BHP BILLITON LTD
Form 6-K
July 11, 2006

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

Form 6

-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

June 16, 2006

BHP Billiton

Limited

-------------------------------- (Translation of registrant's name into English) 180 Lonsdale Street Melbourne VIC 3000 Australia--------------------------------

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: [x] Form 20-F [ ] Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): [ ]

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: [ ] Yes [x] No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

16 June 2006

To:	Australian Stock Exchange	cc:	New York Stock Exchange
			Swiss Stock Exchange

JSE Limited

London Stock Exchange

Deutsche Bank
UBS Zurich

Notification of Change of Interests of Directors and Connected Persons

(Australian Stock Exchange Listing Rules Appendix 3Y)

(Listing Rules and Disclosure Rules of the UK Listing Authority)

Name of entities	BHP Billiton Limited	BHP Billiton Plc
	ABN 49 004 028 077	REG NO 3196029

As part of a dual listed company structure, the Group voluntarily notifies all stock exchanges on which either BHP Billiton Limited or BHP Billiton Plc have primary or secondary listings, all those interest of directors and persons discharging managerial responsibilities of both entities in the securities of both entities (and changes to those interests) which are required to be disclosed under the Australian Stock Exchange (ASX) Listing Rules, the Listing Rules and Disclosure Rules of the United Kingdom Listing Authority, the Australian Corporations Act, the United Kingdom Companies Act and the Group's Securities Dealing Code.

We (the entities) advise the following information under ASX Listing Rule 3.19A.2, the UK Listing Authority Disclosure Rule 3.1.4 and as agent for the director for the purposes of section 205G of the Australian Corporations Act and in accordance with the Group's Securities Dealing Code.

Name of director	The Hon. E Gail de Planque
Date of last notice	21 October 2005
Date issuer informed of transaction	15 June 2006
Date and place of transaction	14 June 2006 on the New York Stock Exchange

Part 1 - Change of director's relevant interests in securities

Included in this Part are:

- in the case of a trust, interests in the trust made available by the responsible entity of the trust;
- details of the circumstance giving rise to the relevant interest;
- details and estimated valuation if the consideration is non-cash; and
- changes in the relevant interest of Connected Persons of the director.

Direct or indirect interest	Indirect
Nature of indirect interest	NYLife Securities Inc is the registered holder. Dr de Planque has a beneficial interest.

(including registered holder)	
Date of change	15 June 2006
No. of securities held prior to change	500 BHP Billiton Limited American Depositary Shares (ADS's) (representing 1,000 BHP Billiton Limited shares)
Class	ADS's in BHP Billiton Limited
Number acquired	400 (representing 800 BHP Billiton Limited shares)
Number disposed	-
Value/Consideration	US$37.44 per ADS (average)
No. of securities held after change	900 BHP Billiton Limited ADS's (representing 1,800 BHP Billiton Limited shares)
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	On-market purchase
Any additional information	-

Part 2 - Change of director's interests in contracts other than as described in Part 3

Included in this Part are:

- only details of a contract in relation to which the interest has changed; and
- details and estimated valuation if the consideration is non-cash.

Detail of contract	-
Nature of interest	-
Name of registered holder (if issued securities)	-
No. and class of securities to which interest related prior to change	-
Interest acquired	-
Interest disposed	-
Value/Consideration	-

Interest after change	-

Part 3 - Change

of director's interests in options or other rights granted by the entities

Included in this Part are only details of options or other rights granted which have changed, save for the total number of securities over which options or other rights are held following this notification.

Date of grant	-
Period during which or date on which exercisable	-
Total amount paid (if any) for the grant	-
Description of securities involved: class; number	-
Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise	-

Part 3 - Change

of director's interests in options or other rights granted by the entities (cont'd)

Total number of securities over which options or other rights held at the date of this notice	-
Any additional information	-

Part 4 - Contact details

Name of authorised officers responsible for making this notification on behalf of the entities	Mr S A Butcher - BHP Billiton Limited Ms E A Hobley - BHP Billiton Plc - BHP Billiton Plc
Contact details	Mr S A Butcher Tel: +61 3 9609 3323 Fax: +61 3 9609 4372 Ms E A Hobley Tel: +44 20 7802 4054 Fax: +44 20 7802 3054

The BHP Billiton Group is headquartered in Australia

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.

BHP Billiton Limited

Date: 16 June 2006

By: Karen Wood

Name: Karen Wood
Title: Company Secretary

0000;">On March 12, 2018, RSU awards of 653,669 units were granted to certain members of management and executive officers. The grant date fair value was approximately $10.2 million based on a stock price of $15.65 on March 12, 2018. Each RSU represents the right to receive one share of Class A common stock at a future date. The RSUs vest over 3 years with 1/3 vesting on each of January 2, 2019, 2020, and 2021. The RSUs will be settled within 30 days of vesting. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the RSUs began to accrue with respect to the RSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the RSUs.

· Performance Stock Unit Award: On March 12, 2018, PSU awards of 653,669 were granted to certain members of management and executive officers, with three-year cumulative adjusted EBITDA, diluted earnings per share, and net profit performance target conditions and service conditions, covering a performance period beginning January 1, 2018 and ending on December 31, 2020. The PSUs will vest based on achieving 80% to 120% of the performance targets with the corresponding vested unit amount ranging from 30% to 200%. If the performance target is met at 100%, the PSU awards granted on March 12, 2018, will vest at 653,669 units in the aggregate. No PSUs will vest if Holdings does not achieve 80% of the three-year cumulative adjusted EBITDA, diluted earnings per share, and net profit performance target. Additionally, unvested PSU’s shall be ratably forfeited upon termination of service prior to December 31, 2020. If service terminates prior to January 2, 2019, all unvested PSU’s shall be forfeited, if service terminates prior to January 2, 2020, 2/3 of unvested PSU’s shall be forfeited and if service terminates prior to January 4, 2021, 1/3 of unvested PSU’s shall be forfeited. The vested PSUs will be settled within 30 days of vesting which will occur upon certification of performance results by the Compensation Committee of the Board of Directors. A dividend equivalent equal to the amount paid in respect of one share of Class A common stock underlying the PSUs began to accrue with respect to the PSUs on the date of grant. Such accrued dividend equivalents are paid to the holder upon vesting of the PSUs.

The following table represents the nonvested RSU and PSU activity for the nine months ended September 30, 2018:

Weighted

	Shares of RSU and PSU	Average Grant Date Fair Value
Beginning balance at January 1, 2018	1,083,841	$ 28.61
Granted	1,313,152	15.65
Vested	(195,432)	28.46
Forfeited	(27,870)	20.49
Nonvested at September 30, 2018	2,173,691	$ 20.90

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Consolidated Statements of Stockholders’ Equity

For the Nine Months Ended September 30, 2018

(In millions, except share and per share data)	Class A Voting Common Stock Shares	Amount	Class B Voting Common Stock Shares	Amount	Additional Paid-in Capital	Treasury Stock Shares	Amount	Accumulated Other Comprehensive Income (Loss)	Ac Ea (D
Balances December 31, 2017	55,010,160	$ 0.5	75,826,927	$ 0.8	$ 2,241.6	3,232,625	$ (48.2)	$ 125.6	$ (
Cumulative effect adjustments for the adoption of new accounting principles (AS 606, ASU 2016-01 and ASU 2018-02)	—	—	—	—	—	—	—	4.4	(
Net earnings	—	—	—	—	—	—	—	—	
Other comprehensive income	—	—	—	—	—	—	—	10.5	
Dividends declared:									
Class A common stock, $0.20/share	—	—	—	—	—	—	—	—	(
Class B common stock, $0.20/share	—	—	—	—	—	—	—	—	(
Reversed dividend accrual for nonvested PSU's	—	—	—	—	—	—	—	—	(
RSUs surrendered to pay for payroll taxes	326,005	—	—	—	(1.8)	—	—	—	
Reclassification from temporary	27,195	—	—	—	0.3	—	—	—	

equity									
Stock-based compensation	28,055				2.8				
Balances March 31, 2018	55,391,415	$ 0.5	75,826,927	$ 0.8	$ 2,242.9	3,232,625	$ (48.2)	$ 140.5	$ (
Net earnings	—	—	—	—	—	—	—	—	2
Other comprehensive loss	—	—	—	—	—	—	—	(107.0)	
Dividends declared:									
Class A common stock, $0.20/share	—	—	—	—	—	—	—	—	(
Class B common stock, $0.20/share	—	—	—	—	—	—	—	—	(
Reclassification from temporary equity	9,910	—	—	—	0.1	—	—	—	
Stock-based compensation	—	—	—	—	4.0	—	—	—	
Class A common stock repurchases	—	—	—	—	—	500,000	(8.2)	—	
Balances June 30, 2018	55,401,325	$ 0.5	75,826,927	$ 0.8	$ 2,247.0	3,732,625	$ (56.4)	$ 33.5	$ (
Net loss	—	—	—	—	—	—	—	—	(
Other comprehensive loss	—	—	—	—	—	—	—	(7.5)	

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Dividends declared:										
Class A common stock, $0.20/share	—	—	—	—	—	—	—	—	(10.6)	(10.
Class B common stock, $0.20/share	—	—	—	—	—	—	—	—	(15.3)	(15.
Special dividend declared:										
Class A common stock, $1.55/share	—	—	—	—	—	—	—	—	(82.7)	(82.
Class B common stock, $1.55/share	—	—	—	—	—	—	—	—	(80.2)	(80.
Stock-based compensation	—	—	—	—	4.2	—	—	—	—	4.2
Class B common stock repurchase and cancellation	—	—	(24,057,143)	(0.3)	(256.7)	—	—	—	(165.9)	(422
Balances September 30, 2018	55,401,325	$ 0.5	51,769,784	$ 0.5	$ 1,994.5	3,732,625	$ (56.4)	$ 26.0	$ (710.6)	$ 1,25

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Consolidated Statements of Stockholder’s Equity

For the Nine Months Ended September 30, 2017

(In millions, except share and per share data)	Class A Voting Common Stock Shares	Class A Voting Common Stock Amount	Class B Voting Common Stock Shares	Class B Voting Common Stock Amount	Additional Paid-in Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income (Loss)	Accumula Earnings (Deficit)
Balances December 31, 2016	34,236,561	$ 0.3	75,826,927	$ 0.8	$ 1,627.3	36,769	$ (0.7)	$ (2.5)	$ 384.4
Net earnings	—	—	—	—	—	—	—	—	8.4
Other comprehensive loss	—	—	—	—	—	—	—	(1.9)	—
Dividends declared:									
Class A common stock, $0.20/share	—	—	—	—	—	—	—	—	(11.1)
Class B common stock, $0.20/share	—	—	—	—	—	—	—	—	(15.2)
Additional offering	20,330,874	0.2	—	—	617.5	—	—	—	—
RSUs surrendered to pay for payroll taxes	393,413	—	—	—	(6.5)	—	—	—	—
Stock-based compensation	13,684	—	—	—	(0.4)	—	—	—	—
Balances March 31, 2017	54,974,532	$ 0.5	75,826,927	$ 0.8	$ 2,237.9	36,769	$ (0.7)	$ (4.4)	$ 366.5
Net loss	—	—	—	—	—	—	—	—	(176.5)
Other comprehensive income	—	—	—	—	—	—	—	76.5	—
Dividends declared:									
Class A common stock, $0.20/share	—	—	—	—	—	—	—	—	(11.2)
	—	—	—	—	—	—	—	—	(15.2)

Class B common stock, $0.20/share									
Additional offering	—	—	—	—	(0.9)	—	—	—	—
Stock-based compensation		—	—	—	3.0	—	—	—	—
RSUs surrendered to pay for payroll taxes	795	—	—	—	—	—	—	—	—
Reclassification from temporary equity	27,197	—	—	—	0.3	—	—	—	—
Balances June 30, 2017	55,002,524	$ 0.5	75,826,927	$ 0.8	$ 2,240.3	36,769	$ (0.7)	$ 72.1	$ 163.6
Net loss	—	—	—	—	—	—	—	—	(42.7)
Other comprehensive income	—	—	—	—	—	—	—	33.7	—
Dividends declared:									
Class A common stock, $0.20/share	—	—	—	—	—	—	—	—	(11.2)
Class B common stock, $0.20/share	—	—	—	—	—	—	—	—	(15.2)
Stock-based compensation	—	—	—	—	(0.3)	—	—	—	—

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Class A common stock repurchases	—	—	—	—	—	1,068,300	(16.5)	—	—	(16.5)
Balances September 30, 2017	55,002,524	$ 0.5	75,826,927	$ 0.8	$ 2,240.0	1,105,069	$ (17.2)	$ 105.8	$ 94.5	$ 2,424.4

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NOTE 8—INCOME TAXES

The Company's worldwide effective income tax rate is based on expected income, statutory rates, valuation allowances against deferred tax assets and tax planning opportunities available in the various jurisdictions in which it operates. For interim financial reporting, the Company estimates the worldwide annual income tax rate based on projected taxable income for the full year and records a quarterly income tax provision or benefit in accordance with the anticipated annual rate, adjusted for discrete items, if any. The Company refines the estimates of the year's taxable income as new information becomes available, including actual year-to-date financial results. This continual estimation process often results in a change to the expected worldwide effective income tax rate for the year. When this occurs, the Company adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected income tax rate. Significant judgment is required in determining the effective tax rate. The Company recognizes income tax-related interest expense and penalties as income tax expense and general and administrative expense, respectively.

At September 30, 2018 and December 31, 2017, the Company has net deferred tax liabilities of $14.8 million and $20.7 million, respectively. During the fourth quarter of 2017, the Company determined that it was appropriate to record a valuation allowance against U.S. deferred tax assets. In addition, several international jurisdictions carry valuation allowances against their deferred tax assets. As a result, the effective tax rate for the period ended September 30, 2018 reflects the impact of these valuation allowances against U.S. and international deferred tax assets generated during the nine month period. For the remainder of 2018, the Company anticipates income tax expense will relate solely to domestic state tax expense and international tax expense incurred in certain profitable jurisdictions. The Company evaluates its deferred tax assets each period to determine if a valuation allowance is required based on whether it is "more likely than not" that some portion of the deferred tax assets would not be realized. The ultimate realization of these deferred tax assets is dependent upon the generation of sufficient taxable income during future periods on a federal, state and foreign jurisdiction basis. The Company conducts its evaluation by considering all available positive and negative evidence, including historical operating results, forecasts of future profitability, the duration of statutory carryforward periods, and the outlooks for the U.S. motion picture and broader economy, among others.

The projected worldwide effective tax rate based on annual projected earnings for the year ending December 31, 2018 is (3.4)%. The actual effective rate for the nine months ended September 30, 2018 was (27.9)%. The Company's consolidated tax rate for the nine months ended September 30, 2018 differs from the U.S. statutory tax rate primarily due to the valuation allowances in U.S. and foreign jurisdictions, foreign tax rate differences, state taxes, permanent differences related to interest, compensation, and other discrete items.

Tax contingencies and other income tax liabilities were $18.1 million and $15.3 million as of September 30, 2018 and December 31, 2017, respectively, and are included in other long-term liabilities. The increase relates primarily to state income taxes and state income tax credits. The Company also continues to be subject to examination by the IRS and the fiscal year ended March 29, 2012 (tax year 2011) is currently under extended statute. The Company's operations in certain jurisdictions outside of the U.S. remain subject to examination for tax years 2012 to 2016, some of which are currently under audit by local tax authorities. The resolutions of these audits are not expected to be material to the Company's consolidated financial statements. The Company believes its allowances for income tax contingencies are adequate. Based on the information currently available, the Company does not anticipate a material (or significant) increase or decrease to its tax contingencies within the next 12 months.

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (the "Tax Reform Act"). The legislation significantly changed U.S. tax law by, among other things, lowering corporate income tax rates, implementing a territorial tax system and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. The Tax Reform Act permanently reduced the U.S. corporate income tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018.

While the Tax Reform Act provides for a territorial tax system, beginning in 2018, it includes the global intangible low-taxed income ("GILTI") provisions. The GILTI provisions require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. For 2018, the Company has determined the GILTI provisions could accelerate the utilization of its domestic net operating loss carryforwards. However, the Company's effective tax rate is not impacted due to the valuation allowance established against domestic deferred tax assets in the fourth quarter of 2017.

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On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. The Company recognized provisional tax impacts of zero related to the deemed repatriated earnings and the revaluation of deferred tax assets and liabilities in its consolidated financial statements for the year ended December 31, 2017. During the three months ended September 30, 2018, the Company finalized its assessment of the deemed repatriated earnings component of the Tax Reform Act, confirming a zero impact on the consolidated statement of operations and consolidated balance sheet as presented in the 2017 Form 10-K.

NOTE 9—FAIR VALUE MEASUREMENTS

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the entity transacts business. The inputs used to develop these fair value measurements are established in a hierarchy, which ranks the quality and reliability of the information used to determine the fair values. The fair value classification is based on levels of inputs. Assets and liabilities that are carried at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

Recurring Fair Value Measurements. The following table summarizes the fair value hierarchy of the Company’s financial assets and liabilities carried at fair value on a recurring basis as of September 30, 2018:

		Fair Value Measurements at September 30, 2018 Using		
(In millions)	Total Carrying Value at September 30, 2018	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)

Other long-term assets:				
Money market mutual funds	$ 0.5	$ 0.5	$ —	$ —
Equity securities, available-for-sale:				
Investments measured at net asset value (1)	10.8	—	—	—
Total assets at fair value	$ 11.3	$ 0.5	$ —	$ —
Other long-term liabilities:				
Derivative liability	$ 144.5	$ —	$ —	$ 144.5
Total liabilities at fair value	$ 144.5	$ —	$ —	$ 144.5

(1) The investments relate to a non-qualified deferred compensation arrangement on behalf of certain members of management. The Company has an equivalent liability for this related-party transaction recorded in other long-term liabilities for the deferred compensation obligation.

Valuation Techniques. The Company's money market mutual funds are invested in funds that seek to preserve principal, are highly liquid, and therefore are recorded on the balance sheet at the principal amounts deposited, which equals fair value. See Note 11—Accumulated Other Comprehensive Income for the unrealized gain on the equity securities recorded in accumulated other comprehensive income.

On September 14, 2018, the Company issued Convertible Notes due 2024 with a conversion feature that gave rise to an embedded derivative instrument (See Note 6 – Corporate Borrowings). The derivative feature has been valued using a Monte Carlo simulation approach. The Monte Carlo simulation approach consists of simulated common stock prices from the valuation date to the maturity of the Convertible Notes. Increases or decreases in the Company's share price, the volatility of the share price, the passage of time, risk-free interest rate, discount yield, and dividend yield will

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all impact the value of the derivative instrument. The Company re-values the derivative instrument at the end of each reporting period and any changes are recorded in other expense (income) in the consolidated statements of operations.

Other Fair Value Measurement Disclosures. The Company is required to disclose the fair value of financial instruments that are not recognized at fair value in the statement of financial position for which it is practicable to estimate that value:

		Fair Value Measurements at September 30, 2018 Using		
(In millions)	Total Carrying Value at September 30, 2018	Quoted prices in active market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Current maturities of corporate borrowings	$ 15.2	$ —	$ 14.0	$ 1.4
Corporate borrowings	4,833.6	—	4,298.1	510.2

Valuation Technique. Quoted market prices and observable market based inputs were used to estimate fair value for Level 2 inputs. The Level 3 fair value measurement represents the transaction price of the corporate borrowings under market conditions. On September 14, 2018, the Company issued $600.0 million of Convertible Notes due 2024. These notes were issued by private placement, as such there is no observable market for these Convertible Notes. The Company valued these notes at principal value less a discount reflecting a market yield to maturity. See Note 6 – Corporate Borrowings for further information.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments.

