

SETTLEMENT AGREEMENT

This settlement agreement is entered into by and among the Office of Illinois Attorney General (“OAG”) on one hand and American Multi-Cinema, Inc. and AMC Entertainment Inc. (“collectively AMC”) on the other hand according to the following terms and conditions. The OAG and AMC are sometimes referred to collectively in this agreement as “The Parties.”

RECITALS

WHEREAS, The Disability Rights Bureau of the OAG has received complaints from deaf and blind individuals and from organizations representing these individuals alleging discrimination on the basis of disability in theaters owned by AMC;

WHEREAS, The OAG alleges that individuals who are deaf and blind need certain technology in order to have equal access to movies screened at theaters;

WHEREAS, captioning technology takes the dialogue and sound effects of a movie and delivers them in a visual format for people who are deaf (“captioning”) and audio description technology takes the key visual aspects of a film and conveys those aurally for people who are blind (“audio description”);

WHEREAS, AMC operates forty-one (41) theaters in Illinois;

WHEREAS, AMC has previously installed captioning and audio description technology in some of its theaters in Illinois, including its newest theater Randhurst 12;

WHEREAS, The OAG believes that captioning and audio description technologies are auxiliary aids as defined by the Americans with Disabilities Act, 42 U.S.C 12103 and are thus required in any auditorium at an AMC theater under the ADA, 42 U.S.C 12101 et seq.;

WHEREAS, AMC denies the OAG’s allegations;

WHEREAS, AMC is currently undergoing a conversion of most of its auditoriums located in Illinois from 35 millimeter film to digital cinema;

WHEREAS, AMC is purchasing captioning and audio description technology from DoReMi or other comparable company;

WHEREAS, the Parties have negotiated at arm’s length and in good faith regarding the installation of captioning and audio description technology at AMC’s theaters in Illinois and endeavored to reach a compromise resolution of the disputes between them;

NOW, THEREFORE, in consideration of the mutual promises and releases in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, The OAG and AMC agree as follows:

1. INSTALLATION OF CAPTIONING AND AUDIO DESCRIPTION TECHNOLOGY

- 1.1 **Definition.** For the purposes of this Settlement Agreement, “captioning technology” refers to systems that enable individuals to view captioning provided by the movie studio through the use of seat-based captioning devices. “Audio description technology” delivers audio description of a movie, provided by the movie studio, to be heard by individuals using headsets or other receivers.
- 1.2 **Conversion to Digital.** AMC hereby agrees to provide captioning and audio description technology in 100% of auditoriums in its theaters located in Illinois that AMC converts to digital cinema. AMC will convert all theaters to digital located in Illinois with the exception of four theaters. AMC shall not be required to equip its IMAX format auditoriums with captioning and audio description technology until such time that IMAX begins including captioning and/or audio description content with its digital cinema files. Nothing in this Agreement shall be construed to require AMC to convert its theatres to digital cinema or to equip its 35mm projection auditoriums with captioning and audio description technology.
- 1.3 **Schedule for Conversion and Captioning.** AMC hereby agrees to the following schedule for the installation of captioning and audio description technology in its theaters in Illinois. Outside of the specific requirements set forth, AMC shall use commercially reasonable efforts to deploy the technology in a geographically diverse manner to provide maximum access to the technology.
- a. *AMC River East* will have all auditoriums will have captioning and audio description technology installed by April 1, 2012;
 - b. 25% of AMC’s digital auditoriums in Illinois, including all auditoriums at *Cicero 14* will have captioning and audio description technology installed by June 1, 2012;
 - c. 50% of AMC’s digital auditoriums in Illinois, including all auditoriums at *Springfield 12, Machesney Park 14* and *Quincy 6*, four auditoriums at *Carbondale 8*, and 2 auditoriums each at *Mattoon 10, Village Mall 6, Galesburg 8, Illinois Centre 8, Mt Vernon 8, Pekin 14*, and *Edwardsville 12* will have captioning and audio description technology installed by December 1, 2012;
 - d. 100% of AMC’s digital auditoriums in Illinois will have captioning and audio description technology installed by April 1, 2014;

Notwithstanding the forgoing schedule, AMC shall not be deemed in violation of this Section if its failure to complete installation of the captioning and description technologies within the time specified above is solely due to the unavailability of equipment from third-party vendors outside the control of AMC. AMC shall have the burden of proving such unavailability the parties shall enter into good faith negotiations pursuant to section 2.1 of this Agreement.

