

Mittleman Brothers, LLC Opposes 2nd Postponement of Shareholder Vote on AMC's Proposed Acquisition of Carmike Cinemas; Warns Against Record Date Change

July 15, 2016

NEW YORK--(PR Newswire)— Mittleman Brothers, LLC, one of the largest shareholders of Carmike Cinemas Inc. (NASDAQ: CKEC), which currently controls approximately 2.33 million CKEC shares, 9.6% of the total shares outstanding, is disappointed by the announcement made last night that the Special Meeting of Carmike shareholders (the “Meeting”), already once delayed from its originally scheduled date of June 30th, 2016 until today, is being delayed yet again, now to July 25th. Another delay would not be concerning if the intent behind it was to negotiate a truly fair deal, but that is not what we’re hearing.

We are dismayed by stories in the press and rumors conveyed by other shareholders that AMC Entertainment (“AMC”) is using these delays to actively court certain short-term oriented shareholders (arbitrageurs / event driven funds) that might be enticed by the rumored prospect of only a meager bump up in the merger consideration from \$30 to around \$33 per share, and that these shareholders are being told of a prospective change in the record date (currently May 18th) that would empower their increased interests with the right to vote at the Meeting. We believe that the rumored bump up to \$33 per share, if forthcoming, would still be grossly inadequate consideration, with or without a stock component. It would be a cynical lure to quick-buck artists, but otherwise a non-starter that any sentient shareholder should reject emphatically. We would view any change in the record date to be utterly indefensible and likely to provoke litigation.

In response to our repeated claims that \$40 per share represents a bare minimum fair value for CKEC, AMC’s CEO was recently quoted by Bloomberg news as saying, “There is only one thing I am certain of in life, they are not going to get \$40 a share from AMC.” The implication being that \$40 per share is somehow unreasonable, unattractive, and unacceptable to a disciplined buyer. Yet that is blatantly untrue.

\$40 per share for CKEC is an EV/EBITDA multiple of 7.9x post-synergies adjusted EBITDA of \$170M, and only 6.4x EBITDA after further adjusting down the cost for the estimated \$260M in additional shares of National CineMedia Inc. that AMC will receive (tax free, due to their NOLs) as a huge side benefit to the acquisition. Three days ago AMC touted its acquisition of Odeon & UCI Cinemas Group (“Odeon-UCI”) in the U.K., which is a substantially less profitable operator than Carmike (their EBITDA margin is roughly two percentage points less than Carmike’s), for a post-synergies multiple of 9.0x.

So how can \$40 per share for Carmike (6.4x EBITDA cost to AMC) be unthinkable in one’s lifetime, but paying 9.0x EBITDA three days ago for a substantially less profitable enterprise is somehow a “bargain” as AMC called it?

This posturing is preposterous, with brazen disregard for these easily discernible facts. Even sell-side analysts have confirmed the attractiveness of the CKEC acquisition to AMC, with B. Riley & Co. analyst Eric Wold citing “...projected accretion at higher levels into the high \$40s...” in a report dated June 30th.

This highly unusual, perhaps unprecedented circumstance of one company (AMC) buying two major players in the same industry (CKEC and Odeon-UCI), of comparable size, economic characteristics, and prospects, *at the same time, but for vastly disparate valuations*, defies logical explanation.

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Were Carmike's Board to endorse a record date change under these specious circumstances, we would view that action as a clear violation of their fiduciary duty and loyalty to shareholders, and would strongly consider taking legal action to hold Board members personally accountable for such an unnecessary accommodation to AMC's attempt to buy Carmike's shares at a price that we've shown to be ridiculously inadequate. We would also consider seeking immediate injunctive relief in Delaware to halt such an unjustified change in the record date.

We sincerely hope that our concerns are unfounded, and that these rumored prospective actions are untrue, but given the lack of fairness we've perceived in both process and price since the day that the merger was announced, we are very concerned by the recent press reports.

That AMC would pay 9.0x EBITDA post synergies for the less profitable Odeon-UCI, but only 5.0x EBITDA post synergies for Carmike at \$30 per share, is nothing short of a slap in the face to CKEC shareholders. And some modest, incremental tweaking of that absurd valuation will not remotely suffice to cure it.

We have no desire to negotiate in public, nor do we feign to speak for all Carmike shareholders, but we felt compelled to address the recent stories in the news and to clarify our position on these issues in light of the continuing delays of the Meeting and in response to the questions we've received from numerous other Carmike shareholders and the press.

That said, we would very much like to be shareholders in a combined AMC – Carmike, as we have conveyed both publicly and privately to AMC's management, but only at a price that at least approaches some semblance of fair value. To that end, we would embrace an offer of \$37.50 per share, if 50% of the consideration would be AMC stock. Given that AMC offered \$37.00 per share in a similar cash and stock transaction in March 2015 (granted under a different CEO, and the offer was withdrawn), on the heels of a weak 2014 in which CKEC reported only \$98.3M in adjusted EBITDA, given Carmike's record results of \$135M in adjusted EBITDA in 2015, which they are on track to exceed in 2016 and 2017, we think \$37.50 per share is beyond a reasonable concession for CKEC to make in order to participate in the merged entity.

Mittleman Brothers again encourages all Carmike Cinemas' shareholders to review our most recently filed presentation highlighting the gross deficiencies in both process and price reflected in Carmike's proposed sale to AMC. As we point out in the presentation <http://www.mittlemanbrothers.com/ckecamc-opposition>, CKEC has out-performed its peer group over the past seven years under current management, in sales, EBITDA, attendance, and concessions growth, and yet merely valuing CKEC at the mean EV/EBITDA trading multiple of the peer group yields a stock price in excess of \$40 per share, without even considering a control premium, or the immense synergy value that AMC would solely retain in this unusually rare consolidation opportunity pairing the second and fourth largest movie theaters chains in the U.S.

Mittleman Brothers again urges all Carmike Cinemas shareholders to vote "AGAINST" this terribly unfair merger proposal before Carmike's postponed Special Meeting on July 25th.

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