

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____)	
UNITED STATES OF AMERICA,)	
)	
and)	
)	
STATE OF ILLINOIS)	
)	
and)	
)	
STATE OF NEW YORK)	
)	
and)	
)	
COMMONWEALTH OF MASSACHUSETTS)	
)	
<i>Plaintiffs,</i>)	
)	Case Number 05 CV 10722 (KW)
v.)	
)	Judge: Hon. Kimba M. Wood
MARQUEE HOLDINGS, INC.)	
)	
and)	
)	
LCE HOLDINGS, INC.)	
)	
<i>Defendants.</i>)	
_____)	

**UNITED STATES CERTIFICATE OF COMPLIANCE WITH
THE ANTITRUST PROCEDURES AND PENALTIES ACT**

The United States of America hereby certifies that it has complied with the provisions of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16(b)-(h) (“APPA”), and states:

1. The Complaint, proposed Final Judgment (“Judgment”), Competitive Impact Statement, and Hold Separate Stipulation and Order (“Hold Separate Order”), by which the parties have agreed to the Court’s entry of the Final Judgment following compliance with the

APPA, were filed on December 22, 2004.

2. Pursuant to 15 U.S.C. § 16(b), the proposed Judgment, Hold Separate Order, and Competitive Impact Statement were published in the *Federal Register* on January 20, 2006 (71 Fed. Reg. 3327, *et seq.*). A copy of the *Federal Register* notice is attached hereto as Exhibit 1.

3. Pursuant to 15 U.S.C. § 16(b), the United States furnished copies of the Complaint, Hold Separate Order, proposed Judgment, and Competitive Impact Statement to anyone requesting them.

4. Pursuant to 15 U.S.C. § 16(c), a summary of the terms of the proposed Judgment, Hold Separate Stipulation and Order, and Competitive Impact Statement was published in *The Washington Post*, a newspaper of general circulation in the District of Columbia, during a seven-day period in January and February 2006 (January 30 - February 5). A copy of the Proof of Publication from *The Washington Post* is attached hereto as Exhibit 2. A summary of the terms of the proposed Judgment, Hold Separate Stipulation and Order, and Competitive Impact Statement was published in *The New York Times*, a newspaper of general circulation in New York City, New York, during a seven-day period in February 2006 (February 1 - February 7). A copy of the Proof of Publication from *The New York Times* is attached hereto as Exhibit 3.

5. On January 11, 2006, defendants filed with the Court, and served on the United States, a declaration that describes their communications with employees of the United States concerning the proposed Judgment, as required by 15 U.S.C. § 16(g). *See* Exhibit 4.

6. The sixty-day public comment period specified in 15 U.S.C. § 16(b) began on January 20, 2006, and ended on March 21, 2006. During that period, the United States received no comments on the proposed settlement.

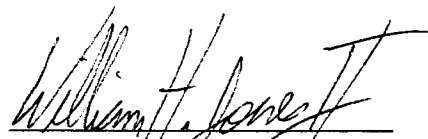
7. At this stage, with the United States having published its proposed settlement and

receiving no public comments, and defendants having certified their pre-settlement contacts with government officials, the parties have fulfilled their obligations under the APPA. Pursuant to the Hold Separate Stipulation and Order the Court entered on January 9, 2006, and 15 U.S.C. §16(e), this Court may now enter the Final Judgment, if it determines that the entry of the Final Judgment is in the public interest.

8. For the reasons set forth in the Competitive Impact Statement and its Motion for Entry of Final Judgment, the United States strongly believes that the Final Judgment is in the public interest and urges the Court to enter the Final Judgment without further proceeding.

Dated: May 16, 2006.