NOTE 10—THEATRE AND OTHER CLOSURE AND DISPOSITION OF ASSETS

A rollforward of reserves for theatre and other closure and disposition of assets is as follows:

	Nine Months Ended	
(In millions)	September 30, 2018	September 30, 2017
Beginning balance, December 31, 2017 and December 31, 2016, respectively	$ 27.5	$ 34.6
Theatre and other closure expense	3.1	1.1
Transfer of assets and liabilities	1.0	1.2
Foreign currency translation adjustment	(0.3)	1.0
Cash payments	(9.9)	(8.3)
Ending balance	$ 21.4	$ 29.6

In the accompanying Consolidated Balance Sheets, as of September 30, 2018, the current portion of the ending balance totaling $7.3 million is included with accrued expenses and other liabilities and the long-term portion of the ending balance totaling $14.1 million is included with other long-term liabilities. Theatre and other closure reserves for leases that have not been terminated were recorded at the present value of the future contractual commitments for the base rents, taxes and maintenance.

During the three months ended September 30, 2018 and September 30, 2017, the Company recognized theatre and other closure (income) expense of $0.9 million and $(0.6) million, respectively, and during the nine months ended September 30, 2018 and September 30, 2017, the Company recognized theatre and other closure expense of $3.1 million and $1.1 million, respectively. Theatre and other closure expense included the accretion on previously closed properties with remaining lease obligations.

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NOTE 11—ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the change in accumulated other comprehensive income by component:

(In millions)	Foreign Currency	Pension and Other Benefits	Unrealized Net Gain from Marketable Securities	Unrealized Net Gain from Equity Method Investees' Cash Flow Hedge	Total
Balance, December 31, 2017	$ 129.9	$ (6.6)	$ 0.6	$ 1.7	$ 125.6
Other comprehensive income (loss) before reclassifications	(101.6)	(1.4)	—	0.2	(102.8)
Amounts reclassified from accumulated other comprehensive income	1.0	—	—	(2.2)	(1.2)
Other comprehensive income (loss)	(100.6)	(1.4)	—	(2.0)	(104.0)
Adoption of ASU 2016-01 - reclassification to retained earnings	—	—	(0.6)	—	(0.6)
Adoption of ASU 2018-02 - reclassification to retained earnings	4.0	0.6	—	0.4	5.0
Balance, September 30, 2018	$ 33.3	$ (7.4)	$ —	$ 0.1	$ 26.0

The tax effects allocated to each component of other comprehensive income (loss) during the three months ended September 30, 2018 and September 30, 2017 are as follows:

	Three Months Ended September 30, 2018			September 30, 2017		
(In millions)	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Unrealized foreign currency translation adjustment (1)	$ (5.7)	$ —	$ (5.7)	$ 39.0	$ (4.6)	$ 34.4

Pension and other benefit adjustments:						
Net gain arising during the period	0.2	(0.1)	0.1	—	—	—
Marketable securities:						
Unrealized net holding gain (loss) arising during the period	—	—	—	0.4	(0.2)	0.2
Equity method investees' cash flow hedge:						
Unrealized net holding loss arising during the period	—	—	—	0.1	—	0.1
Realized net loss reclassified into equity in earnings of non-consolidated entities	(2.5)	0.6	(1.9)	(1.6)	0.6	(1.0)
Other comprehensive income (loss)	$ (8.0)	$ 0.5	$ (7.5)	$ 37.9	$ (4.2)	$ 33.7

(1) Deferred tax impacts of foreign currency translation for the Odeon and Nordic international operations have not been recorded due to the Company’s intent to remain permanently invested.

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The tax effects allocated to each component of other comprehensive income (loss) during the nine months ended September 30, 2018 and September 30, 2017 are as follows:

	Nine Months Ended September 30, 2018			September 30, 2017		
(In millions)	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Unrealized foreign currency translation adjustment (1)	$ (101.7)	$ 0.1	$ (101.6)	$ 120.4	$ (11.1)	$ 109.3
Realized loss on foreign currency transactions	1.0	—	1.0	—	—	—
Pension and other benefit adjustments:						
Net loss arising during the period	(1.5)	0.2	(1.3)	—	—	—
Amortization of net (gain) loss reclassified into general and administrative: other	—	—	—	(0.5)	—	(0.5)
Marketable securities:						
Unrealized net holding gain (loss) arising during the period	—	—	—	0.9	(0.4)	0.5
Realized net gain reclassified into investment expense (income)	—	—	—	(0.1)	—	(0.1)
Equity method investees' cash flow hedge:						
Unrealized net holding gain (loss) arising during the period	0.2	—	0.2	—	—	—
Realized net (gain) loss reclassified into equity in earnings of non-consolidated entities	(2.8)	0.6	(2.2)	(1.5)	0.6	(0.9)
Other comprehensive income (loss)	$ (104.8)	$ 0.9	$ (103.9)	$ 119.2	$ (10.9)	$ 108.3

(1) Deferred tax impacts of foreign currency translation for the Odeon and Nordic international operations have not been recorded due to the Company’s intent to remain permanently invested.

NOTE 12—OPERATING SEGMENTS

The Company reports information about operating segments in accordance with ASC 280-10, Segment Reporting, which requires financial information to be reported based on the way management organizes segments within a company for making operating decisions and evaluating performance. Beginning with the Company’s acquisition of Odeon in 2016, the Company has identified two reportable segments for its theatrical exhibition operations, U.S. markets and International markets. The International markets reportable segments consist of two operating segments (Odeon Theatres and Nordic Theatres) with operations in or partial interest in theatres in the United Kingdom, Germany, Spain, Italy, Ireland, Austria, Portugal, Sweden, Finland, Estonia, Latvia, Lithuania, Norway, Denmark, and the Kingdom of Saudi Arabia. Each segment's revenue is derived from admissions, food and beverage sales and other ancillary revenues, primarily screen advertising, AMC Stubs® membership fees, ticket sales, gift card income and exchange ticket income. The two international operating segments are combined into one reportable segment (International markets) because they have similar economic characteristics and meet the aggregation criteria described in the accounting guidance for segment reporting. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, as defined in the reconciliation table below. The Company does not report asset information by segment because that information is not used to evaluate the performance of or allocate resources between segments.

Below is a breakdown of select financial information by reportable operating segment:

	Three Months Ended		Nine Months Ended	
Revenues (In millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
U.S. markets	$ 895.6	$ 845.7	$ 3,007.1	$ 2,745.2
International markets	325.8	333.0	1,040.4	917.2
Total revenues	$ 1,221.4	$ 1,178.7	$ 4,047.5	$ 3,662.4

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Adjusted EBITDA (1) (In millions)	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
U.S. markets (2)	$ 105.0	$ 107.6	$ 535.6	$ 420.6
International markets	37.4	39.8	129.5	113.7
Total Adjusted EBITDA	$ 142.4	$ 147.4	$ 665.1	$ 534.3

(1) The Company presents Adjusted EBITDA as a supplemental measure of its performance. The Company defines Adjusted EBITDA as net earnings (loss) plus (i) income tax provision (benefit), (ii) interest expense and (iii) depreciation and amortization, as further adjusted to eliminate the impact of certain items that the Company does not consider indicative of its ongoing operating performance and to include attributable EBITDA from equity investments in theatre operations in international markets and any cash distributions of earnings from its other equity method investees. The measure of segment profit and loss the Company uses to evaluate performance and allocate its resources is Adjusted EBITDA, which is consistent with how Adjusted EBITDA is defined in our debt indentures.

(2) Distributions from NCM are reported entirely within the U.S. markets segment.

Capital Expenditures (In millions)	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
U.S. markets	$ 92.9	$ 126.9	$ 264.9	$ 416.6
International markets	40.9	22.8	110.0	51.1
Total capital expenditures	$ 133.8	$ 149.7	$ 374.9	$ 467.7

Financial Information About Geographic Area:

Revenues (In millions)	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
United States	$ 895.6	$ 845.7	$ 3,007.1	$ 2,745.2
United Kingdom	123.4	127.8	379.7	366.9
Spain	47.9	47.4	139.7	132.3
Sweden	43.1	47.9	137.0	89.2
Italy	29.5	33.2	124.1	125.9
Germany	22.3	26.6	79.6	86.6
Finland	22.2	21.9	72.3	41.5
Ireland	10.3	10.2	29.6	28.2
Other foreign countries	27.1	18.0	78.4	46.6

Total	$ 1,221.4	$ 1,178.7	$ 4,047.5	$ 3,662.4

Long-term assets, net (In millions)	As of September 30, 2018	As of December 31, 2017
United States	$ 5,775.9	$ 5,866.8
International	2,900.6	3,066.7
Total long-term assets (1)	$ 8,676.5	$ 8,933.5

(1) Long-term assets are comprised of property, intangible assets, goodwill, deferred income tax assets and other long-term assets.

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The following table sets forth a reconciliation of net earnings (loss) to Adjusted EBITDA:

	Three Months Ended		Nine Months Ended	
(In millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net earnings (loss)	$ (100.4)	$ (42.7)	$ (60.5)	$ (210.8)
Plus:				
Income tax provision (benefit)	11.1	(17.6)	13.2	(136.4)
Interest expense	84.0	71.4	248.9	203.4
Depreciation and amortization	130.2	135.2	398.4	393.9
Certain operating expenses (1)	6.6	3.7	16.2	12.5
Equity in (earnings) loss of non-consolidated entities (2)	(70.0)	1.8	(74.0)	199.1
Cash distributions from non-consolidated entities (3)	3.1	6.5	30.9	33.1
Attributable EBITDA (4)	2.1	0.8	3.7	1.8
Investment (income) expense	(0.7)	(16.6)	(7.4)	(21.6)
Other expense (income) (5)	54.1	(0.6)	57.7	(1.8)
General and administrative — unallocated:				
Merger, acquisition and transaction costs (6)	18.1	5.6	27.1	57.2
Stock-based compensation expense (7)	4.2	(0.1)	10.9	3.9
Adjusted EBITDA	$ 142.4	$ 147.4	$ 665.1	$ 534.3

(1) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses included in operating expenses. The Company has excluded these items as they are non-cash in nature, include components of interest cost for the time value of money or are non-operating in nature.

(2) During the three months ended September 30, 2018, we recorded equity in earnings related to our sale of all remaining NCM units of $28.9 million and a gain of $30.1 million related to the Screenvision merger. Equity in loss of non-consolidated entities also includes loss on the surrender (disposition) of a portion of our investment in NCM of $1.1 million during the three months ended March 31, 2018. Equity in (earnings) loss of non-consolidated entities includes a lower of carrying value or fair value impairment loss of the held-for sale portion of our investment in NCM of $16.0 million for the nine months ended September 30, 2018. The nine months ended September 30, 2017 included an other-than-temporary impairment loss of $204.5 million, on our investment in NCM. The three months ended September 30, 2017 included a loss on the sale of NCM shares of $21.0 million. The impairment charges reflect recording our held-for-sale units and other-than-temporary impaired shares at the publicly quoted per share price on March 31, 2018 of $5.19 and June 30, 2017 of $7.42.

(3) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. The Company believes including cash distributions is an appropriate reflection of the contribution of these investments to its operations.

(4)

Attributable EBITDA includes the EBITDA from equity investments in theatre operators in certain international markets. See below for a reconciliation of the Company's equity loss of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where the Company holds a significant market share, the Company believes attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. The Company also provides services to these theatre operators including information technology systems, certain on-screen advertising services and our gift card and package ticket program. As these investments relate only to our Nordic acquisition, the second quarter of 2017 represents the first time the Company made this adjustment and does not impact prior historical presentations of Adjusted EBITDA.

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(In millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Equity in (earnings) loss of non-consolidated entities	$ (70.0)	$ 1.8	$ (74.0)	$ 199.1
Less:				
Equity in (earnings) loss of non-consolidated entities excluding international theatre JV's	(68.5)	2.1	(72.1)	199.6
Equity in earnings (loss) of International theatre JV's	1.5	0.3	1.9	0.5
Income tax provision	0.1	—	0.2	—
Investment income	(0.1)	—	(0.3)	—
Depreciation and amortization	0.6	0.5	1.9	1.3
Attributable EBITDA	$ 2.1	$ 0.8	$ 3.7	$ 1.8

(5) Other expense (income) for the three and nine months ended September 30, 2018 includes financing losses and financing related foreign currency transaction losses. During the three months ended September 30, 2018, we recorded expense of $54.1 million as a result of an increase in fair value of our derivative liability for the Convertible Notes due 2024.

(6) Merger, acquisition and transition costs are excluded as they are non-operating in nature.

(7) Stock-based compensation expense is non-cash or non-recurring expense included in general and administrative: other.

NOTE 13—EMPLOYEE BENEFIT PLANS

The Company sponsors frozen non-contributory qualified and non-qualified defined benefit pension plans generally covering all employees who, prior to the freeze, were age 21 or older and had completed at least 1,000 hours of service in their first twelve months of employment, or in a calendar year ending thereafter, and who were not covered by a collective bargaining agreement. The Company also sponsors a postretirement deferred compensation plan.

Net periodic benefit cost (credit) recognized for the plans in other expense (income) during the three months ended September 30, 2018 and September 30, 2017 consists of the following:

(In millions)	U.S. Pension Benefits Three Months Ended September 30, 2018	U.S. Pension Benefits Three Months Ended September 30, 2017	International Pension Benefits Three Months Ended September 30, 2018	International Pension Benefits Three Months Ended September 30, 2017
Components of net periodic benefit cost:				
Interest cost	$ 1.0	$ 1.1	$ 0.6	$ 0.7
Expected return on plan assets	(0.8)	(0.8)	(0.8)	(0.8)
Net periodic benefit cost (credit)	$ 0.2	$ 0.3	$ (0.2)	$ (0.1)

Net periodic benefit cost (credit) recognized for the plans in other expense (income) during the nine months ended September 30, 2018 and September 30, 2017 consist of the following:

(In millions)	U.S. Pension Benefits Nine Months Ended September 30, 2018	U.S. Pension Benefits Nine Months Ended September 30, 2017	International Pension Benefits Nine Months Ended September 30, 2018	International Pension Benefits Nine Months Ended September 30, 2017
Components of net periodic benefit cost:				
Interest cost	$ 3.0	$ 3.2	$ 2.0	$ 2.0
Expected return on plan assets	(2.4)	(2.4)	(2.5)	(2.4)
Net periodic benefit cost (credit)	$ 0.6	$ 0.8	$ (0.5)	$ (0.4)

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Net periodic service cost (credit) recognized for the plans in general and administrative: other: during the three months ended September 30, 2018 and September 30, 2017 consists of the following:

	U.S. Pension Benefits Three Months Ended		International Pension Benefits Three Months Ended	
(In millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net periodic service cost	$ —	$ —	$ 0.1	$ 0.1

Net periodic service cost (credit) recognized for the plans in general and administrative: other: during the nine months ended September 30, 2018 and September 30, 2017 consists of the following:

	U.S. Pension Benefits Nine Months Ended		International Pension Benefits Nine Months Ended	
(In millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net periodic service cost	$ —	$ —	$ 0.4	$ 0.2

NOTE 14—COMMITMENTS AND CONTINGENCIES

The Company, in the normal course of business, is a party to various ordinary course claims from vendors (including food and beverage suppliers and film distributors), landlords, competitors, and other legal proceedings. If management believes that a loss arising from these actions is probable and can reasonably be estimated, the Company records the amount of the loss, or the minimum estimated liability when the loss is estimated using a range and no point is more probable than another. As additional information becomes available, any potential liability related to these actions is assessed and the estimates are revised, if necessary. Management believes that the ultimate outcome of such matters, individually and in the aggregate, will not have a material adverse effect on the Company’s consolidated financial position or overall trends in results of operations. However, litigation and claims are subject to inherent uncertainties and unfavorable outcomes can occur. An unfavorable outcome might include monetary damages. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on the results of operations in the period in which the outcome occurs or in future periods.

On January 12, 2018 and January 19, 2018, two putative federal securities class actions, captioned Hawaii Structural Iron workers Pension Trust Fund v. AMC Entertainment Holdings, Inc., et al., Case No. 1:18-cv-00299-AJN (the “Hawaii Action”), and Nichols v. AMC Entertainment Holdings, Inc., et al., Case No. 1:18-cv-00510-AJN (the “Nichols Action,” and together with the Hawaii Action, the “Actions”), respectively, were filed against the Company in the U.S. District Court for the Southern District of New York. The Actions, which name certain of the Company’s officers and directors and, in the case of the Hawaii Action, the underwriters of the Company’s February 8, 2017 secondary public offering, as defendants, asserted claims under some or all of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 with respect to alleged material misstatements and omissions in the registration statement for the secondary public offering and in certain other public disclosures. On May 30, 2018, the court consolidated the Actions and appointed the International Union of Operating Engineers Pension Fund of Eastern Pennsylvania and Delaware as lead plaintiff. On August 13, 2018, lead plaintiff and additional named plaintiff Hawaii Structural Iron Workers Pension Trust Fund filed a Consolidated Class Action Complaint. On October 12, 2018, the defendants filed motions to dismiss the Consolidated Class Action Complaint. On October 24, 2018, the court granted lead plaintiff’s and Hawaii Structural Iron Workers Pension Trust Fund’s request that they be permitted to file an amended complaint on or before November 21, 2018.

On May 21, 2018, a stockholder derivative complaint, captioned Gantulga v. Aron, et al., Case No. 2:18-cv-02262-JAR-TJJ (the “Gantulga Action”), was filed against certain of the Company’s officers and directors in the U.S. District Court for the District of Kansas. The Gantulga Action, which was filed on behalf of the Company, asserts claims under Section 14(a) of the Securities Exchange Act of 1934 and for breaches of fiduciary duty and unjust enrichment based on allegations substantially similar to the Actions. On August 27, 2018, defendants and the Company as nominal defendant filed a motion to dismiss or, in the alternative, to transfer the action to the U.S. District Court for the Southern District of New York. On September 17, 2018, plaintiff filed an amended complaint. On October 12, 2018, the parties filed a joint motion to transfer the action to the U.S. District Court for the Southern District of New York, which the court granted on October 15, 2018.

On June 25, 2018, the Company received a letter from a purported stockholder demanding to inspect certain of

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the Company’s books and records pursuant to 8 Del. C. § 220 in order to investigate allegations substantially similar to those alleged in the Actions (the “Demand”). On July 2, 2018, the Company rejected the Demand.

The Company believes the claims lack merit and intends to vigorously defend all claims asserted.

On May 28, 2015, the Company received a Civil Investigative Demand (“CID”) from the Antitrust Division of the United States Department of Justice in connection with an investigation under Sections 1 and 2 of the Sherman Antitrust Act. Beginning in May 2015, the Company also received CIDs from the Attorneys General for the States of Ohio, Texas, Washington, Florida, New York, Kansas, and from the District of Columbia, regarding similar inquiries under those states’ antitrust laws. The CIDs requested the production of documents and answers to interrogatories concerning potentially anticompetitive conduct, including film clearances and participation in certain joint ventures. On September 17, 2018, the Attorney General for the State of Texas closed its investigation without taking action. The Company does not believe it has violated federal or state antitrust laws and is cooperating with the relevant governmental authorities. However, the Company cannot predict the ultimate scope, duration or outcome of these investigations.

