, 2009, by and between American Multi-Cinema, Inc. (hereinafter referred to as "AMC") and Larry Wanger and Frederick Lindstrom, by and through his legal guardian Rachel Lindstrom, and Ava Crowell (hereinafter referred to as "Aggrieved Person(s)").

The parties hereby agree as follows:

1. The Aggrieved Persons hereby fully release and discharge AMC from any and all liability, claims, demands, injuries, actions or causes of action, including attorneys' fees and costs, as a result of the claims brought in *State v. Marquee Holdings, Inc.*, CV 2006-017546 in consideration of the agreements and covenants set out in the Settlement Agreement to which this Release is attached and incorporated by reference.
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AMERICAN MULTI-CINEMA, INC.

AGGRIEVED PERSONS

By: _____

Kevin Connor
General Counsel
AMC Entertainment, Inc.

By: Rachel Lindstrom

Name: RACHEL LINDSTROM

Date: 3.16.2009

Date _____

By: L. Wager

Name: Larry Wager

Date: 3-16-09

By: Ava Crowell

Name: Ava Crowell

Date: 3-16-09

APPENDIX A

Release and Waiver of Liability

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The parties hereby agree as follows:

1. The Aggrieved Persons hereby fully release and discharge AMC from any and all liability, claims, demands, injuries, actions or causes of action, including attorneys' fees and costs, as a result of the claims brought in *State v. Marquee Holdings, Inc.*, CV 2006-017546 in consideration of the agreements and covenants set out in the Settlement Agreement to which this Release is attached and incorporated by reference.
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AMERICAN MULTI-CINEMA, INC.

AGGRIEVED PERSONS

By: _____

Kevin Connor
General Counsel
AMC Entertainment, Inc.

By: Rachel Lindstrom

Name: RACHEL LINDSTROM

Date: 3.16.2009

Date _____

By: L. Wasser

Name: LAWYER

Date: 3-16-09

By: Ava Crowell

Name: Ava Crowell

Date: 3-16-09