- 1.4 **Devices.** AMC shall provide sufficient captioning and audio description receivers to meet the ordinary course local market needs at each theatre. AMC agrees to review requests for receivers on an annual basis to determine if more receivers are needed at any theaters. For the first year following the execution of 1.3, the OAG will review the data on requests with AMC to determine if there are sufficient receivers in each theater.
- 1.5 **Newly Constructed and Acquired Theaters.** AMC hereby agrees to equip 100% of the digital auditoriums with captioning and audio description technology in any theater it builds, leases, or acquires in Illinois after the date of this Agreement by the later of (a) the dates set forth in the schedule in section 1.3 or (b) the date that is six months following date such theatre is acquired or leased. Provided, however, AMC shall not be required to install captioning and audio description technology at any acquired theatre it is required to divest pursuant orders from state or federal agencies even though it may operate such theatre for an interim period pending divestiture. Such an interim period cannot last more than one year. If AMC operates such a theater for more than one year it will be required to install captioning and audio description technology.

2. NEGOTIATION OF ALTERNATIVE SOLUTIONS

- 2.1 **Good Faith Negotiations.** In the event that AMC notifies the OAG in writing of its reasonable belief that the captioning and audio description devices will not be in sufficient supply from its vendor resulting in more than a six (6) month deviation from the schedule set forth in 1.3, the Parties agree to engage in good faith negotiations regarding a commercially available alternative to its obligations under 1.2. Commercially available alternatives will be captioning and audio description devices designed for digital projectors available from vendors other than DoReMi, including but not limited to USL, Sony and Rear Window.
- 2.2 **Impasse and Commencement of Proceedings Against AMC.** Should the negotiations outlined in 2.1 reach an impasse or last longer than 6 months, the OAG may commence proceedings against AMC in the form of a new action on any and all claims it may possess against AMC regarding the provision of captioning and/or audio description technology or an action to enforce this Agreement.

3. SCREENINGS

- 3.1 **Availability of Captioning and Audio Description Technology.** AMC hereby agrees to make available captioning and audio description technology at every screening of every movie in each digital auditorium that is equipped pursuant to

Section 1.3 above to the extent the digital files comprising such movie include captions and descriptive narration and subject to ordinary course maintenance of equipment.

4. ADDITIONAL TERMS

- 4.1 **Release.** Except for the obligations of AMC that are expressly set forth in this Agreement, the OAG releases AMC, its agents, owners, employees, parent company, subsidiaries and affiliated companies, successors or assigns of any of the foregoing, and all persons in active concert or participation with AMC (the “Releasees”), from any and all civil liability to the OAG for the alleged discrimination on the basis of disability for the absence of Captioning and Description Technologies for deaf and blind patrons. This provision, however, does not limit the OAG’s authority to commence proceedings against AMC pursuant to Section 2.2 of the Agreement or to file a lawsuit to seek enforcement of the terms of the Agreement.
- 4.2 **Term.** The term of this Agreement shall continue from the date of the execution of this Agreement for 1 year after AMC either completes deployment of the captioning and audio description technologies as provided for in Section 1.3 of this Agreement or completes installation of a commercially reasonable alternative solution as provided in Section 2.1 of this Agreement.
- 4.3 **Theater Event.** AMC agrees to host an event at the AMC River East theater upon the completion of the installation of captioning and audio description technology at which it will provide a free demonstration of the captioning and audio description equipment for people who are deaf, hard of hearing or blind and members of the media.
- 4.4 **Control over Captioning and Audio Description Services.** The OAG acknowledges that movie theater operators, including AMC, do not control which motion pictures are captioned and/or described or otherwise enabled for captioning and audio description. AMC makes no representations concerning the present or anticipated availability of motion pictures with captioning and narrative description. Nevertheless, AMC agrees it will not attempt to dissuade or impede studios from captioning or providing audio description for any motion picture.
- 4.5 **Maintenance of Equipment.** AMC agrees to maintain its captioning and audio description technology equipment in good and working order, to promptly remedy any genuine issue with such equipment identified by the OAG or any AMC patron or employee, and to provide a refund to any patron unable to see his/her preferred movie because of a malfunction of such equipment.
- 4.6 **Training.** AMC agrees to provide appropriate training for its Illinois employees regarding the operation and maintenance of captioning and description technologies and to update AMC’s training curriculum, if necessary, regarding