NOTE 15—EARNINGS (LOSS) PER SHARE

Basic net earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding. Diluted earnings per share includes the effects of unvested RSU’s with a service condition only and unvested contingently issuable RSUs and PSUs that have service and performance conditions, if dilutive, as well as potential dilutive shares from the conversion feature of the Convertible Notes due 2024, if dilutive.

The following table sets forth the computation of basic and diluted earnings (loss) per common share:

	Three Months Ended		Nine Months Ended	
(In millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Numerator:				
Net loss	$ (100.4)	$ (42.7)	$ (60.5)	$ (210.8)
Denominator (shares in thousands):				
Weighted average shares for basic earnings (loss) per common share	123,126	131,077	126,386	127,902
Common equivalent shares for RSUs and PSUs	—	—	—	—

Shares for diluted loss per common share	123,126	131,077	126,386	127,902
Basic loss per common share	$ (0.82)	$ (0.33)	$ (0.48)	$ (1.65)
Diluted loss per common share	$ (0.82)	$ (0.33)	$ (0.48)	$ (1.65)

Vested RSUs and PSU's have dividend rights identical to the Company's Class A and Class B common stock and are treated as outstanding shares for purposes of computing basic and diluted earnings per share. Certain unvested RSUs and unvested PSUs are subject to performance conditions and are included in diluted earnings per share, if dilutive, based on the number of shares, if any, that would be issuable under the terms of the Company's 2013 Equity Incentive Plan if the end of the reporting period were the end of the contingency period. During the nine months ended September 30, 2018, unvested PSU's of 411,657 at the minimum performance target were not included in the computation of diluted earnings (loss) per share since the shares would not be issuable under the terms of the Plan, if the end of the reporting period were the end of the contingency period and they would also be anti-dilutive. During the nine months ended September 30, 2018, unvested RSU's of 902,004 were not included in the computation of diluted earnings (loss) per share because they would be anti-dilutive.

The Company uses the if-converted method for calculating any potential dilutive effect of the Convertible Notes due 2024. The Company has not adjusted net loss for the three and nine months ended September 30, 2018 to eliminate the interest expense or the charge for the derivative liability related to the Convertible Notes due 2024 of $1.5 million and $54.1 million, respectively. The Company has not included in diluted weighted average shares approximately 5.9 million shares and 2.0 million shares upon conversion for the three and nine months ended September 30, 2018, respectively, as the effects would be anti-dilutive. Based on the current conversion price of $18.95 per share the Convertible Notes due 2024 are convertible into 31,662,269 Class A common shares.

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NOTE 16—CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, Financial statements of guarantors and issuers of guaranteed securities registered or being registered. Each of the subsidiary guarantors are 100% owned by Holdings. The subsidiary guarantees of the Company's Notes due 2022, the Sterling Notes due 2024, the Notes due 2025, the Notes due 2026, and the Notes due 2027 are full and unconditional and joint and several and subject to customary release provisions. The Company and its subsidiary guarantors' investments in its consolidated subsidiaries are presented under the equity method of accounting.

Consolidating Statement of Operations

Three Months Ended September 30, 2018:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Revenues					
Admissions	$ —	$ 446.6	$ 304.8	$ —	$ 751.4
Food and beverage	—	240.5	144.3	—	384.8
Other theatre	—	49.4	35.8	—	85.2
Total revenues	—	736.5	484.9	—	1,221.4
Operating costs and expenses					
Film exhibition costs	—	240.8	138.0	—	378.8
Food and beverage costs	—	37.2	26.4	—	63.6
Operating expense, excluding depreciation and amortization	—	227.3	173.2	—	400.5
Rent	—	127.9	75.8	—	203.7
General and administrative:					
Merger, acquisition and transaction costs	—	9.0	9.1	—	18.1
Other, excluding depreciation and amortization	—	31.7	16.7	—	48.4
Depreciation and amortization	—	69.2	61.0	—	130.2
Operating costs and expenses	—	743.1	500.2	—	1,243.3
Operating loss	—	(6.6)	(15.3)	—	(21.9)
Other expense (income):					
Equity in net (earnings) loss of subsidiaries	42.5	(10.4)	—	(32.1)	—

Other expense (income)	54.1	0.5	(0.5)	—	54.1
Interest expense:					
Corporate borrowings	63.6	59.8	0.8	(59.9)	64.3
Capital and financing lease obligations	—	1.7	7.7	—	9.4
Non-cash NCM exhibitor service agreement	—	10.3	—	—	10.3
Equity in earnings of non-consolidated entities	—	(37.2)	(32.8)	—	(70.0)
Investment income	(59.8)	(0.9)	0.1	59.9	(0.7)
Total other expense (income)	100.4	23.8	(24.7)	(32.1)	67.4
Earnings (loss) before income taxes	(100.4)	(30.4)	9.4	32.1	(89.3)
Income tax provision (benefit)	—	12.1	(1.0)	—	11.1
Net earnings (loss)	$ (100.4)	$ (42.5)	$ 10.4	$ 32.1	$ (100.4)

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Consolidating Statement of Operations

Three Months Ended September 30, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Revenues					
Admissions	$ —	$ 438.2	$ 315.3	$ —	$ 753.5
Food and beverage	—	222.0	139.4	—	361.4
Other theatre	—	36.7	27.1	—	63.8
Total revenues	—	696.9	481.8	—	1,178.7
Operating costs and expenses					
Film exhibition costs	—	221.5	143.3	—	364.8
Food and beverage costs	—	33.5	27.2	—	60.7
Operating expense, excluding depreciation and amortization	—	216.5	166.7	—	383.2
Rent	—	123.0	77.7	—	200.7
General and administrative:					
Merger, acquisition and transaction costs	—	3.7	1.9	—	5.6
Other, excluding depreciation and amortization	0.3	16.4	15.9	—	32.6
Depreciation and amortization	—	72.9	62.3	—	135.2
Operating costs and expenses	0.3	687.5	495.0	—	1,182.8
Operating income (loss)	(0.3)	9.4	(13.2)	—	(4.1)
Other expense (income):					
Equity in net (earnings) loss of subsidiaries	38.9	20.9	—	(59.8)	—
Other expense (income)	—	(0.1)	(0.3)	—	(0.4)
Interest expense:					
Corporate borrowings	60.3	57.7	0.5	(57.7)	60.8
Capital and financing lease obligations	—	1.9	8.7	—	10.6
Equity in (earnings) loss of non-consolidated entities	—	3.8	(2.0)	—	1.8
Investment income	(56.8)	(17.0)	(0.5)	57.7	(16.6)
Total other expense	42.4	67.2	6.4	(59.8)	56.2
Loss before income taxes	(42.7)	(57.8)	(19.6)	59.8	(60.3)
Income tax benefit	—	(18.9)	1.3	—	(17.6)
Net loss	$ (42.7)	$ (38.9)	$ (20.9)	$ 59.8	$ (42.7)

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Consolidating Statement of Operations

Nine Months Ended September 30, 2018:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Revenues					
Admissions	$ —	$ 1,514.8	$ 1,007.9	$ —	$ 2,522.7
Food and beverage	—	776.5	459.9	—	1,236.4
Other theatre	—	170.9	117.5	—	288.4
Total revenues	—	2,462.2	1,585.3	—	4,047.5
Operating costs and expenses					
Film exhibition costs	—	824.0	452.7	—	1,276.7
Food and beverage costs	—	118.0	84.0	—	202.0
Operating expense, excluding depreciation and amortization	—	694.1	542.8	—	1,236.9
Rent	—	356.1	237.0	—	593.1
General and administrative:					
Merger, acquisition and transaction costs	—	15.2	11.9	—	27.1
Other, excluding depreciation and amortization	—	84.7	50.9	—	135.6
Depreciation and amortization	—	211.4	187.0	—	398.4
Operating costs and expenses	—	2,303.5	1,566.3	—	3,869.8
Operating income	—	158.7	19.0	—	177.7
Other expense (income):					
Equity in net earnings of subsidiaries	(5.3)	(26.6)	—	31.9	—
Other expense	55.1	1.1	1.3	—	57.5
Interest expense:					
Corporate borrowings	185.7	185.4	2.8	(185.7)	188.2
Capital and financing lease obligations	—	5.2	24.3	—	29.5
Non-cash NCM exhibitor service agreement	—	31.2	—	—	31.2
Equity in earnings of non-consolidated entities	—	(40.1)	(33.9)	—	(74.0)
Investment income	(175.0)	(17.4)	(0.7)	185.7	(7.4)
Total other expense (income)	60.5	138.8	(6.2)	31.9	225.0
Earnings before income taxes	(60.5)	19.9	25.2	(31.9)	(47.3)
Income tax provision (benefit)	—	14.6	(1.4)	—	13.2
Net earnings (loss)	$ (60.5)	$ 5.3	$ 26.6	$ (31.9)	$ (60.5)

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Consolidating Statement of Operations

Nine Months Ended September 30, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Revenues					
Admissions	$ —	$ 1,402.3	$ 930.1	$ —	$ 2,332.4
Food and beverage	—	707.4	425.7	—	1,133.1
Other theatre	—	118.8	78.1	—	196.9
Total revenues	—	2,228.5	1,433.9	—	3,662.4
Operating costs and expenses					
Film exhibition costs	—	738.8	425.4	—	1,164.2
Food and beverage costs	—	100.5	82.1	—	182.6
Operating expense, excluding depreciation and amortization	—	652.7	476.1	—	1,128.8
Rent	—	370.9	220.0	—	590.9
General and administrative:					
Merger, acquisition and transaction costs	—	54.3	2.9	—	57.2
Other, excluding depreciation and amortization	1.8	65.2	46.0	—	113.0
Depreciation and amortization	—	219.4	174.5	—	393.9
Operating costs and expenses	1.8	2,201.8	1,427.0	—	3,630.6
Operating income (loss)	(1.8)	26.7	6.9	—	31.8
Other expense (income):					
Equity in net (earnings) loss of subsidiaries	199.8	19.0	—	(218.8)	—
Other income	—	(1.3)	(0.6)	—	(1.9)
Interest expense:					
Corporate borrowings	170.1	167.1	1.5	(167.0)	171.7
Capital and financing lease obligations	—	5.8	25.9	—	31.7
Equity in (earnings) loss of non-consolidated entities	—	201.2	(2.1)	—	199.1
Investment (income) expense	(160.9)	(27.3)	(0.4)	167.0	(21.6)
Total other expense	209.0	364.5	24.3	(218.8)	379.0
Earnings (loss) before income taxes	(210.8)	(337.8)	(17.4)	218.8	(347.2)
Income tax provision (benefit)	—	(138.0)	1.6	—	(136.4)
Net earnings (loss)	$ (210.8)	$ (199.8)	$ (19.0)	$ 218.8	$ (210.8)

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Consolidating Statement of Comprehensive Loss

Three Months Ended September 30, 2018:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net earnings (loss)	$ (100.4)	$ (42.5)	$ 10.4	$ 32.1	$ (100.4)
Other comprehensive income (loss)					
Equity in other comprehensive income (loss) of subsidiaries	(8.0)	(5.3)	—	13.3	—
Unrealized foreign currency translation adjustment, net of tax	—	(0.2)	(5.5)	—	(5.7)
Pension and other benefit adjustments:					
Net gain arising during the period, net of tax	—	—	0.1	—	0.1
Equity method investees' cash flow hedge:					
Realized net gain reclassified to equity in earnings of non-consolidated entities, net of tax	—	(1.9)	—	—	(1.9)
Other comprehensive loss	(8.0)	(7.4)	(5.4)	13.3	(7.5)
Total comprehensive income (loss)	$ (108.4)	$ (49.9)	$ 5.0	$ 45.4	$ (107.9)

Consolidating Statement of Comprehensive Income (Loss)

Three Months Ended September 30, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net loss	$ (42.7)	$ (38.9)	$ (20.9)	$ 59.8	$ (42.7)
Other comprehensive income (loss)					
Equity in other comprehensive income (loss) of subsidiaries	33.7	34.6	—	(68.3)	—
Unrealized foreign currency translation adjustment, net of tax	—	(0.2)	34.6	—	34.4
Marketable securities:					
Unrealized holding gain arising during the period, net of tax	—	0.2	—	—	0.2
Equity method investees' cash flow hedge:					

Unrealized net holding gain arising during the period, net of tax	—	0.1	—	—	0.1
Realized net holding gain reclassified to equity in earnings of non-consolidated entities, net of tax	—	(1.0)	—	—	(1.0)
Other comprehensive income	33.7	33.7	34.6	(68.3)	33.7
Total comprehensive income (loss)	$ (9.0)	$ (5.2)	$ 13.7	$ (8.5)	$ (9.0)

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Consolidating Statement of Comprehensive Loss

Nine Months Ended September 30, 2018:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net earnings	$ (60.5)	$ 5.3	$ 26.6	$ (31.9)	$ (60.5)
Other comprehensive income (loss)					
Equity in other comprehensive income (loss) of subsidiaries	(103.9)	(75.4)	—	179.3	—
Unrealized foreign currency translation adjustment, net of tax	—	(27.5)	(74.1)	—	(101.6)
Realized loss on foreign currency transactions, net of tax	—	1.0	—	—	1.0
Pension and other benefit adjustments:					
Net loss arising during the period, net of tax	—	—	(1.3)	—	(1.3)
Equity method investees' cash flow hedge:					
Unrealized net holding (loss) gain arising during the period, net of tax	—	0.2	—	—	0.2
Realized net gain reclassified to equity in earnings of non-consolidated entities, net of tax	—	(2.2)	—	—	(2.2)
Other comprehensive loss	(103.9)	(103.9)	(75.4)	179.3	(103.9)
Total comprehensive loss	$ (164.4)	$ (98.6)	$ (48.8)	$ 147.4	$ (164.4)

Consolidating Statement of Comprehensive Income (Loss)

Nine Months Ended September 30, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Net earnings (loss)	$ (210.8)	$ (199.8)	$ (19.0)	$ 218.8	$ (210.8)
Other comprehensive income (loss)					
Equity in other comprehensive income (loss) of subsidiaries	108.3	109.0	—	(217.3)	—
Unrealized foreign currency translation adjustment, net of tax	—	(0.2)	109.5	—	109.3

Pension and other benefit adjustments:					
Amortization of net loss (gain) reclassified into general and administrative: other, net of tax	—	—	(0.5)	—	(0.5)
Marketable securities:					
Unrealized net holding gain arising during the period, net of tax	—	0.5	—	—	0.5
Realized net gain reclassified into net investment income, net of tax	—	(0.1)	—	—	(0.1)
Equity method investees' cash flow hedge:					
Realized net loss reclassified to equity in earnings of non-consolidated entities, net of tax	—	(0.9)	—	—	(0.9)
Other comprehensive income	108.3	108.3	109.0	(217.3)	108.3
Total comprehensive income (loss)	$ (102.5)	$ (91.5)	$ 90.0	$ 1.5	$ (102.5)

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Consolidating Balance Sheet

As of September 30, 2018:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Assets					
Current assets:					
Cash and cash equivalents	$ 0.4	$ 229.3	$ 103.6	$ —	$ 333.3
Restricted cash	—	—	11.0	—	11.0
Receivables, net	—	84.3	76.0	(5.1)	155.2
Assets held for sale	—	—	—	—	—
Other current assets	—	107.4	79.6	—	187.0
Total current assets	0.4	421.0	270.2	(5.1)	686.5
Investment in equity of subsidiaries	686.5	1,468.7	—	(2,155.2)	—
Property, net	—	1,557.3	1,471.3	—	3,028.6
Intangible assets, net	—	211.8	147.5	—	359.3
Intercompany advances	5,471.4	(3,569.2)	(1,902.2)	—	—
Goodwill	(2.1)	2,422.1	2,400.8	—	4,820.8
Deferred tax asset, net	—	—	98.2	(68.7)	29.5
Other long-term assets	4.6	299.8	133.9	—	438.3
Total assets	$ 6,160.8	$ 2,811.5	$ 2,619.7	$ (2,229.0)	$ 9,363.0
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$ —	$ 290.8	$ 109.5	$ (5.2)	$ 395.1
Accrued expenses and other liabilities	59.7	164.8	162.5	0.1	387.1
Deferred revenues and income	—	220.2	73.0	—	293.2
Current maturities of corporate borrowings and capital and financing lease obligations	13.8	11.3	57.9	—	83.0
Total current liabilities	73.5	687.1	402.9	(5.1)	1,158.4
Corporate borrowings	4,832.3	1.4	6.6	—	4,840.3
Capital and financing lease obligations	—	66.3	450.4	—	516.7
Exhibitor services agreement	—	567.7	—	—	567.7
Deferred tax liability, net	—	85.2	27.8	(68.7)	44.3
Other long-term liabilities	—	717.4	263.3	—	980.7
Total liabilities	4,905.8	2,125.1	1,151.0	(73.8)	8,108.1
Temporary equity	0.4	—	—	—	0.4
Stockholders' equity	1,254.6	686.4	1,468.7	(2,155.2)	1,254.5
Total liabilities and stockholders' equity	$ 6,160.8	$ 2,811.5	$ 2,619.7	$ (2,229.0)	$ 9,363.0

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Consolidating Balance Sheet

As of December 31, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Assets					
Current assets:					
Cash and cash equivalents	$ 1.1	$ 85.0	$ 223.9	$ —	$ 310.0
Restricted cash	—	—	8.3	—	8.3
Receivables, net	0.4	186.4	84.7	—	271.5
Assets held for sale	—	80.0	—	—	80.0
Other current assets	—	118.0	84.6	—	202.6
Total current assets	1.5	469.4	401.5	—	872.4
Investment in equity of subsidiaries	2,450.6	1,513.4	—	(3,964.0)	—
Property, net	—	1,591.1	1,525.4	—	3,116.5
Intangible assets, net	—	218.9	161.6	—	380.5
Intercompany advances	3,914.1	(1,893.3)	(2,020.8)	—	—
Goodwill	(2.1)	2,422.1	2,511.7	—	4,931.7
Deferred tax asset, net	—	—	97.6	(68.7)	28.9
Other long-term assets	5.8	326.5	143.6	—	475.9
Total assets	$ 6,369.9	$ 4,648.1	$ 2,820.6	$ (4,032.7)	$ 9,805.9
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$ —	$ 373.7	$ 195.9	$ —	$ 569.6
Accrued expenses and other liabilities	24.2	165.3	161.6	—	351.1
Deferred revenues and income	—	270.8	130.2	—	401.0
Current maturities of corporate borrowings and capital and financing lease obligations	13.8	11.8	62.1	—	87.7
Total current liabilities	38.0	821.6	549.8	—	1,409.4
Corporate borrowings	4,218.7	1.4	—	—	4,220.1
Capital and financing lease obligations	—	73.5	505.4	—	578.9
Exhibitor services agreement	—	530.9	—	—	530.9
Deferred tax liability, net	—	85.3	33.0	(68.7)	49.6
Other long-term liabilities	—	684.8	219.0	—	903.8
Total liabilities	4,256.7	2,197.5	1,307.2	(68.7)	7,692.7
Temporary equity	0.8	—	—	—	0.8
Stockholders' equity	2,112.4	2,450.6	1,513.4	(3,964.0)	2,112.4
Total liabilities and stockholders' equity	$ 6,369.9	$ 4,648.1	$ 2,820.6	$ (4,032.7)	$ 9,805.9

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Consolidating Statement of Cash Flows

Nine Months Ended September 30, 2018:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Cash flows from operating activities:					
Net cash provided by operating activities	$ 44.0	$ 141.7	$ 113.1	$ —	$ 298.8
Cash flows from investing activities:					
Capital expenditures	—	(194.2)	(180.7)	—	(374.9)
Proceeds from sale leaseback transactions	—	50.1	—	—	50.1
Proceeds from Screenvision merger	—	—	45.8	—	45.8
Proceeds from disposition of NCM	—	162.5	—	—	162.5
Proceeds from disposition of long-term assets	—	4.5	9.4	—	13.9
Investments in non-consolidated entities, net	—	(11.0)	—	—	(11.0)
Other, net	—	(2.4)	1.7	—	(0.7)
Net cash provided by (used in) investing activities	—	9.5	(123.8)	—	(114.3)
Cash flows from financing activities:					
Proceeds from issuance of Senior Unsecured Convertible Notes due 2024	600.0	—	—	—	600.0
Net borrowings under Revolving Credit Facility	—	—	6.6	—	6.6
Principal payments under Term Loan	(10.3)	—	—	—	(10.3)
Principal payments under capital and financing lease obligations	—	(7.8)	(45.7)	—	(53.5)
Cash used to pay deferred financing costs	(14.3)	—	—	—	(14.3)
Cash used to pay dividends	(237.4)	—	—	—	(237.4)
Taxes paid for restricted unit withholdings	(1.7)	—	—	—	(1.7)
Retirement of Class B common stock	(422.9)	—	—	—	(422.9)
Purchase of treasury stock	(21.8)	—	—	—	(21.8)
Change in intercompany advances	87.2	(23.5)	(63.7)	—	—
Net cash used in financing activities	(21.2)	(31.3)	(102.8)	—	(155.3)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(23.4)	24.3	(4.1)	—	(3.2)
Net increase (decrease) in cash and cash equivalents and restricted cash	(0.6)	144.2	(117.6)	—	26.0
Cash and cash equivalents and restricted cash at beginning of period	1.1	85.0	232.2	—	318.3
Cash and cash equivalents and restricted cash at end of period	$ 0.5	$ 229.2	$ 114.6	$ —	$ 344.3

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Consolidating Statement of Cash Flows

Nine Months Ended September 30, 2017:

(In millions)	Holdings	Subsidiary Guarantors	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Holdings
Cash flows from operating activities:					
Net cash provided by operating activities	$ 42.0	$ 64.0	$ 123.6	$ —	$ 229.6
Cash flows from investing activities:					
Capital expenditures	—	(320.5)	(147.2)	—	(467.7)
Acquisition of Nordic, net of cash and restricted cash acquired	—	(654.9)	77.3	—	(577.6)
Acquisition of Carmike Cinemas, Inc., net of cash and restricted cash acquired	—	0.1	—	—	0.1
Proceeds from sale leaseback transaction	—	128.4	—	—	128.4
Proceeds from disposition of NCM, Inc. shares	—	89.4	—	—	89.4
Proceeds from disposition of Open Road		9.2			9.2
Proceeds from disposition of long-term assets	—	9.1	13.4	—	22.5
Investments in non-consolidated entities, net	—	(11.6)	1.6	—	(10.0)
Other, net	—	(3.4)	(0.2)	—	(3.6)
Net cash used in investing activities	—	(754.2)	(55.1)	—	(809.3)
Cash flows from financing activities:					
Proceeds from the issuance of Senior Subordinated Sterling Notes due 2024	327.8	—	—	—	327.8
Proceeds from the issuance of Senior Subordinated Notes due 2027	475.0	—	—	—	475.0
Payment of Nordic SEK Term Loan	(144.4)	—	—	—	(144.4)
Payment of Nordic EUR Term Loan	(169.5)	—	—	—	(169.5)
Net proceeds from equity offering	616.8	—	—	—	616.8
Net borrowings under Revolving Credit Facility	60.0				60.0
Principal payment of Bridge Loan due 2017	(350.0)	—	—	—	(350.0)
Principal payments under Term Loan	(9.1)	—	—	—	(9.1)
Principal payments under capital and financing lease obligations	—	(6.9)	(47.2)	—	(54.1)
Cash used to pay deferred financing costs	(29.8)	—	—	—	(29.8)
Cash used to pay dividends	(78.7)	—	—	—	(78.7)

Taxes paid for restricted unit withholdings	(6.5)				(6.5)
Purchase of treasury stock	(16.5)				(16.5)
Change in intercompany advances	(771.4)	773.7	(2.3)	—	—
Net cash provided by (used in) financing activities	(96.3)	766.8	(49.5)	—	621.0
Effect of exchange rate changes on cash and cash equivalents and restricted cash	51.4	(44.5)	13.0	—	19.9
Net decrease in cash and cash equivalents and restricted cash	(2.9)	32.1	32.0	—	61.2
Cash and cash equivalents and restricted cash at beginning of period	3.0	94.7	132.5	—	230.2
Cash and cash equivalents and restricted cash at end of period	$ 0.1	$ 126.8	$ 164.5	$ —	$ 291.4

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

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

· risks relating to motion picture production and performance;

· our lack of control over distributors of films;

· intense competition in the geographic areas in which we operate;

· increased use of alternative film delivery methods or other forms of entertainment;

· shrinking exclusive theatrical release windows;

· general and international economic, political, social and financial market conditions and other risks including the effects of the exit of the United Kingdom from the European Union;

· risks and uncertainties relating to our significant indebtedness;

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limitations on the availability of capital may prevent us from deploying strategic initiatives and continue our share repurchase program;

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

- our ability to achieve expected synergies, benefits and performance from our recent strategic theatre acquisitions and strategic initiatives;

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

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

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

- risks relating to impairment losses, including with respect to goodwill and other intangibles, and theatre and other closure charges;

- our ability to utilize net operating loss carryforwards to reduce our future tax liability or valuation allowances taken with respect to deferred tax assets;

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- review by antitrust authorities in connection with acquisition opportunities;

- risks relating to unexpected costs or unknown liabilities relating to recently completed acquisitions;

- risks relating to the incurrence of legal liability, including costs associated with recently filed securities class action lawsuits;

- dependence on key personnel for current and future performance and our ability to attract and retain senior executives and other key personnel, including in connection with any future acquisitions;

- risks of poor financial results may prevent us from deploying strategic initiatives;

- operating a business in international markets AMC is unfamiliar with, including acceptance by movie-goers of AMC initiatives that are new to those markets;

- increased costs in order to comply or resulting from failure to comply with governmental regulation, including the General Data Protection Regulation ("GDPR") and the impact of governmental investigations concerning potentially anticompetitive conduct, including film clearances and partnering with other major exhibitors in joint ventures; and

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

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

Readers are urged to consider these factors carefully in evaluating the forward-looking statements. For further information about these and other risks and uncertainties as well as strategic initiatives, see Item 1A. "Risk Factors" and Item 1. "Business" in our Annual Report on Form 10–K for the year ended December 31, 2017 and our other public filings.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The forward-looking statements included herein are made only as of the date of this Quarterly Report on Form 10–Q, and we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Overview

AMC is the world's largest theatrical exhibition company and an industry leader in innovation and operational excellence. We operate theatres in 16 countries and are the market leader in nine of those. In the United States, AMC has the No. 1 or No. 2 market share in the top three markets, New York, Los Angeles and Chicago.

Our theatrical exhibition revenues are generated primarily from box office admissions and theatre food and beverage sales. The balance of our revenues are generated from ancillary sources, including on-screen advertising, fees earned from our AMC Stubs® customer frequency membership program, rental of theatre auditoriums, income from gift card and exchange ticket sales, on-line ticketing fees and arcade games located in theatre lobbies. As of September 30, 2018, we owned, operated or had interests in 1,002 theatres and 10,971 screens.

Film Content

Box office admissions are our largest source of revenue. We predominantly license "first-run" films from distributors owned by major film production companies and from independent distributors on a film-by-film and theatre-by-theatre basis. Film exhibition costs are accrued based on the applicable admissions revenues and estimates of the final settlement pursuant to our film licenses. Licenses that we enter into typically state that rental fees are based on aggregate

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

During the 2017 calendar year, films licensed from our seven largest distributors based on revenues accounted for approximately 88% of our U.S. admissions revenues. In Europe, approximately 77% of our box office revenue came from films attributed to our six largest distributors. Our revenues attributable to individual distributors may vary significantly from year to year depending upon the commercial success of each distributor’s films in any given year.

Our revenues are dependent upon the timing and popularity of film releases by distributors. The most marketable films have historically been released during the summer and the calendar year-end holiday seasons. Our results of operations may vary significantly from quarter to quarter and from year to year based on the timing on popularity of film releases.

AMC Movie Screens

During the nine months ended September 30, 2018, we opened five new theatres with a total of 46 screens, acquired four theatres with 39 screens, permanently closed 177 screens, temporarily closed 466 screens and reopened 360 screens to implement our strategy to install consumer experience upgrades.

As of September 30, 2018, we had 5,400 3D enabled screens, including 212 IMAX®, and 106 Premium Large Format (“PLF”) screens; approximately 49% of our screens were 3D enabled screens, including IMAX® 3D enabled screens, and approximately 2% of our screens were IMAX® 3D enabled screens. The following table identifies the upgrades to our theatre circuit during the periods indicated:

Format	Number of Screens As of September 30, 2018	Number of Screens As of December 31, 2017
Digital	10,971	11,169
3D enabled	5,400	5,471
IMAX® (3D enabled)	212	209
Dolby CinemaTM at AMC	117	89
Other PLF (3D enabled)	106	99
Dine-in theatres	441	430
Premium seating	3,102	2,631

IMAX®. IMAX® is one of the world's leading entertainment technology companies, specializing in motion picture technologies and presentations. IMAX® offers a unique end-to-end cinematic solution combining proprietary software, theater architecture and equipment to create the highest-quality, most immersive motion picture experience for which the IMAX® brand has become known globally. Top filmmakers and studios utilize IMAX® theaters to connect with audiences in innovative ways, and as such, IMAX®'s theater network is among the most important and successful theatrical distribution platforms for major event films around the world.

As of September 30, 2018, AMC is the largest IMAX® exhibitor in the U.S. with a 51% market share, and each of our IMAX® local installations is protected by geographic exclusivity. As of September 30, 2018, our IMAX® screen count is 97% greater than our closest competitor. We believe that we have had considerable success with our IMAX® partnership.

Dolby Cinema™ at AMC. In May 2015, we partnered with Dolby Laboratories, Inc. to unveil a premium cinema offering for movie-goers that combined state-of-the-art image and sound technologies with inspired theatre design and comfort. Dolby Cinema™ at AMC includes Dolby Vision™ laser projection and object oriented Dolby Atmos® audio technology, as well as AMC's plush power reclining seats with seat transducers that vibrate with the action on screen.

As of September 30, 2018, we have 117 fully operational Dolby Cinema™ at AMC screens in the U.S. In August 2016, we announced the acceleration of our Dolby Cinema™ at AMC deployment. We expect to have 129 Dolby Cinema™ at AMC screens operational by the end of 2018.

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Prime at AMC. We believe there is considerable opportunity to add a private label PLF format in many of our locations, with superior sight and sound technology and enhanced seating as contrasted with our traditional auditoriums. This proprietary PLF auditorium offers an enhanced theatrical experience for movie-goers beyond our current core theatres, at a lower price premium when higher prices for IMAX® and/or Dolby Cinema™ at AMC might not be feasible. Therefore, it may be especially relevant in smaller or more price sensitive markets.

Technical innovation has allowed us to enhance the consumer experience through premium formats such as 3D, IMAX®, and other large screen formats. When combined with our major markets' customer base, the operating flexibility of digital technology enhances our programming flexibility. This enables us to achieve higher capacity utilization and ticket prices for premium formats, as well as provide incremental revenue from the exhibition of alternative content. Within each of our major markets, we are able to charge a premium for these services relative to our smaller markets. We intend to continue to broaden our content offerings and enhance the customer experience in operating IMAX® screens and through the installation of additional Dolby Cinema™ at AMC screens, our PLF screen concepts, and the presentation of attractive alternative content.

Guest Amenities

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

Recliner seating is the key feature of theatre renovations. We believe that maximizing comfort and convenience for our customers will be increasingly necessary to maintain and improve our relevance. These renovations, in conjunction with capital contributions from our landlords, involve stripping theatres to their basic structure in order to replace finishes throughout, upgrade the sight and sound experience, install modernized points of sale and, most importantly, replace traditional theatre seats with plush, electric recliners that allow customers to deploy a leg rest and fully recline at the push of a button. The renovation process typically involves losing up to two-thirds of a given auditorium's seating capacity. For an industry historically focused on quantity, this reduction in seating capacity could be viewed as counter-intuitive and harmful to revenues. However, the quality improvement in the customer experience is driving a 47% increase in attendance on average at these locations in their first-year post renovation. Our customers have responded favorably to the significant personal space gains from ample row depths, ability to recline or stretch their legs, extra-wide pillowed chaise and oversized armrests. The reseated theatres attract more midweek audiences than normal theatres and tend to draw more adults who pay higher ticket prices than teens or young children. We typically do not change ticket prices in the first year after construction, however, in subsequent years we typically increase our ticket prices at our reseated theatres by amounts well in excess of price adjustments for our non-renovated theatres.

As of September 30, 2018, we now feature recliner seating in approximately 323 theatres, including Dine-in-Theatres, totaling approximately 3,102 screens. By the end of 2018, we expect to convert an additional 198 screens to recliner seating.

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

Open-source internet ticketing makes our AMC seats (over 1.1 million) in all our U.S. theatres and auditoriums, for all our showtimes, widely available on as many websites as possible. This is a significant departure from the years prior to 2012, when tickets to any one of our theatres were only available on one website. Our tickets are currently on sale over the internet, directly or through mobile apps, at our own website and app, Fandango, Movietickets.com, Flixster, and Atom Tickets. We believe increased online access is important because it captures customers’ purchase intent more immediately and directly than if we wait for their arrival at the theatre box office to make a purchase. Carefully monitoring internet pre-sales also lets us adjust capacity in real time, moving movies that are poised to over perform to larger capacity auditoriums or adding additional auditoriums, thereby maximizing yield.

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

To address recent consumer trends, we are expanding our menu of enhanced food and beverage products to include made-to-order drinks and meals, customized coffee, healthy snacks, premium beers, wine and mixed drinks, flatbread pizzas, more varieties of hot dogs, four flavors of popcorn and other menu items. We plan to invest across a spectrum of enhanced food and beverage formats, ranging from simple, less capital-intensive food and beverage design improvements to the development of new dine-in theatre options. The costs of these conversions in some cases are partially covered by investments from the theatre landlord. We currently operate 30 Dine-In Theatres that deliver chef-inspired menus with seat-side or delivery service to luxury recliners with tables. Our recent Dine-In Theatre concepts are designed to capitalize on the latest food service trend, the fast casual eating experience.

Coca Cola Freestyle® puts customers in charge with over 100 drink flavor options in a technologically advanced compact footprint. Our operational excellence and history of innovation rewarded us with first-mover advantage on this new technology, which, as of September 30, 2018, was deployed in substantially all of our AMC theatres.

AMC Stubs®

AMC Stubs® is a customer loyalty program for our U.S. markets which allows members to earn rewards, receive discounts and participate in exclusive members-only offerings and services. It features both a traditional paid tier called AMC Stubs PremiereTM and a new non-paid tier called AMC Stubs InsiderTM. Both programs reward loyal guests for their patronage of AMC Theatres. The AMC Stubs InsiderTM tier rewards guests for simply coming to the movies and benefits include free refills on certain food items, discount ticket offers, a birthday gift and 20 reward points earned for every dollar spent. For a $15 annual membership fee, AMC Stubs PremiereTM members enjoy express service with specially marked shorter lines at the box office and concession stand, free size upgrades on certain food and beverage items, discount ticket offers, a birthday gift, discounted online ticketing fees and 100 points for every dollar spent. Some of the rewards earned are redeemable on future purchases at AMC locations.

On June 20, 2018, we announced the launch of AMC Stubs® A-List, a new VIP tier of our AMC Stubs® loyalty program for $19.95 per month. This program will offer guests the very best of AMC up to three times per week including multiple movies per day and repeat visits to already seen movies. AMC Stubs® A-List also includes premium offerings including IMAX®, Dolby Cinema™ at AMC, RealD, Prime and BigD. AMC Stubs® A-List members can book tickets on-line in advance and select specific seats at AMC Theatres with reserved seating.

As of September 30, 2018, we had 16,585,000 member households in the AMC Stubs® program. AMC Stubs® members represented approximately 40% of AMC U.S. markets attendance during the three months ended September 30, 2018, driving an average 153% higher total gross revenue versus non-members. We believe movie-goers want to be recognized and rewarded for attending our theatres and as a result, our new AMC Stubs® program is designed to strengthen guest loyalty, attract new guests and drive additional return visits. Our much larger database of identified movie-goers also provides us with additional insight into our customers' movie preferences, and this enables us to have both a larger and a more targeted marketing effort to support our Hollywood studio partners.

The portion of the admissions and food and beverage revenues attributed to the rewards is deferred as a reduction of admissions and food and beverage revenues and is allocated between admissions and food and beverage revenues based on expected member redemptions.

Upon redemption, deferred rewards are recognized as revenues along with associated cost of goods. Prior to January 1, 2018, rewards for expired memberships were forfeited based upon specified periods of inactivity of the membership and recognized as admissions or food and beverage revenues. As of January 1, 2018, we changed our method for recognizing forfeited rewards from the remote method to the proportional method, where we estimate point breakage in assigning value to the points at the time of sale based on historical trends. The program's annual

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membership fee is allocated to the material rights for discounted or free products and services and is initially deferred, net of estimated refunds, and recognized as the rights are redeemed based on estimated utilization, over the one-year membership period in admissions, food and beverage, and other revenues. A portion of the revenues related to a material right are deferred as a virtual rewards performance obligation using the relative standalone selling price method and are recognized as the rights are redeemed or expire.