new equipment that may be installed pursuant to this Agreement. This training must result in employees obtaining the necessary level of competency in order to operate the technologies and provide it to individuals. The training will be reviewed periodically but not less than once a year for all theatre level employees. All new employees must be trained on the operation and maintenance of captioning and audio description technologies.

- 4.7 **Advertisement of Captioning and/or Audio Description.** AMC agrees that it will advertise the availability of captioning and audio description for each movie at its locations in a manner consistent with its advertisement of other amenities at the theater. Moreover, AMC agrees to explicitly include in its advertised showtimes (in print, on the internet and on its phone movie time system) which movies have captioning and/or audio description in its Illinois theaters to the extent AMC controls the content and/or format of such advertised showtimes. Such advertising shall be done in a manner consistent with AMC's normal business practices and with the understanding that these practices may change over time.
- 4.8 **Reporting.** AMC agrees to update the OAG in writing at six (6) month intervals following the execution of this Agreement as to the installation of captioning and audio description technology as required by section 2.1 of this Agreement. Reports will be made in writing to Nicki Bazer, Bureau Chief, Disability Rights Bureau, Illinois Attorney General's Office, 100 W. Randolph, 11th Floor, Chicago, Illinois 60601 or her successor.
- 4.9 **No Admission of Liability.** The parties to this Memorandum understand and agree that nothing in this Memorandum shall be construed as an admission of liability, and that all allegations of liability are expressly denied.
- 4.10 **Press Event.** The Parties agree to negotiate the terms of an agreed joint event release prior to execution of this Agreement.
- 4.11 **Confidentiality.** The Parties expressly agree that the content of this Agreement is not confidential.
- 4.12 **Governing Law.** This Agreement shall be governed in all respects by the law of the State of Illinois.
- 4.13 **Amendments or Modifications.** This Agreement may only be modified by means of a written agreement, signed by all Parties.
- 4.14 **Entire Agreement.** This Agreement contains the entire understandings and agreement between the Parties regarding matters set forth in it.
- 4.15 **No Representations.** In executing and giving this Agreement, each Party acknowledges that it or she has not relied on, or made to another Party or anyone

purporting to act on its or her behalf, any promise or representation that is not in this Agreement.

- 4.16 **Advice of Counsel.** The Parties represent that they have read this Agreement in its entirety and are satisfied that they understand and agree to all its provisions, and represent that they have freely signed this Agreement without coercion.
- 4.17 **Counterparts.** This Agreement may be executed in identical counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.
- 4.18 **Power and Authority to Execute.** The Parties represent that they have the power and authority to execute and deliver this Agreement and to perform the obligations hereunder, and that each person executing this Agreement on each party's behalf has been authorized to sign on behalf of the respective party and to bind each other to the terms of this Agreement.
- 4.19 **Ambiguous Terms.** The Parties cooperated in the drafting of this Agreement, and if it is finally determined that any provision in this Agreement is ambiguous, that provision shall not be presumptively construed against any Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

AMERICAN MULTI-CINEMA, INC.

STATE OF ILLINOIS

**Lisa Madigan
Attorney General**

By: 
Edwin F. Gladbach
Vice-President, Legal

By: 
Nicki Bazer
Bureau Chief
Disability Rights Bureau

Date: 3/29/12

Date: 3/23/12