The following tables reflect AMC Stubs® activity during the three and nine months ended September 30, 2018:

			AMC Stubs® Revenue for Three Months Ended September 30, 2018			
(In millions)	Deferred Membership Fees	Deferred Rewards	Admissions Revenues	Food and Beverage Revenues	Ticketing Revenues	Other Theatre Revenues (Membership Fees)
Balance, June 30, 2018	$ 18.5	$ 27.4				
Membership fees received	5.4	—	$ —	$ —	$ —	$ —
Rewards accumulated, net of expirations:						
Admissions	—	7.1	(7.1)	—	—	—
Food and beverage	—	15.6	—	(15.6)	—	—
Rewards redeemed:						
Admissions	—	(7.1)	7.1	—	—	—
Food and beverage	—	(13.6)	—	13.6	—	—
Amortization of deferred revenue	(7.7)	—	0.9	1.8	0.9	4.1
For the period ended or balance as of September 30, 2018	$ 16.2	$ 29.4	$ 0.9	$ (0.2)	$ 0.9	$ 4.1

			AMC Stubs® Revenue for Nine Months Ended September 30, 2018			
(In millions)	Deferred Membership Fees	Deferred Rewards	Admissions Revenues	Food and Beverage Revenues	Ticketing Revenues	Other Theatre Revenues (Membership Fees)
Balance, December 31, 2017	$ 15.8	$ 26.4				
Cumulative effect of ASC 606	—	(3.3)				
Membership fees received	23.1	—	$ —	$ —	$ —	$ —
Rewards accumulated, net of expirations:						
Admissions	—	22.6	(22.6)	—	—	—
Food and beverage	—	42.7	—	(42.7)	—	—
Rewards redeemed:						
Admissions	—	(21.1)	21.1	—	—	—

Food and beverage	—	(37.9)	—	37.9	—	—
Amortization of deferred revenue	(22.7)	—	2.7	5.4	2.7	12.0
For the period ended or balance as of September 30, 2018	$ 16.2	$ 29.4	$ 1.2	$ 0.6	$ 2.7	$ 12.0

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The following tables reflect AMC Stubs® activity during the three and nine months ended September 30, 2017:

			AMC Stubs® Revenue for Three Months Ended September 30, 2017			
(In millions)	Deferred Membership Fees	Deferred Rewards	Admissions Revenues	Food and Beverage Revenues	Ticketing Revenues	Other Theatre Revenues (Membership Fees)
Balance, June 30, 2017	$ 16.5	$ 24.5				
Membership fees received	5.4	—	$ —	$ —	$ —	$ —
Rewards accumulated, net of expirations:						
Admissions	—	6.7	(6.7)	—	—	—
Food and beverage	—	11.4	—	(11.4)	—	—
Rewards redeemed:						
Admissions	—	(7.0)	7.0	—	—	—
Food and beverage	—	(10.2)	—	10.2	—	—
Amortization of deferred revenue	(6.5)	—	0.8	1.5	0.7	3.4
For the period ended or balance as of September 30, 2017	$ 15.4	$ 25.4	$ 1.1	$ 0.3	$ 0.7	$ 3.4

			AMC Stubs® Revenue for Nine Months Ended September 30, 2017			
(In millions)	Deferred Membership Fees	Deferred Rewards	Admissions Revenues	Food and Beverage Revenues	Ticketing Revenues	Other Theatre Revenues (Membership Fees)
Balance, December 31, 2016	$ 12.5	$ 23.3				
Membership fees received	21.6	—	$ —	$ —	$ —	$ —
Rewards accumulated, net of expirations:						
Admissions	—	20.2	(20.2)	—	—	—
Food and beverage	—	32.2	—	(32.2)	—	—
Rewards redeemed:						
Admissions	—	(20.1)	20.1	—	—	—
Food and beverage	—	(30.2)	—	30.2	—	—
Amortization of deferred revenue	(18.7)	—	2.2	4.4	2.2	9.8
For the period ended or balance as of September 30, 2017	$ 15.4	$ 25.4	$ 2.1	$ 2.4	$ 2.2	$ 9.8

Significant Events

Critical Accounting Policies – Income Taxes

In the fourth quarter of calendar 2017, we recorded the impact of the change in the U.S. enacted federal income tax rate from 35% to 21% which reduced our deferred tax assets. During the fourth quarter and in connection with the preparation of our 2017 financial statements, we also determined that realization of our deferred tax assets in the U.S. tax jurisdictions was not more likely than not, primarily as a result of cumulative net losses recorded for three years and we recorded a full valuation allowance for our deferred tax assets in U.S. tax jurisdictions. As a result of the change in enacted tax rate and recording a full valuation allowance for our deferred tax assets in U.S. tax jurisdictions, we recorded a charge to income tax provision of approximately $310.0 million in the fourth quarter of 2017. See Note 8–Income Taxes in the Notes to Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Critical Accounting Policies – Goodwill

We evaluate goodwill for impairment annually as of the beginning of the fourth fiscal quarter or more frequently as specific events or circumstances dictate. A decline in our common stock price and the resulting impact on market capitalization is one of several qualitative factors we consider when making this evaluation. Based on declines in the trading price of our Class A common stock in 2017, we performed an interim goodwill impairment test as of

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September 30, 2017. We performed a qualitative assessment as of December 31, 2017, March 31, 2018, June 30, 2018, and September 30, 2018. We considered the potential for changes in the inputs utilized in our prior quantitative analyses as of September 30, 2017 and our actual cashflows from September 30, 2017 through September 30, 2018 which were consistent with our projections of cashflows for our three reporting units and concluded there were no qualitative factors that would indicate it is more likely than not that the fair value of any of our reporting units is less than its carrying amount, including goodwill as of September 30, 2018.

The following table sets forth the historical closing prices per share of our Class A common stock for the calendar periods indicated:

Date	Closing Price Per Share
March 31, 2017	$ 31.45
June 30, 2017	22.75
September 29, 2017	14.70
December 31, 2017	15.10
March 31, 2018	14.05
June 30, 2018	15.90
September 30,2018	20.50
November 6, 2018	18.42

If the market price of our common stock declines from current levels, or if other events or circumstances change that would more likely than not reduce the fair value of our reporting units below their respective carrying value, all or a portion of our goodwill may be impaired in future periods. Examples of such adverse events or circumstances that could change include (i) an adverse change in macroeconomic conditions (ii) increased cost factors that have a negative effect on our earnings and cash flows (iii) negative or overall declining financial performance compared with our actual and projected results of relevant prior periods and (iv) a sustained decrease in our share price. Any impairment charges that we may take in the future could be material to our results of operations and financial condition. Our closing price per share of our common stock is in excess of our $12.12 carrying value per share as of September 30, 2018.

NCM. In March 2018, we recorded in the line item, Equity in loss of non-consolidated entities, a lower of carrying value or fair value impairment charge of $16.0 million, to reduce the carrying value of our held-for-sale interests in NCM common units and NCM, Inc. common shares to Level 1 fair value as of March 31, 2018. The impairment charge reflects recording our held-for-sale units and shares at the publicly quoted per share price on March 31, 2018 of $5.19.

On June 18, 2018, the Company entered into two Unit Purchase Agreements (the “Agreements”) with each of Regal Cinemas, Inc. (“Regal”) and Cinemark USA, Inc. (“Cinemark”) pursuant to which Regal and Cinemark each separately agreed to purchase 10,738,740 common units of NCM at a sales price of $7.30 per unit and aggregate consideration of approximately $156.8 million (the “Sales”). The Sales closed on July 5, 2018. Following the closing of the Sales, the Company no longer owns any shares of common stock NCM, Inc. or NCM. NCM consented to the Sales and waived its rights under the memorandum of understanding that provided the Company would not reduce its combined ownership of NCM and NCM, Inc. below 4.5%. We recorded a gain on sale of $28.9 million during the three months ended September 30, 2018.

Screenvision Merger. On May 30, 2018 Screenvision entered into an Agreement and Plan of Merger under which a change of control in Screenvision occurred upon consummation of the transactions contemplated therein. We received distributions and merger consideration of $45.9 million on July 2, 2018 upon consummation of the merger and retain a 21.2% common membership interest in Screenvision on a fully diluted basis. We reduced the carrying value of our investment in Screenvision to $0 and recorded equity in earnings for the excess distribution of $30.1 million during the three months ended September 30, 2018.

Sale and Leaseback Transaction: On June 18, 2018, we completed the sale and leaseback of the real estate assets associated with one theatre for proceeds, net of closing costs, of $50.1 million. The gain on the sale of approximately $27.4 million has been deferred and will be amortized over the remaining lease term.

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Fifth Amendment to Credit Agreement: On August 14, 2018, we entered into the Fifth Amendment to Credit Agreement with Citicorp North America, Inc, as administrative agent and the other lenders party thereto, amending the credit Agreement dated as of April 30, 2013. The Fifth Amendment made certain changes to certain covenants and related definitions. These amendments to the Senior Secured Credit Agreement were executed in order to facilitate an internal reorganization due to recent tax changes and to make modifications which clarified certain ambiguities in the Senior Secured Credit Agreement.

The cash flows for the term loans due 2022 and 2023 were not changed as a result of the August 14, 2018 modification and the Borrowing Capacity under the Revolving Credit Agreement was not changed. As a result, we accounted for the Fifth Amendment as a modification. We expensed $0.3 million of third party costs during the three and nine months ended September 30, 2018 and capitalized $1.5 million debt issuance costs for amounts paid to lenders.

Senior Unsecured Convertible Notes due 2024: On September 14, 2018, we issued $600.0 million aggregate principal amount of our 2.95% Senior Unsecured Convertible Notes due 2024. The Convertible Notes due 2024 mature on September 15, 2024, subject to earlier conversion by the holders thereof, repurchase by AMC at the option of the holders or redemption by AMC upon the occurrence of certain contingencies, as discussed below. Upon maturity, the $600.0 million principal amount of the Convertible Notes due 2024 will be payable in cash. We will pay interest in cash on the Convertible Notes due 2024 at 2.95% per annum, semi-annually in arrears on September 15th and March 15th, commencing on March 15, 2019. We used the net proceeds from the sale of the Convertible Notes due 2024 to repurchase and retire 24,057,143 shares of Class B common stock held by Wanda for $17.50 per share or approximately $421.0 million, associated legal fees of $1.9 million, and to pay a special dividend of $1.55 per share of Class A common stock and Class B common stock, or approximately $160.5 million on September 28, 2018 to shareholders of record on September 25, 2018. See Note 6 – Corporate Borrowings for additional information on the terms of the Convertible Notes due 2024.

We bifurcated the conversion feature from the principal balance of the Convertible Notes due 2024 as a derivative liability because (1) a conversion feature is not clearly and closely related to the debt instrument and the reset of the conversion price discussed in the following paragraph causes the conversion feature to not be considered indexed to our equity, (2) the conversion feature standing alone meets the definition of a derivative, and (3) the Convertible Notes due 2024 are not remeasured at fair value each reporting period with changes in fair value recorded in the consolidated statement of operations. The derivative liability of $90.4 million is offset by a discount to the principal and is amortized to interest expense resulting in an effective rate of 5.98% over the term of the Convertible Notes due 2024. We also recorded debt issuance costs of approximately $12.5 million related to the issuance of the Convertible Notes due 2024 and will amortize those costs to interest expense under the effective interest method over the term of the Convertible Notes due 2024. We recorded interest expense for the period from September 14, 2018 to September 30, 2018 of $1.5 million. The derivative liability is remeasured at fair value each reporting period with changes in fair value recorded in the consolidated statement of operations as other expense or income. See Note 9 – Fair Value Measurements for a discussion of the valuation methodology. For the three months ended September 30, 2018, this resulted in a charge of $54.1 million. The if-converted value of the Convertible Notes due 2024 exceeded the principal balance by approximately $49.1 million as of September 30, 2018 based on the closing price per share of our common stock of $20.50 per share.

The Convertible Notes due 2024 are generally not convertible to equity in the first year after issuance. Upon conversion by a holder thereof, we shall deliver, at our election, either cash, shares of our Class A common stock or a combination of cash and shares of our Class A common stock at a conversion rate of 52.7704 per $1,000 principal amount of the Convertible Notes due 2024 (which represents an initial conversion price of $18.95), in each case subject to customary anti-dilution adjustments. As of September 30, 2018, the $600.0 million principal balance of the Convertible Notes due 2024 would be convertible into 31,662,269 shares of Class A common stock. In addition to typical anti-dilution adjustments, in the event that the then-applicable conversion price is greater than 120% of the average of the volume-weighted average price of our Class A common stock for the ten days prior to the second anniversary of issuance, the conversion price for the Convertible Notes due 2024 is subject to a reset provision that would adjust the conversion price downward to such Reset Conversion Price. However, this conversion price reset provision is subject to a conversion price floor such that the shares of our Class A common stock issuable upon conversion would not exceed 30% of our then outstanding fully-diluted share capital after giving effect to the conversion. In addition, a trigger of the reset provision would result in up to 5,666,000 shares of our Class B common stock held by Wanda becoming subject to forfeiture and retirement by AMC at no additional cost pursuant to the stock

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repurchase agreement between us and Wanda discussed in Note 7 – Stockholders' Equity. Additionally, the conversion rate will be adjusted if any cash dividend or distribution is made to all or substantially all holders of our common stock (other than the special dividend referenced above and a regular, quarterly cash dividend that does not exceed $0.20 per share until the second anniversary of issuance and $0.10 per share thereafter). Any Convertible Notes due 2024 that are converted in connection with a Make-Whole Fundamental Change (as defined in the indenture governing the Convertible Notes due 2024) are, under certain circumstances, entitled to an increase in the conversion rate.

We have the option to redeem the Convertible Notes due 2024 for cash on or after the fifth anniversary of issuance at par if the price for our Class A common stock is equal to or greater than 150% of the then applicable conversion price for 20 or more trading days out of a consecutive 30 day trading period (including the final three trading days), at which time the holders have the option to convert. We also have the option to redeem the Convertible Notes due 2024, between the second and third anniversary of issuance, if the reset provision described above is triggered at a redemption price in cash that would result in the noteholders realizing a 15% IRR from the date of issuance regardless of when any particular noteholder acquired its Convertible Notes due 2024. We also bifurcated this redemption feature from the principal balance of the Convertible Notes due 2024 and considered it as a part of the overall fair value of the derivative liability.

With certain exceptions, upon a change of control of AMC or if our Class A common stock is not listed for trading on The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market, the holders of the Convertible Notes due 2024 may require that we repurchase in cash all or part of the principal amount of the Convertible Notes due 2024 at a purchase price equal to the principal amount plus accrued and unpaid interest up to, but excluding, the date of repurchase. The Indenture includes restrictive covenants that, subject to specified exceptions and parameters, limit the ability of us to incur additional debt and limit the ability of us to incur liens with respect to our senior subordinated notes or any debt incurred to refinance our senior subordinated notes. The Indenture also includes customary events of default, which may result in the acceleration of the maturity of the Convertible Notes due 2024 under the Indenture.

The Convertible Notes due 2024 are general unsecured senior obligations of AMC and are fully and unconditionally guaranteed on a joint and several senior unsecured basis by all of our existing and future domestic restricted subsidiaries that guarantee its other indebtedness.

Special Dividend: On September 14, 2018, our Board of Directors declared a special cash dividend in the amount of $1.55 per share of Class A and Class B common stock, payable on September 28, 2018 to stockholders of record on September 25, 2018.

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

Declaration Date	Record Date	Date Paid	Amount per Share of Common Stock	Total Amount Declared (In millions)
February 28, 2018	March 12, 2018	March 26, 2018	$ 0.20	$ 26.0
May 3, 2018	June 11, 2018	June 25, 2018	0.20	26.0
July 24, 2018	September 10, 2018	September 24, 2018	0.20	25.8
September 14, 2018	September 25, 2018	September 28, 2018	1.55	162.9

During the nine months ended September 30, 2018 and September 30, 2017, we paid dividends and dividend equivalents of $237.4 million and $78.7 million, respectively. As of September 30, 2018, we accrued $3.7 million for the remaining unpaid dividends.

On November 1, 2018, we declared a cash dividend in the amount of $0.20 per share of Class A and Class B common stock, payable on December 26, 2018 to stockholders of record on December 10, 2018.

Stock Repurchases. On August 3, 2017, we announced that our Board of Directors had approved a $100.0 million share repurchase program to repurchase our Class A common stock over a two-year period.

Repurchases may be made at management's discretion from time to time through open-market transactions including block purchases, through privately negotiated transactions, or otherwise over the next two years in accordance with all applicable securities laws and regulations. The extent to which AMC repurchases its shares, and the timing of

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such repurchases, will depend upon a variety of factors, including liquidity, capital needs of the business, market conditions, regulatory requirements, and other corporate considerations, as determined by AMC's management team. Repurchases may be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when our management might otherwise be precluded from doing so under insider trading laws. The repurchase program does not obligate us to repurchase any minimum dollar amount or number of shares and may be suspended for periods or discontinued at any time. During the nine months ended September 30, 2018, we repurchased 500,000 shares of Class A common stock at a cost of $8.2 million. As of September 30, 2018, we had $44.3 million remaining available for repurchases under this plan.

AMC Shares Repurchased from Wanda: On September 14, 2018, we issued $600.0 million of Convertible Notes due 2024. Using proceeds from the Convertible Notes, we repurchased 24,057,143 shares at a price of $17.50 per share or $421.0 million and associated legal fees of $1.9 million. As of September 30, 2018, Wanda owns 50.01% of AMC through its 51,769,784 shares of Class B common stock. With the 3 to 1 voting rights of Class B common shares, Wanda retains voting control of AMC.

Nordic Acquisition. On March 28, 2017, we completed the acquisition of Nordic Cinema Group. As such, three months of Nordic financial results are included in the Management's Discussion and Analysis for the three months ended September 30, 2017, while six months and four days of Nordic financial results are included for the nine months ended September 30, 2017 and nine months of Nordic financial results are included for the nine months ended September 30, 2018.

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Operating Results

The following table sets forth our consolidated revenues, operating costs and expenses.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(In millions)	2018	2017	% Change		2018	2017	% Change	
Revenues								
Admissions	$ 751.4	$ 753.5	(0.3)	%	$ 2,522.7	$ 2,332.4	8.2	%
Food and beverage	384.8	361.4	6.5	%	1,236.4	1,133.1	9.1	%
Other theatre	85.2	63.8	33.5	%	288.4	196.9	46.5	%
Total revenues	$ 1,221.4	$ 1,178.7	3.6	%	$ 4,047.5	$ 3,662.4	10.5	%
Operating Costs and Expenses								
Film exhibition costs	$ 378.8	$ 364.8	3.8	%	$ 1,276.7	$ 1,164.2	9.7	%
Food and beverage costs	63.6	60.7	4.8	%	202.0	182.6	10.6	%
Operating expense, excluding depreciation and amortization below	400.5	383.2	4.5	%	1,236.9	1,128.8	9.6	%
Rent	203.7	200.7	1.5	%	593.1	590.9	0.4	%
General and administrative:								
Merger, acquisition and transaction costs	18.1	5.6	*	%	27.1	57.2	(52.6)	%
Other, excluding depreciation and amortization below	48.4	32.6	48.5	%	135.6	113.0	20.0	%
Depreciation and amortization	130.2	135.2	(3.7)	%	398.4	393.9	1.1	%
Operating costs and expenses	1,243.3	1,182.8	5.1	%	3,869.8	3,630.6	6.6	%
Operating income (loss)	(21.9)	(4.1)	*	%	177.7	31.8	*	%
Other expense (income):								
Other (income) expense	54.1	(0.4)	*	%	57.5	(1.9)	*	%
Interest expense:								
Corporate borrowings	64.3	60.8	5.8	%	188.2	171.7	9.6	%
Capital and financing lease obligations	9.4	10.6	(11.3)	%	29.5	31.7	(6.9)	%
Non-cash NCM exhibitor service agreement	10.3	—			31.2	—		
Equity in (earnings) loss of non-consolidated entities (1)	(70.0)	1.8	*	%	(74.0)	199.1	*	%
Investment income	(0.7)	(16.6)	(95.8)	%	(7.4)	(21.6)	(65.7)	%
Total other expense	67.4	56.2	19.9	%	225.0	379.0	(40.6)	%
Loss before income taxes	(89.3)	(60.3)	48.1	%	(47.3)	(347.2)	(86.4)	%
Income tax provision (benefit)	11.1	(17.6)	*	%	13.2	(136.4)	*	%
Net loss	$ (100.4)	$ (42.7)	*	%	$ (60.5)	$ (210.8)	(71.3)	%

(1) Equity in (earnings) loss of non-consolidated entities includes a lower of cost or fair value impairment of our held-for-sale investment in NCM of $16.0 million for the nine months ended September 30, 2018. The nine months ended September 30, 2017 included an other-than-temporary impairment loss of $204.5 million, respectively, on our investment in NCM.

* Percentage change in excess of 100%

	Three Months Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
Operating Data:				
Screen additions	6	22	46	64
Screen acquisitions	8	15	39	720
Screen dispositions	43	21	177	257
Construction openings (closures), net	12	(53)	(106)	(39)
Average screens (1)	10,626	10,707	10,699	10,640
Number of screens operated	10,971	11,046	10,971	11,046
Number of theatres operated	1,002	1,006	1,002	1,006
Screens per theatre	10.9	11.0	10.9	11.0
Attendance (in thousands) (1)	82,662	79,451	264,838	254,441

(1) Includes consolidated theatres only and excludes screens offline due to construction.

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Segment Operating Results

The following table sets forth our revenues, operating costs and expenses by reportable segment.

	U.S. Markets		International Markets		Consolidated	
	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
(In millions)	2018	2017	2018	2017	2018	2017
Revenues						
Admissions	$ 539.0	$ 531.7	$ 212.4	$ 221.8	$ 751.4	$ 753.5
Food and beverage	301.4	278.3	83.4	83.1	384.8	361.4
Other theatre	55.2	35.7	30.0	28.1	85.2	63.8
Total revenues	895.6	845.7	325.8	333.0	1,221.4	1,178.7
Operating Costs and Expenses						
Film exhibition costs	289.0	269.2	89.8	95.6	378.8	364.8
Food and beverage costs	43.9	41.2	19.7	19.5	63.6	60.7
Operating expense	283.5	272.9	117.0	110.3	400.5	383.2
Rent	152.1	148.2	51.6	52.5	203.7	200.7
General and administrative expense:						
Merger, acquisition and transaction costs	9.0	3.7	9.1	1.9	18.1	5.6
Other	31.7	16.8	16.7	15.8	48.4	32.6
Depreciation and amortization	94.2	98.9	36.0	36.3	130.2	135.2
Operating costs and expenses	903.4	850.9	339.9	331.9	1,243.3	1,182.8
Operating income (loss)	(7.8)	(5.2)	(14.1)	1.1	(21.9)	(4.1)
Other expense (income):						
Other (income) expense	54.6	(0.3)	(0.5)	(0.1)	54.1	(0.4)
Interest expense:						
Corporate borrowings	63.5	60.3	0.8	0.5	64.3	60.8
Capital and financing lease obligations	4.3	5.0	5.1	5.6	9.4	10.6
Non-cash NCM exhibitor service agreement	10.3	—	—	—	10.3	—
Equity in (earnings) loss of non-consolidated entities	(67.4)	2.7	(2.6)	(0.9)	(70.0)	1.8
Investment (income) expense	(0.7)	(17.0)	—	0.4	(0.7)	(16.6)
Total other expense	64.6	50.7	2.8	5.5	67.4	56.2
Loss before income taxes	(72.4)	(55.9)	(16.9)	(4.4)	(89.3)	(60.3)
Income tax provision (benefit)	12.1	(18.9)	(1.0)	1.3	11.1	(17.6)
Net loss	$ (84.5)	$ (37.0)	$ (15.9)	$ (5.7)	$ (100.4)	$ (42.7)

	U.S. Markets Three Months Ended September 30,		International Markets Three Months Ended September 30,		Consolidated Three Months Ended September 30,	
	2018	2017	2018	2017	2018	2017
Segment Operating Data:						
Screen additions	—	21	6	1	6	22
Screen acquisitions	8	15	—	—	8	15
Screen dispositions	30	16	13	5	43	21
Construction openings (closures), net	22	(30)	(10)	(23)	12	(53)
Average screens (1)	7,992	8,028	2,634	2,679	10,626	10,707
Number of screens operated	8,080	8,139	2,891	2,907	10,971	11,046
Number of theatres operated	639	645	363	361	1,002	1,006
Screens per theatre	12.6	12.6	8.0	8.1	10.9	11.0
Attendance (in thousands) (1)	58,935	54,269	23,727	25,182	82,662	79,451

(1) Includes consolidated theatres only and excludes screens offline due to construction.

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(In millions)	U.S. Markets Nine Months Ended September 30, 2018	2017	International Markets Nine Months Ended September 30, 2018	2017	Consolidated Nine Months Ended September 30, 2018	2017
Revenues						
Admissions	$ 1,837.9	$ 1,716.3	$ 684.8	$ 616.1	$ 2,522.7	$ 2,332.4
Food and beverage	982.2	904.7	254.2	228.4	1,236.4	1,133.1
Other theatre	187.0	124.2	101.4	72.7	288.4	196.9
Total revenues	3,007.1	2,745.2	1,040.4	917.2	4,047.5	3,662.4
Operating Costs and Expenses						
Film exhibition costs	996.6	904.7	280.1	259.5	1,276.7	1,164.2
Food and beverage costs	142.4	129.7	59.6	52.9	202.0	182.6
Operating expense	866.0	824.3	370.9	304.5	1,236.9	1,128.8
Rent	430.8	445.6	162.3	145.3	593.1	590.9
General and administrative expense:						
Merger, acquisition and transaction costs	15.2	54.3	11.9	2.9	27.1	57.2
Other	84.7	67.8	50.9	45.2	135.6	113.0
Depreciation and amortization	285.6	294.3	112.8	99.6	398.4	393.9
Operating costs and expenses	2,821.3	2,720.7	1,048.5	909.9	3,869.8	3,630.6
Operating income (loss)	185.8	24.5	(8.1)	7.3	177.7	31.8
Other expense (income):						
Other (income) expense	56.2	(2.1)	1.3	0.2	57.5	(1.9)
Interest expense:						
Corporate borrowings	185.5	170.2	2.7	1.5	188.2	171.7
Capital and financing lease obligations	13.2	15.3	16.3	16.4	29.5	31.7
Non-cash NCM exhibitor service agreement	31.2	—	—	—	31.2	—
Equity in (earnings) loss of non-consolidated entities (1)	(71.0)	200.1	(3.0)	(1.0)	(74.0)	199.1
Investment (income) expense	(7.4)	(22.3)	—	0.7	(7.4)	(21.6)
Total other expense	207.7	361.2	17.3	17.8	225.0	379.0
Loss before income taxes	(21.9)	(336.7)	(25.4)	(10.5)	(47.3)	(347.2)
Income tax provision (benefit)	14.6	(138.0)	(1.4)	1.6	13.2	(136.4)
Net loss	$ (36.5)	$ (198.7)	$ (24.0)	$ (12.1)	$ (60.5)	$ (210.8)

	U.S. Markets Nine Months Ended September 30, 2018	2017	International Markets Nine Months Ended September 30, 2018	2017	Consolidated Nine Months Ended September 30, 2018	2017
Segment Operating Data:						

Screen additions	26	30	20	34	46	64
Screen acquisitions	31	37	8	683	39	720
Screen dispositions	155	218	22	39	177	257
Construction openings (closures), net	(46)	(3)	(60)	(36)	(106)	(39)
Average screens (1)	8,032	8,083	2,667	2,557	10,699	10,640
Number of screens operated	8,080	8,139	2,891	2,907	10,971	11,046
Number of theatres operated	639	645	363	361	1,002	1,006
Screens per theatre	12.6	12.6	8.0	8.1	10.9	11.0
Attendance (in thousands) (1)	190,542	179,041	74,296	75,400	264,838	254,441

(1) Includes consolidated theatres only and excludes screens offline due to construction.

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Adjusted EBITDA

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

Adjusted EBITDA decreased by $5.0 million or 3.4% during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Adjusted EBITDA in U.S. markets decreased by $2.6 million or 2.4% primarily due to increases in certain general and administrative: other expense, declines in cash distributions from non-consolidated entities, offset by increases in attendance and the new revenue recognition standard. Adjusted EBITDA in international markets decreased $2.4 million or 6.0% primarily due to foreign currency translation rates and declines in attendance.

Adjusted EBITDA increased by $130.8 million or 24.5% during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Adjusted EBITDA in U.S. markets increased by $115.0 million or 27.3% primarily due to increases in attendance and decreases in rent expense related to a lease modification during the nine months ended September 30, 2018. Adjusted EBITDA in international markets increased $15.8 million or 13.9% primarily due to increases in attendance from the Nordic acquisition on March 28, 2017 and improvements in foreign currency translation rates.

The following tables set forth our Adjusted EBITDA by reportable operating segment and our reconciliation of Adjusted EBITDA:

	Three Months Ended		Nine Months Ended	
Adjusted EBITDA (In millions)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
U.S. markets (1)	$ 105.0	$ 107.6	$ 535.6	$ 420.6
International markets	37.4	39.8	129.5	113.7
Total Adjusted EBITDA	$ 142.4	$ 147.4	$ 665.1	$ 534.3

(1) Distributions from NCM are reported entirely within the U.S. markets segment.

(In millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net earnings (loss)	$ (100.4)	$ (42.7)	$ (60.5)	$ (210.8)
Plus:				
Income tax provision (benefit)	11.1	(17.6)	13.2	(136.4)
Interest expense	84.0	71.4	248.9	203.4
Depreciation and amortization	130.2	135.2	398.4	393.9
Certain operating expenses (1)	6.6	3.7	16.2	12.5
Equity in (earnings) loss of non-consolidated entities (2)	(70.0)	1.8	(74.0)	199.1
Cash distributions from non-consolidated entities (3)	3.1	6.5	30.9	33.1
Attributable EBITDA (4)	2.1	0.8	3.7	1.8
Investment (income) expense	(0.7)	(16.6)	(7.4)	(21.6)
Other expense (income) (5)	54.1	(0.6)	57.7	(1.8)
General and administrative — unallocated:				
Merger, acquisition and transaction costs (6)	18.1	5.6	27.1	57.2
Stock-based compensation expense (7)	4.2	(0.1)	10.9	3.9
Adjusted EBITDA	$ 142.4	$ 147.4	$ 665.1	$ 534.3

(1) Amounts represent preopening expense related to temporarily closed screens under renovation, theatre and other closure expense for the permanent closure of screens including the related accretion of interest, non-cash deferred digital equipment rent expense, and disposition of assets and other non-operating gains or losses included in operating expenses. We have excluded these items as they are non-cash in nature, include components of interest cost for the time value of money or are non-operating in nature.

(2) During the three months ended September 30, 2018, we recorded equity in earnings related to our sale of all remaining NCM units of $28.9 million and a gain of $30.1 million related to the Screenvision merger. Equity in loss of non-consolidated entities also includes loss on the surrender (disposition) of a portion of our investment in NCM of $1.1 million during the nine months ended September 30, 2018. Equity in (earnings) loss of non-consolidated entities includes a lower of carrying value or fair value impairment loss of the held-for sale portion of our investment in NCM of $16.0 million for the nine months ended September 30, 2018. The nine months ended September 30, 2017 included an other-than-temporary impairment loss of $204.5 million, on our investment in NCM. The three months ended September 30, 2017 included a loss on the sale of NCM shares of $21.0 million. The impairment charges reflect recording our held-for-sale units and other-than-temporary impaired shares at the publicly quoted per share price on March 31, 2018 of $5.19 and June 30, 2017 of $7.42.

(3) Includes U.S. non-theatre distributions from equity method investments and International non-theatre distributions from equity method investments to the extent received. We believe including cash distributions is an appropriate reflection of the contribution of these investments to our operations.

(4) Attributable EBITDA includes the EBITDA from equity investments in theatre operators in certain international markets. See below for a reconciliation of our equity (earnings) loss of non-consolidated entities to attributable EBITDA. Because these equity investments are in theatre operators in regions where we hold a significant market share, we believe attributable EBITDA is more indicative of the performance of these equity investments and management uses this measure to monitor and evaluate these equity investments. We also provide services to these theatre operators including information technology systems, certain on-screen advertising services and our gift card and package ticket program. As these investments relate only to our Nordic acquisition, the second quarter of 2017 represents the first time we made this adjustment and does not impact prior historical presentations of Adjusted EBITDA.

(In millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Equity in (earnings) loss of non-consolidated entities	$ (70.0)	$ 1.8	$ (74.0)	$ 199.1
Less:				
Equity in (earnings) loss of non-consolidated entities excluding international theatre JV's	(68.5)	2.1	(72.1)	199.6
Equity in earnings (loss) of International theatre JV's	1.5	0.3	1.9	0.5
Income tax provision	0.1	—	0.2	—
Investment income	(0.1)	—	(0.3)	—
Depreciation and amortization	0.6	0.5	1.9	1.3
Attributable EBITDA	$ 2.1	$ 0.8	$ 3.7	$ 1.8

(5) Other expense (income) for the three and nine months ended September 30, 2018 includes financing losses and

financing related foreign currency transaction losses. During the three months ended September 30, 2018, we recorded expense of $54.1 million as a result of an increase in fair value of our derivative liability for the Convertible Notes due 2024.

(6) Merger, acquisition and transition costs are excluded as they are non-operating in nature.

(7) Stock-based compensation expense is non-cash or non-recurring expense included in general and administrative: other

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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 (as determined in accordance with U.S. 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 estimate our value.

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

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

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

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

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

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

· does not reflect the impact of divestitures that were required in connection with recently completed acquisitions.

International Segment Information

We acquired Nordic on March 28, 2017 and our results of operations include Nordic from the acquisition date forward.

Results of Operations— For the Three Months Ended September 30, 2018 and September 30, 2017

Consolidated Results of Operations

Revenues. Total revenues increased 3.6% or $42.7 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Admissions revenues decreased 0.3%, or $2.1 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to a 4.2% decrease in average ticket price, partially offset by a 4.0% increase in attendance. The decrease in average ticket price was primarily due to discounted pricing programs for our AMC Stubs members, increased attendance from our A-List loyalty program, and the decreased popularity and related decline in attendance for 3D and IMAX content, offset by increases in attendance for PLF premium content in U.S. Markets and price increases in our International Markets. The increase in attendance was primarily due to the popularity of films (for U.S. Markets) released in the quarter as compared to the same period a year ago, partially offset by a decline in attendance due to the lack of popular films compared to last year (for International Markets), increased competition in international markets and temporary screen closures for international theatre refurbishments.

Food and beverage revenues increased 6.5%, or $23.4 million, during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to the increase in attendance and a 2.3% increase in food and beverage revenues per patron. Food and beverage revenues per patron increased as a result of price increases in our International Markets.

Total other theatre revenues increased 33.5%, or $21.4 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to increases in ticketing fees and advertising including gross up for third party ticket fees of $3.9 million and increases from non-cash NCM ESA interest of $10.3 million, offset by a $3.8 million reduction in NCM ESA principal amortization in our U.S. Markets. Other revenues in our International Markets increased primarily due to increased ticket fees. See Note 1–Basis of Presentation for a further discussion of the increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 5.1%, or $60.5 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Film exhibition costs increased 3.8%, or $14.0 million, during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to the increase in film exhibition cost percentage. As a percentage of admissions revenues, film exhibition costs were 50.4% for the three months ended September 30, 2018 and 48.4% for the three months ended September 30, 2017. The increase in film exhibition costs percentage is primarily due to our A-list loyalty program in the U.S. Markets in the current year, where admissions revenues are fixed based on a monthly fee of $19.95, while the related film rental is variable and based on retail ticket prices.

Food and beverage costs increased 4.8%, or $2.9 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues, offset by a decline in food and beverage costs as a percentage of revenues. As a percentage of food and beverage revenues, food and beverage costs were 16.5% for the three months ended September 30, 2018 and 16.8% for the three months ended September 30, 2017. Food and beverage gross profit per patron increased 2.7% and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 32.8% for the three months ended September 30, 2018 and 32.5% for the three months ended September 30, 2017. Rent expense increased 1.5%, or $3.0 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were $18.1 million during the three months ended September 30, 2018 compared to $5.6 million during the three months ended September 30, 2017, primarily due to the write-off of $8.0 million of deferred costs related to an Odeon proposed public offering and $6.3 million of expense relating to an arbitration ruling on a pre-acquisition date rent dispute for Odeon.

Other. Other general and administrative expense increased $15.8 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, due to increased fees for a legal settlement, higher bonus expense related to improvements in operating performance and increases in stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization decreased $5.0 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to the prior year impairment charges and adjustments to the estimated fair value of property, net acquired in the Carmike acquisition, partially offset by capital expenditures of $374.9 million during the nine months ended September 30, 2018 and $628.8 million during the year ended December 31, 2017.

Other Expense (Income):

Other expense. Other expense increased $54.5 million during the three months ended September 30, 2018 and is primarily due to a $54.1 million charge for the derivative liability related to the embedded conversion feature for the Convertible Notes due 2024. See Note 6 – Corporate Borrowings for additional information on the terms of the Convertible Notes due 2024.

Interest expense. Interest expense increased $12.6 million to $84.0 million for the three months ended September 30, 2018 compared to $71.4 million for the three months ended September 30, 2017 primarily due to a non-cash NCM ESA expense of $10.3 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation. Additionally, on September 14, 2018, we issued $600.0 million of our 2.95% Convertible Notes due 2024.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities were $70.0 million for the three months ended September 30, 2018 compared to equity losses of $1.8 million for the three months ended September 30, 2017. During the three months ended September 30, 2018, we recorded equity in earnings of $28.9 million related to the sale of all of our remaining interest in NCM and $30.1 million related to the Screenvision merger. During the three months ended September 30, 2017, we incurred a loss on sales of NCM shares of $21.0 million, partially offset by an increase in earnings from NCM of $6.7 million. See Note 5 – Investments of the Notes to the

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Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Investment income. Investment income was $0.7 million for the three months ended September 30, 2018 compared to investment income of $16.6 million for the three months ended September 30, 2017. Investment income for the three months ended September 30, 2017 includes a $17.0 million gain on the sale of our investment in Open Road.

Income tax provision (benefit). The income tax provision was $11.1 million for the three months ended September 30, 2018 and income tax benefit was $17.6 million for the three months ended September 30, 2017. See Note 8–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net loss. Net loss was $100.4 million and $42.7 million during the three months ended September 30, 2018 and September 30, 2017, respectively. Net loss during the three months ended September 30, 2018 compared to the three months ended September 30, 2017 were negatively impacted by the $54.1 million charge for the derivative liability related to the embedded conversion feature for the Convertible Notes due 2024, higher income tax provision, increases in general and administrative: other, and merger and acquisition costs, decreases in investment income, and higher interest expense, partially offset by improvements in equity in earnings and gross profit.

Theatrical Exhibition–U.S. Markets

Revenues. Total revenues increased 5.9% or $49.9 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Admissions revenues increased 1.4%, or $7.3 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to an 8.6% increase in attendance, offset by a decline in average ticket price of 6.6%. The increase in attendance was due to the popularity of film product compared to the prior year. The decrease in average ticket price was primarily due to discounted pricing for our AMC Stubs members, increased attendance from our A-list loyalty program, and decreased popularity and related decrease in attendance for 3D and IMAX content, offset by increased attendance for PLF premium content.

Food and beverage revenues increased 8.3%, or $23.1 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to the increase in attendance, offset by a 0.4% decrease in food and beverage per patron. Food and beverage revenues per patron decreased primarily due to attendance from A-list and AMC Stubs members producing a lower food and beverage revenue per person rate.

Total other theatre revenues increased 54.6%, or $19.5 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to increases in ticket fees and higher advertising revenues including gross up for third party ticket fees of $3.8 million and increases from non-cash NCM ESA interest of $10.3 million, offset by a $3.8 million reduction in NCM ESA principal amortization. See Note 1–Basis of Presentation for a further discussion of increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 6.2%, or $52.6 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Film exhibition costs increased 7.4%, or $19.8 million, during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to the increase in film exhibition costs percentage and the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 53.6% and 50.6% for the three months ended September 30, 2018 and September 30, 2017, respectively. The increase in film exhibition cost percentage is primarily due to our A-list loyalty program where admissions revenues are fixed based on a monthly fee of $19.95 per member, while the related film rental is variable and based on the retail ticket price.

Food and beverage costs increased 6.6%, or $2.7 million, during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. As a percentage of food and beverage revenues, food and beverage costs were 14.6% for the three months ended September 30, 2018 and 14.8% for the three months ended September 30, 2017. Food and beverage gross profit per patron was $4.37 and unchanged from the prior year and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 31.7% for the three months ended September 30, 2018 and 32.3% for the three months ended September 30, 2017. Rent expense increased 2.6%, or $3.9 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were $9.0 million during the three months ended September 30, 2018 compared to $3.7 million during the three months ended September 30, 2017 and increased primarily due to the write-off of $8.0 million of deferred costs related to an Odeon proposed public offering.

Other. Other general and administrative expense increased $14.9 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to increased fees for legal settlements, higher bonus expense related to improvements in operating performance and increases in stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization decreased $4.7 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to the prior year impairment charges and adjustments to the estimated fair value of property, net acquired in the Carmike acquisition, partially offset by depreciation on capital expenditures of $264.9 million during the nine months ended September 30, 2018, and $543.7 million during the year ended December 31, 2017.

Other Expense (Income):

Other expense. Other expense of $54.6 million during the three months ended September 30, 2018 is primarily due to a $54.1 million charge for the derivative liability related to the embedded conversion feature for the Convertible Notes due 2024. See Note 6 – Corporate Borrowings for additional information on the terms of the Convertible Notes due 2024.

Interest expense. Interest expense increased $12.8 million to $78.1 million for the three months ended September 30, 2018 compared to $65.3 million for the three months ended September 30, 2017 primarily due to a non-cash NCM ESA expense of $10.3 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation. Additionally, on September 14, 2018, we issued $600.0 million of our 2.95% Convertible Notes due 2024.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities were $(67.4) million for the three months ended September 30, 2018 compared to equity in losses of $2.7 million for the three months ended September 30, 2017. Equity in earnings for the three months ended September 30, 2018 includes a $28.9 million gain on the sale of NCM common units and a $30.1 million gain on the Screenvision merger. During the three months ended September 30, 2017, we incurred a loss on sales of NCM shares of $21.0 million, partially offset by an increase in earnings from NCM of $6.7 million. See Note 5 – Investments of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Investment income. Investment income was $0.7 million for the three months ended September 30, 2018 compared to investment income of $17.0 million for the three months ended September 30, 2017. Investment income for the three months ended September 30, 2017 included a $17.0 million gain on the sale of our investment in Open Road Releasing, LLC ("Open Road").

Income tax (benefit) provision. The income tax provision was $12.1 million for the three months ended September 30, 2018 and income tax benefit was $18.9 million for the three months ended September 30, 2017. See Note 8–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net loss. Net loss was $84.5 million and $37.0 million during the three months ended September 30, 2018 and September 30, 2017, respectively. Net loss during the three months ended September 30, 2018 compared to the three months ended September 30, 2017 was negatively impacted by the $54.1 million charge for the derivative liability related to the Convertible Notes due 2024, a higher provision for income taxes, declines in investment income, increases in general and administrative: other, and merger, acquisition and transaction costs, higher rent expense, higher interest expense, partially offset by higher equity in earnings from non-consolidated entities, higher gross profit from operations and lower depreciation and amortization.

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Theatrical Exhibition - International Markets

Revenues. Total revenues decreased 2.2% or $7.2 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Admissions revenues decreased 4.2% or $9.4 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to a 5.8% decline in attendance, partially offset by a 1.6% increase in average ticket price. Attendance declined primarily due to the lack of popular films compared to last year, increased competition and temporary screen closures for our renovation initiatives. Average ticket price increased due to price increases, partially offset by deteriorations in foreign currency translation rates.

Food and beverage revenues increased 0.4% or $0.3 million, during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to a 6.5% increase in food and beverage per patron, partially offset by the overall decrease in attendance. Food and beverage per patron increased due to price increases and was offset by deteriorations in foreign currency translation rates.

Total other theatre revenues increased 6.8% or $1.9 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017, primarily due to increased ticket fees.

Operating costs and expenses. Operating costs and expenses increased 2.4% or $7.9 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. Film exhibition costs decreased 6.1% or $5.8 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. The decrease in film exhibition cost is due to the decrease in admissions revenue and the decrease in film exhibition cost as a percentage of admissions revenues. As a percentage of admissions revenues, film exhibition costs were 42.3% for the three months ended September 30, 2018 and 43.1% for the three months ended September 30, 2017.

Food and beverage costs increased 1.0% or $0.2 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017. The increase in food and beverage costs was primarily due to the increase in food and beverage cost as a percent of revenues. As a percentage of food and beverage revenues, food and beverage costs were 23.6% for the three months ended September 30, 2018 and 23.5% for the three months ended September 30, 2017.

As a percentage of revenues, operating expense was 35.9% for the three months ended September 30, 2018 and 33.1% during the three months ended September 30, 2017. Rent expense decreased 1.7% or $0.9 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017 due primarily to deteriorations in foreign currency translation rates.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were $9.1 million during the three months ended September 30, 2018 compared to $1.9 million during the three months ended September 30, 2017, primarily due to $6.3 million of expense related to an arbitration ruling on a pre-acquisition date rent dispute for Odeon.

Other. Other general and administrative expense increased 5.7% or $0.9 million, during the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

Depreciation and amortization. Depreciation and amortization decreased 0.8% or $0.3 million during the three months ended September 30, 2018 compared to the three months ended September 30, 2017 primarily due to deteriorations in foreign currency translation rates offset by depreciation on capital expenditures of $110.0 million during the nine months ended September 30, 2018, and $83.1 million during the year ended December 31, 2017.

Interest expense. Interest expense increased 3.2% or $0.2 million for the three months ended September 30, 2018 compared to the three months ended September 30, 2017.

Investment expense. Investment expense declined $0.4 million during the three months ended September 30,

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2018.

Income tax provision (benefit). The income tax benefit is $(1.0) million for the three months ended September 30, 2018 as compared to income tax provision of $1.3 million for the three months ended September 30, 2017. See Note 8–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net loss. Net loss increased $10.2 million during the three months ended September 30, 2018 primarily due to increases in merger, acquisition and transaction costs, declines in attendance offset by higher equity in earnings from non-consolidated entities and lower income tax expense.

Results of Operations— For the Nine Months Ended September 30, 2018 and September 30, 2017

Consolidated Results of Operations

Revenues. Total revenues increased 10.5% or $385.1 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Admissions revenues increased 8.2%, or $190.3 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to a 4.1% increase in attendance, and a 3.9% increase in average ticket price. The increase in attendance was primarily due to the popularity of films (for U.S. Markets) released as compared to the same period a year ago and the acquisition of Nordic on March 28, 2017 (for International Markets), partially offset by a lack of popular film product, temporary screen closures for theatre refurbishments and increased competition in International Markets. The increase in average ticket price was primarily due to strategic pricing initiatives put in place over the last year, improvements in attendance and popularity of IMAX and other PLF premium content and improvements in foreign currency translation rates.

Food and beverage revenues increased 9.1%, or $103.3 million, during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the increase in attendance and a 4.8% increase in food and beverage revenues per patron. Food and beverage revenues per patron increased as a result of our food and beverage initiatives including our Feature Fare menu that was introduced in 2017 and is available in 349 of our U.S. theatres, offering our guests a broader selection of items to choose from, price increases and improvements in foreign currency translation rates.

Total other theatre revenues increased 46.5%, or $91.5 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to increases in advertising revenues, ticket fees and income from gift cards and package tickets including gross up for third party ticket fees of $17.0 million and increases from non-cash NCM ESA interest of $31.3 million, offset by a $11.5 million reduction in NCM ESA principal amortization. Other revenues also increased due to the acquisition of Nordic. See Note 1–Basis of Presentation for a further discussion of the increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 6.6%, or $239.4 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Film exhibition costs increased 9.7%, or $112.5 million, during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 50.6% for the nine months ended September 30, 2018 and 49.9% for the nine months ended September 30, 2017.

Food and beverage costs increased 10.6%, or $19.4 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 16.3% for the nine months ended September 30, 2018 and 16.1% for the nine months ended September 30, 2017. Food and beverage gross profit per patron increased 4.6% and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 30.6% for the nine months ended September 30, 2018 and 30.8% for the nine months ended September 30, 2017. Rent expense increased 0.4%, or $2.2 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the Nordic

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acquisition and improvements in translation rates, partially offset by the modification of a theatre lease in the U.S. markets which reduced rent expense by $35.0 million.

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were $27.1 million during the nine months ended September 30, 2018 compared to $57.2 million during the nine months ended September 30, 2017, primarily due to expenses incurred in connection with the Carmike, Odeon and Nordic acquisitions in the prior year. The current year includes the write-off of $8.0 million of deferred costs related to an Odeon proposed public offering and $6.3 million of expense related to an arbitration ruling on a pre-acquisition date rent dispute for Odeon. The merger, acquisition and transaction costs are a corporate function primarily recorded in the U.S. markets operating segment.

In conjunction with the Carmike acquisition and the DOJ final judgment, we returned 1,807,220 additional NCM common units (valued at $22.6 million) in exchange for a waiver of exclusivity by NCM which resulted in $22.6 million of expense during the nine months ending September 30, 2017.

Other. Other general and administrative expense increased $22.6 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the acquisition of Nordic, increases in foreign currency translation rates, increases in legal settlement fees, increases in bonus expense related to improved performance and increases in stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization increased $4.5 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the acquisition of Nordic and improvements in foreign currency translation rates.

Other Expense (Income):

Other expense. Other expense of $57.5 million during the nine months ended September 30, 2018 is primarily due to a $54.1 million charge for the derivative liability related to the embedded conversion feature for the Convertible Notes due 2024.

Interest expense. Interest expense increased $45.5 million to $248.9 million for the nine months ended September 30, 2018 compared to $203.4 million the nine months ended September 30, 2017 primarily due to a non-cash NCM ESA expense of $31.2 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation. On March 17, 2017, we issued $475.0 million of our 6.125% Notes due 2027 and £250.0 million ($313.4 million) of our 6.375% Sterling Notes due 2024. On September 14, 2018, we issued $600.0 million of our 2.95% Convertible Notes due 2024.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities increased $237.1 million to $(74.0) million for the nine months ended September 30, 2018 compared to equity losses of $199.1 million for the nine months ended September 30, 2017. Equity in earnings for the nine months ended September 30, 2018 includes a $2.3 million gain on the sale of NCM common shares, partially offset by a $16.0 million lower of carrying value or fair value impairment loss on 9,492,820 NCM units and 1,000,000 NCM, Inc. common shares held-for-sale, a $1.1 million loss on the return of 915,150 NCM units as a part of the annual common unit adjustment under the NCM ESA and a $28.9 million gain on the sale of all of our remaining interest in NCM. Equity in earnings includes a $30.1 million gain related to the Screenvision merger during the nine months ended September 30, 2018. During the nine months ended September 30, 2017, the loss was primarily due to an other-than-temporary impairment loss on NCM of $204.5 million, loss on sales of NCM shares of $22.2 million and a recognition of previously suspended losses on our investment in Open Road of $8.9 million in the prior year. See Note 5 – Investments of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Investment income. Investment income was $7.4 million for the nine months ended September 30, 2018 compared to investment income of $21.6 million for the nine months ended September 30, 2017. Investment income includes payments received related to the NCM tax receivable agreement of $5.4 million and $5.5 million for the nine months ended September 30, 2018 and September 30, 2017, respectively. Investment income for the nine months ended September 30, 2018 includes a $1.5 million gain on the sale of a joint venture managed theatre. Investment income for the nine months ended September 30, 2017 includes a $17.0 million gain on the sale of Open Road.

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Income tax (benefit) provision. The income tax provision was $13.2 million for the nine months ended September 30, 2018 and income tax benefit was $136.4 million for the nine months ended September 30, 2017. See Note 8–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net loss. Net loss was $(60.5) million and $(210.8) million during the nine months ended September 30, 2018 and September 30, 2017, respectively. Net loss during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 were positively impacted by improvements in equity in earnings of non-consolidated entities related to the prior year impairment charge of $204.5 million for our investment in NCM, higher revenues, lower merger, acquisition and transaction costs, a $35.0 million rent reduction due to a lease modification, offset by the $54.1 million charge for the derivative liability related to the embedded conversion feature for the Convertible Notes due 2024, increases in depreciation and amortization expense, decreases in investment income, increases in interest expense, income tax provision and general and administrative expense (other).

Theatrical Exhibition–U.S. Markets

Revenues. Total revenues increased 9.5% or $261.9 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Admissions revenues increased 7.1%, or $121.6 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to a 6.4% increase in attendance and a 0.6% increase in average ticket price. The increase in attendance was due to the popularity of film product during the current year as compared to the prior year. The increase in average ticket price was primarily due to increased popularity and related increase in attendance for IMAX and other PLF premium content and strategic price initiatives put in place over the last year.

Food and beverage revenues increased 8.6%, or $77.5 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the increase in attendance, and an increase in food and beverage revenues per patron of 2.0%. Food and beverage revenues per patron increased as a result of our food and beverage initiatives including our Feature Fare menu that was introduced in 2017 and is available in 349 of our U.S. theatres, offering our guests a broader selection of items to choose from and price increases.

Total other theatre revenues increased 50.6%, or $62.8 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to ticket fees and advertising revenues including gross up for third party ticket fees of $17.0 million and increases from non-cash NCM ESA interest of $31.3 million, offset by $11.5 million reduction in NCM ESA principal amortization. See Note 1–Basis of Presentation for a further discussion of increases in other revenues related to ASC 606.

Operating costs and expenses. Operating costs and expenses increased 3.7%, or $100.6 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Film exhibition costs increased 10.2%, or $91.9 million, during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 54.2% and 52.7% for the nine months ended September 30, 2018 and September 30, 2017, respectively. The increase in film exhibition cost percentage is primarily due to the concentration of box office revenues in higher grossing films in the current year which typically results in higher film terms.

Food and beverage costs increased 9.8%, or $12.7 million, during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. As a percentage of food and beverage revenues, food and beverage costs were 14.5% for the nine months ended September 30, 2018 and 14.3% for the nine months ended September 30, 2017. The increase in food and beverage costs as a percentage of food and beverage revenues was primarily due to higher cost items in the new Feature Fare menu. Food and beverage gross profit per patron increased 1.8% and is calculated as food and beverage revenues less food and beverage costs divided by attendance.

As a percentage of revenues, operating expense was 28.8% for the nine months ended September 30, 2018 and 30.0% for the nine months ended September 30, 2017. Rent expense decreased 3.3%, or $14.8 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily from the modification of a theatre lease which reduced rent expense by $35.0 million and partially offset by higher snow removal costs in the current year.

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General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were $15.2 million during the nine months ended September 30, 2018 compared to $54.3 million during the nine months ended September 30, 2017, primarily due to expenses incurred in connection with the Carmike, Odeon and Nordic acquisitions in the prior year. The current year includes the write-off of $8.0 million of deferred charges related to an Odeon proposed public offering. The merger, acquisition and transaction costs are a corporate function primarily recorded in the U.S. markets operating segment.

Other. Other general and administrative expense increased $16.9 million, during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to increases in legal settlement fees, bonus expense due to improved operating performance and stock-based compensation expense.

Depreciation and amortization. Depreciation and amortization decreased $8.7 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the prior year impairment charges and adjustments to the estimated fair value of property, net acquired in the Carmike acquisition, partially offset by depreciation on capital expenditures of $264.9 million during the nine months ended September 30, 2018 and $543.7 million during the year ended December 31, 2017.

Other Expense (Income):

Other expense. Other expense of $56.2 million during the nine months ended September 30, 2018 is primarily due to a $54.1 million charge for the derivative liability related to the embedded conversion feature for the Convertible Notes due 2024. See Note 6 – Corporate Borrowings for additional information on the terms of the Convertible Notes due 2024.

Interest expense. Interest expense increased $44.4 million to $229.9 million for the nine months ended September 30, 2018 compared to $185.5 million the nine months ended September 30, 2017 primarily due to a non-cash NCM ESA expense of $31.2 million recorded due to adoption of ASC 606 – Revenue Recognition, that required us to reflect an interest component for our long-term performance obligation. On March 17, 2017, we issued $475.0 million of our 6.125% Notes due 2027 and £250.0 million ($313.4 million) of our 6.375% Sterling Notes due 2024. On September 14, 2018, we issued $600.0 million of our 2.95% Convertible Notes due 2024.

Equity in (earnings) losses of non-consolidated entities. Equity in earnings of non-consolidated entities increased $271.1 million to $(71.0) million for the nine months ended September 30, 2018 compared to equity in losses of $200.1 million for the nine months ended September 30, 2017. Equity in earnings for the nine months ended September 30, 2018 increased due to a $28.9 million gain on the sale of NCM common shares, a $30.1 million gain on the Screenvision merger, partially offset by a $16.0 million lower of carrying value or fair value impairment loss on 9,492,820 NCM units and 1,000,000 NCM, Inc. common shares held-for-sale (sold as of September 30, 2018) and a $1.1 million loss on the return of 915,150 NCM units as a part of the annual common unit adjustment under the NCM ESA. During the nine months ended September 30, 2017, the loss was primarily due to an other-than-temporary impairment loss on NCM of $204.5 million, a loss on sale of NCM shares of $22.2 million, and recognition of previously suspended losses on Open Road of $8.9 million. See Note 5 – Investments of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Investment income. Investment income was $7.4 million for the nine months ended September 30, 2018 compared to investment income of $22.3 million for the nine months ended September 30, 2017. Investment income includes payments received related to the NCM tax receivable agreement of $5.4 million and $5.5 million for the nine months ended September 30, 2018 and September 30, 2017, respectively. Investment income for the nine months ended September 30, 2018 includes a $1.5 million gain on the sale of a joint venture managed theatre. Investment income for the nine months ended September 30, 2017 includes a $17.0 million gain on the sale of our investment in Open Road.

Income tax (benefit) provision. The income tax provision was $14.6 million for the nine months ended September 30, 2018 and income tax benefit was $138.0 million for the nine months ended September 30, 2017. See Note 8–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

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Net loss. Net losses were $36.5 million and $198.7 million during the nine months ended September 30, 2018 and September 30, 2017, respectively. Net loss during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 were positively impacted by improvement in equity in earnings of non-consolidated entities due to the prior year $204.5 million impairment of our investment in NCM, higher revenues, lower merger, acquisition and transaction costs, a $35.0 million rent reduction due to a lease modification that reduced rent expense, lower depreciation and amortization, partially offset by the $54.1 million charge for the derivative liability, increased interest expense, income tax provision and general and administrative expense (other).

Theatrical Exhibition - International Markets

Revenues. Total revenues increased 13.4% or $123.2 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Admissions revenues increased 11.2% or $68.7 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to a 11.4% increase in average ticket price, partially offset by a 1.5% decrease in attendance. The increase in average ticket price is due to improvements in foreign currency translation rates and increased ticket prices for Odeon. Attendance decreased primarily due to declines at Odeon due to the lack of popular films as compared to the prior year, increased competition and temporary screen closures for theatre refurbishments, partially offset by the acquisition of Nordic on March 28, 2017.

Food and beverage revenues increased 11.3% or $25.8 million, during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to food and beverage per patron increase of 13.9%. Food and beverage per patron increased primarily due to improvements in foreign currency translation rates and price increases.

Total other theatre revenues increased 39.5% or $28.7 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the acquisition of Nordic, increases in ticket fees and gift card and package ticket income and improvements in foreign currency translation rates.

Operating costs and expenses. Operating costs and expenses increased $138.6 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Film exhibition costs increased $20.6 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to the increase in admissions revenues. As a percentage of admissions revenues, film exhibition costs were 40.9% for the nine months ended September 30, 2018 and 42.1% for the nine months ended September 30, 2017.

Food and beverage costs increased $6.7 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The increase in food and beverage costs was primarily due to the increase in food and beverage revenues. As a percentage of food and beverage revenues, food and beverage costs were 23.4% for the nine months ended September 30, 2018 and 23.2% for the nine months ended September 30, 2017.

As a percentage of revenues, operating expense was 35.6% for the nine months ended September 30, 2018 and 33.2% during the nine months ended September 30, 2017. Rent expense increased $17.0 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due primarily to the acquisition of Nordic on March 28, 2017 and improvements in foreign currency translation rates.

General and Administrative Expense:

Merger, acquisition and transaction costs. Merger, acquisition and transaction costs were $11.9 million during the nine months ended September 30, 2018 compared to $2.9 million during the nine months ended September 30, 2017, primarily due to expenses incurred in connection with the Odeon and Nordic acquisitions. We recorded expense during the current year of $6.3 million related to an arbitration ruling related to a pre-acquisition date rent dispute.

Other. Other general and administrative expense increased $5.7 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 primarily due to the Nordic acquisition and stock-based compensation.

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Depreciation and amortization. Depreciation and amortization increased $13.2 million during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 primarily due to the acquisition of Nordic on March 28, 2017 and improvements in foreign currency translation rates.

Interest expense. Interest expense increased $1.1 million for the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to improvements in foreign currency translation rates.

Income tax provision (benefit). The income tax benefit was $(1.4) million for the nine months ended September 30, 2018 as compared to income tax provision of $1.6 million for the nine months ended September 30, 2017. See Note 8–Income Taxes of the Notes to the Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q for further information.

Net loss. Net loss increased $11.9 million during the nine months ended September 30, 2018 as a result of increased merger, acquisition and transaction costs, general and administrative: other expenses, and offset by lower income tax expenses.

LIQUIDITY AND CAPITAL RESOURCES

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

We had working capital deficits (excluding restricted cash) as of September 30, 2018 and December 31, 2017 of $(482.9 million) and $(545.3 million), respectively. Working capital included $293.2 million and $401.0 million of deferred revenues as of September 30, 2018 and December 31, 2017, respectively. We have the ability to borrow under our Revolving Credit Facility to meet obligations as they come due (subject to limitations on the incurrence of indebtedness in our various debt instruments). As of September 30, 2018, we had $211.1 million available for borrowing, net of letters of credit, under our Revolving Credit Facility. We also maintain a £100.0 million ($130.0 million based on the foreign currency translation rate of 1.30 on September 30, 2018) revolving credit facility at our Odeon subsidiary. As of September 30, 2018, we had a drawn down on the revolving credit facility by $6.6 million and had issued $19.2 million standby letters of credit in the ordinary course of business, leaving £80.1 million ($104.2 million) available for borrowing.

We believe that cash generated from operations, existing cash and cash equivalents, availability under our Revolving Credit Facility and Odeon's Revolving Credit Facility will be sufficient to fund operations, planned capital expenditures, dividends and repurchases of our common stock currently and for at least the next 12 months and enable us to maintain compliance with all financial debt covenants.

As of September 30, 2018, we were in compliance with all financial debt covenants.

Cash Flows from Operating Activities

Cash flows provided by operating activities, as reflected in the Consolidated Statements of Cash Flows, were $298.8 million and $229.6 million during the nine months ended September 30, 2018 and September 30, 2017, respectively. The increase in cash flows provided by operating activities was primarily due to increased attendance levels which drove higher operating results and increases in landlord contributions.

Cash Flows used in Investing Activities

Cash flows used in investing activities, as reflected in the Consolidated Statements of Cash Flows, were $114.3 million and $809.3 million during the nine months ended September 30, 2018 and September 30, 2017, respectively. Cash outflows from investing activities include capital expenditures of $374.9 million and $467.7 million

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during the nine months ended September 30, 2018 and September 30, 2017, respectively. Our capital expenditures primarily consisted of strategic growth initiatives and remodels, capital improvements to existing locations in our theatre circuit, and technology upgrades. During the nine months ended September 30, 2018, cash inflows from investing activities included the proceeds from the Screenvision merger of $45.8 million, proceeds from sale leaseback transactions of $50.1 million, and proceeds from the disposition of NCM units of $162.5 million. During the nine months ended September 30, 2017, cash outflows from investing activities included the acquisition of Nordic, net of cash and restricted cash, of $577.6 million, proceeds from sale leaseback transactions of $128.4 million and proceeds from disposition of NCM units of $89.4 million. We expect that our gross cash outflows for capital expenditures will be approximately $600.0 million to $640.0 million for 2018, before giving effect to expected landlord contributions of approximately $140.0 million to $150.0 million.

We fund the costs of constructing, maintaining and remodeling our theatres through existing cash balances, cash generated from operations, landlord contributions, 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 or acquired theatres and, following construction or acquisition, sell and leaseback the real estate assets pursuant to long-term non-cancelable operating leases. See Commitments and Contingencies below for additional discussion of the potential cash outflows and future sources of liquidity.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities, as reflected in the Consolidated Statements of Cash Flows, were $(155.3) million and $621.0 million during the nine months ended September 30, 2018 and September 30, 2017, respectively.

On February 28, 2018, our Board of Directors declared a cash dividend in the amount of $0.20 per share of Class A and Class B common stock, paid on March 26, 2018 to stockholders of record on March 12, 2018. On May 3, 2018, our Board of Directors declared a cash dividend in the amount of $0.20 per share of Class A and Class B common stock, paid on June 25, 2018 to stockholders of record on June 11, 2018. On July 24, 2018, our Board of Directors declared a cash dividend in the amount of $0.20 per share of Class A and Class B common stock, paid on September 24, 2018 to stockholders of record on September 10, 2018. On September 14, 2018, our Board of Directors declared a cash dividend in the amount of $1.55 per share of Class A and Class B common stock, paid on September 28, 2018 to stockholders of record on September 25, 2018. We paid dividends and dividend equivalents of $237.4 million during the nine months ended September 30, 2018 and paid dividends and dividend equivalents of $78.7 million during the nine months ended September 30, 2017.

On November 1, 2018, our Board of Directors declared a cash dividend in the amount of $0.20 per share of Class A and Class B common stock, to be paid on December 26, 2018 to stockholders of record on December 10, 2018.

We made tax payments for restricted stock units withholdings of $1.7 million and $6.5 million during the nine months ended September 30, 2018 and September 30, 2017, respectively.

We paid $13.5 million for treasury stock purchased at the end of 2017 and settled during January of 2018. We paid $8.3 million for treasury stock purchased during the nine months ended September 30, 2018.

As of September 30, 2018, we had no borrowings outstanding under our Revolving Credit Facility and $13.9 million in outstanding standby letters of credit in the ordinary course of business and we had $6.6 million of borrowings outstanding under our Odeon revolving credit facility and $19.2 million in outstanding standby letters of credit in the ordinary course of business.

On March 17, 2017, we issued $475.0 million aggregate principal amount of our 6.125% Senior Subordinated Notes due 2027 in a private offering and £250.0 million ($327.8 million) additional aggregate principal amount of our Sterling Notes due 2024 at 106% plus accrued interest from November 8, 2016 in a private offering.

On March 28, 2017, we paid the Nordic SEK Term Loan of $144.4 million and the Nordic EUR Term Loan of $169.5 million aggregate principal amount in connection with the acquisition of Nordic using proceeds from our Senior Subordinated Notes due 2027 and Sterling Notes due 2024.

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In February 2017, we completed an additional public offering of 20,330,874 shares of Class A common stock at a price of $31.50 per share ($640.4 million), resulting in net proceeds of $616.8 million after underwriters commission. We used a portion of the net proceeds to repay the aggregate principal amount of our Bridge Loan of $350.0 million.

On September 14, 2018, we issued $600.0 million aggregate principal amount of our 2.95% Senior Unsecured Convertible Notes due 2024.

On September 14, 2018, we used the net proceeds from the Convertible Notes due 2024 private offering to repurchase and retire 24,057,143 shares of Class B common stock for $422.9 million and to pay a special dividend on September 28, 2018 to shareholders of record on September 25, 2018 of $1.55 per share, or approximately $160.5 million.

Contractual Obligations, Commitments and Contingencies

We have commitments and contingencies for capital and financing leases, corporate borrowings, operating leases, capital related betterments and pension funding that were summarized in a table in our Annual Report on Form 10–K for the year ended December 31, 2017. Since December 31, 2017, there have been no material changes to the commitments and contingencies of the Company outside the ordinary course of business except as otherwise disclosed regarding the sale leaseback transaction (see Note 1 – Basis of Presentation for additional information regarding the sale leaseback transaction) and the issuance of $600.0 million Convertible Notes due 2024, (see Note 6 – Corporate Borrowings for additional information on the terms of the Convertible Notes due 2024).

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, our financial results are exposed to fluctuations in interest rates and foreign currency exchange rates. In accordance with applicable guidance, we presented a sensitivity analysis showing the potential impact to net income of changes in interest rates and foreign currency exchange rates. For the nine months ended September 30, 2018, our analysis utilized a hypothetical 100 basis-point increase or decrease to the average interest rate on our variable rate debt instruments to illustrate the potential impact to interest expense of changes in interest rates. For the nine months ended September 30, 2018, our analysis utilized a hypothetical 100 basis-point increase or decrease to market interest rates on our fixed rate debt instruments to illustrate the potential impact to fair value of changes in interest rates.

Similarly, for the same period, our analysis used a uniform and hypothetical 10% strengthening of the U.S. dollar versus the average exchange rates of applicable currencies to depict the potential impact to net income of changes in foreign exchange rates. These market risk instruments and the potential impacts to the consolidated statements of operations for the current year, have not materially fluctuated, individually or in the aggregate from the preceding year; thus, only current year information is presented below.

Market risk on variable rate financial instruments. At September 30, 2018, we maintained a Senior Secured Credit Facility comprised of a $225.0 million revolving credit facility, $856.4 million of Senior Secured Term Loans due 2022 and $492.5 million of Senior Secured Term Loans due 2023. The Senior Secured Credit Facility provides for borrowings at a rate equal to an applicable margin plus, at our option, either a base rate or LIBOR + 2.25%. The rate in effect at September 30, 2018 for the outstanding Senior Secured Term Loans due 2022 and 2023 was 4.3844% per annum. 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. At September 30, 2018, we had $6.6 million variable-rate borrowings outstanding under our revolving credit facilities and had an aggregate principal balance of $1,348.9 million outstanding under the Senior Secured Term Loans due 2022 and 2023. A 100-basis point change in market interest rates would have increased or decreased interest expense on the Senior Secured Credit Facility by $10.1 million during the nine months ended September 30, 2018.

Market risk on fixed-rate financial instruments. Included in long-term corporate borrowings at September 30, 2018 were principal amounts of $600.0 million of our Convertible Notes due 2024, $230.0 million of our Senior Secured Notes due 2023, $600.0 million of our Notes due 2025, $375.0 million of our Notes due 2022, $595.0 million of our Notes due 2026, $475.0 million of our Notes due 2027, and £500.0 million ($651.5 million) of our Sterling Notes due 2024. A 100-basis point change in market interest rates would have caused an increase or (decrease) in the fair value of our fixed rate financial instruments of approximately $190.1 million and ($178.0) million, respectively.

Foreign currency exchange rate risk. We are also exposed to market risk arising from changes in foreign currency exchange rates as a result of our ownership of Odeon and Nordic. Odeon’s revenues and operating expenses are transacted in British Pounds and Euros, and Nordic's revenues and operating expenses are transacted primarily in Swedish Krona and Euros. U.S. GAAP requires that our subsidiaries use the currency of the primary economic environment in which they operate as their functional currency. If Odeon and Nordic operate in a highly inflationary economy, U.S. GAAP requires that the U.S. dollar be used as the functional currency for Odeon and Nordic. Currency fluctuations in the countries in which we operate result in us reporting exchange gains (losses) or foreign currency translation adjustments. Based upon our ownership in Odeon and Nordic as of September 30, 2018, holding everything else constant, a 10% immediate, simultaneous, favorable change in all of the foreign currency exchange rates to which we are exposed, would increase the aggregate net loss of our International markets reportable segment for the nine months ended September 30, 2018 by approximately $2.4 million.

Our foreign currency translation rates increased by approximately 6.0% for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017, which did not significantly impact our net loss for the nine months ended September 30, 2018.

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Item 4. Controls and Procedures.

(a)Evaluation of disclosure controls and procedures.

The Company maintains a set of disclosure controls and procedures designed to ensure that material information required to be disclosed in its filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that material information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have evaluated these disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10–Q and have determined that such disclosure controls and procedures were effective.

(b)Changes in internal control.

As part of the adoption of ASC Topic 606, the Company implemented changes to its control activities related to revenue recognition to ensure adequate evaluation of its contracts and proper assessment of the impact of the new accounting standard. There were no significant changes in the Company's internal control over financial reporting due to the adoption of the new standard, and no other changes in its internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the quarter ended September 30, 2018, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Note 14–Commitments and Contingencies of the Notes to the Company's Consolidated Financial Statements contained in Part I of this quarterly report on Form 10–Q for information on certain litigation to which we are a party.

Item 1A. Risk Factors

Reference is made to Part I Item 1A. Risk Factors in our Annual Report on Form 10–K for the year ended December 31, 2017, which sets forth information relating to important risks and uncertainties that could materially adversely affect our business, financial condition or operating results. There have been no material changes to the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017, except as set forth below.

There may be future dilution of our Class A common stock, which could adversely affect the market price of shares of our Class A common stock.

In the future, we may issue additional shares of Class A common stock to raise cash to refinance indebtedness, for working capital, to finance strategic initiatives and future acquisitions or for other purposes. We may also acquire interests in other companies by using a combination of cash and shares of Class A common stock or just shares of Class A common stock. We may also issue securities convertible into, or exchangeable for, or that represent the right to receive, shares of Class A common stock. Any of these events may dilute the ownership interests of current stockholders, reduce our earnings per share or have an adverse effect on the price of our shares of Class A common stock. In addition, the conversion of some or all of our Convertible Notes due 2024, to the extent we deliver shares of Class A common stock upon conversion thereof, would dilute the ownership interests of current stockholders, reduce our earnings per share and potentially have an adverse effect on the price of our shares of Class A common stock.

Future sales of our Class A common stock in the public market could adversely affect the market price of our Class A common stock.

We cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the prevailing market price of our Class A common stock. Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales may occur, could reduce the market price of our shares of Class A common stock.

Wanda holds shares of our Class B common stock, all of which constitute "restricted securities" under the Securities Act. The shares of our Class B common stock automatically convert to Class A common stock (1) if transferred to a person other than certain permitted transferees or (2) upon Wanda and its permitted transferees holding less than 30% of all outstanding shares of our Class A and Class B common stock. Provided the holders comply with the applicable volume limits and other conditions prescribed in Rule 144 under the Securities Act, all of these restricted securities are currently freely tradeable. Pursuant to a registration rights agreement dated December 23, 2013, we have agreed to use our best efforts to effect registered offerings upon request from Wanda and to grant incidental or "piggyback" registration rights with respect to any registrable securities held by Wanda. The obligation to effect any demand for registration by Wanda will be subject to certain conditions, including limitations on the number of demand registrations and limitations on the minimum value of securities to be registered. We have also agreed to use our best efforts to grant certain incidental or "piggyback" registration rights with respect to securities issued to certain current and former officers. In connection with the sale of our Convertible Notes due 2024, we have agreed, subject to certain conditions, to use our reasonable efforts to effect registered offerings on behalf of holders of the Convertible Notes due 2024 with respect to the securities held by them and the shares of Class A common stock issuable upon conversion thereof. The exercise of such registration rights by Wanda, the holders of the Convertible Notes due 2024 and/or the current and former officers may substantially increase the number of shares of Class A common stock in the public market and could reduce the market price of shares of our Class A common stock.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) None.

(c) Issuer Purchases of Equity Securities

Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program (a) (in millions)
July 1, 2018 through July 31, 2018	—	$ —	—	$ 44.3
August 1, 2018 through August 31, 2018	—	$ —	—	$ 44.3
September 1, 2018 through September 30, 2018 (b)	24,057,143	$ 17.58	—	$ 44.3
Total	24,057,143		—	

(a) As announced on August 3, 2017, our Board of Directors authorized a share repurchase program for an aggregate purchase of up to $100.0 million of our common stock, excluding transaction costs. As of September 30, 2018, $44.3 million remained available for repurchase under this plan. A two-year time limit has been set for the completion of this program, expiring August 2, 2019.

(b) As announced on September 14, 2018, our Board of Directors authorized repurchase of 24,057,143 shares from Wanda for approximately $421.0 million and associated legal fees of $1.9 million. This purchase was not part of our share repurchase program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

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Item 6. Exhibits.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
*3.1	Certificate of Retirement of 24,057,143 Shares of Class B Common Stock of AMC Entertainment Holdings, Inc., dated as of November 1, 2018.
4.1	Indenture by and among AMC Entertainment Holdings, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, dated as of September 14, 2018. (incorporated by reference from Exhibit 4.1 to AMCEH's Current Report on Form 8-K (File No. 1-33892) filed on September 20, 2018)
*10.1	Fifth Amendment to Credit Agreement, dated as of August 14, 2018, by and among AMC Entertainment Holdings, Inc., as borrower, the other loan parties party thereto, the lenders party thereto and Citicorp North America, Inc., as administrative agent.
10.2	Investment Agreement by and between AMC Entertainment Holdings, Inc. and Silver Lake Alpine, L.P., dated as of September 14, 2018. (incorporated by reference from Exhibit 10.1 to AMCEH's Current Report on Form 8-K (File No. 1-33892) filed on September 20, 2018)
10.3	Stock Repurchase and Cancellation Agreement by and between AMC Entertainment Holdings, Inc. and Wanda America Entertainment, Inc., dated as of September 14, 2018. (incorporated by reference from Exhibit 10.2 to AMCEH's Current Report on Form 8-K (File No. 1-33892) filed on September 20, 2018)
10.4	Right of First Refusal Agreement by and among AMC Entertainment Holdings, Inc., Silver Lake Alpine, L.P. and Wanda America Entertainment, Inc., dated as of September 14, 2018. (incorporated by reference from Exhibit 10.3 to AMCEH's Current Report on Form 8-K (File No. 1-33892) filed on September 20, 2018)
*10.5	AMC Entertainment Holdings, Inc. Non-Employee Director Compensation Program – Amended and Restated November 1, 2018, Effective January 1, 2019.
*31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002.
*31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Acts of 2002.
*32.1	Section 906 Certifications of Adam M. Aron (Chief Executive Officer) and Craig R. Ramsey (Chief Financial Officer) furnished in accordance with Securities Act Release 33-8212.
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Schema Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Submitted electronically with this Report.

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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.

AMC ENTERTAINMENT HOLDINGS, INC.

Date: November 8, 2018	/s/ ADAM M. ARON Adam M. Aron Chief Executive Officer, Director and President
Date: November 8, 2018	/s/ CRAIG R. RAMSEY Craig R. Ramsey Executive Vice President and Chief Financial Officer