Respectfully submitted,



William H. Jones II (WJ 2563)
Avery W. Gardiner (AG 2011)
U.S. Department of Justice
Antitrust Division, Litigation III Section
Liberty Place Building
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(202) 514-0230

Attorneys for Plaintiff

CERTIFICATE OF SERVICE

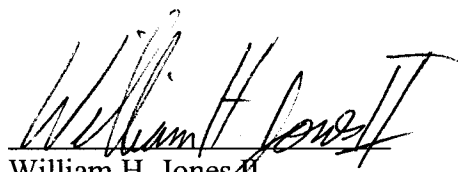
I, William H. Jones II, hereby certify that on May 16, 2006, I caused copies of the foregoing Certificate of Compliance with the Antitrust Procedures and Penalties Act to be served by overnight delivery service sending them via FedEx to duly authorized legal representatives of those parties, as follows:

Counsel for Defendant Marquee Holdings, Inc.

Damian Didden, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019

Counsel for Defendant LCE Holdings, Inc.

Deborah L. Feinstein, Esq.
Arnold & Porter
555 Twelfth Street NW
Washington, DC 2004-1206



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EXHIBIT 1

either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: January 17, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-641 Filed 1-19-06; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

Notice of Lodging of Consent Decree Under the Comprehensive Environmental Response, Compensation, and Liability Act

Notice is hereby given that on December 30, 2005, a proposed Consent Decree in the lead case *Lyondell Chemical Co., et al. v. Albemarle Corp.*, et al., Civil Action No. 01CV890, consolidated with *United States v. EPEC Polymers, Inc.*, 02CV003, and *El Paso Tennessee Pipeline Co., et al. v. Chevron USA, Inc.*, et al., 03CV0225, was lodged with the United States District Court for the Eastern District of Texas.

This settlement relates to the Petrochemical Systems, Inc. Superfunded Site located in Liberty County, Texas ("the Site"). On December 6, 2001, ARCO and Lyondell Chemical Company (successor to ACC) (hereinafter "ARCO/Lyondell") sued a number of parties, including the Settling Defendants (Celanese, Ltd. and CNA Holdings f/k/a Hoechst Celanese Corporation; Cook Composites and Polymers Co.; E.R. Carpenter, L.P., Successor in Interest to Carpenter Chemical Company; Hercules Incorporated; Texaco, Inc., as predecessor to Huntsman Petrochemical Corporation; NL Industries, f/k/a National Lead Company; Rexene Corporation, n/k/a Huntsman Polymers Corporation; and Vacuum Tanks, Inc.) to this Consent Decree, for cost recovery and contribution under CERCLA Sections 107 and 113, 42 U.S.C. 9607 and 9613, on the grounds that these parties were liable under CERCLA for the remediation of the Site. On January 3, 2002, the United States filed a complaint against EPEC Polymers, Inc. pursuant to CERCLA Section 107, 42 U.S.C. 9607, seeking, *inter alia*: (1) Reimbursement of response costs and (2) a declaratory judgment of liability for any future response costs incurred by the United States at the Site. EPEC

Polymers, Inc., as well as other El Paso Corporation entities (together hereinafter "El Paso") were also named in the ARCO/Lyondell matter and ultimately brought contribution claims against various parties including the Settling Defendants to this Consent Decree.

Under the proposed Consent Decree, the United States provides covenants not to sue settling defendants under CERCLA Sections 106 and 107, 42 U.S.C. 9606 and 9607, in connection with the site. The proposed Consent Decree resolves the contribution claims brought by ARCO/Lyondell and El Paso against Settling Defendants and Settling Defendants shall pay the United States \$37,000 for response costs incurred by the Environment Protection Agency at the Site and \$369,000 to the contribution plaintiffs.

The Department of Justice will receive for a period of third (30) days from the date of this publication comments relating to the Consent Decree. comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044-7611, and should refer to *United States v. EPEC Polymers, Inc.*, D.J. Ref. 90-11-3-709/1.

The Consent Decree may be examined at the Office of the United States Attorney, Eastern District of Texas, 350 Magnolia Avenue, Suite 350, Beaumont, Texas 77657, and at U.S. EPA Region 6, 1445 Ross Avenue, Dallas, Texas 75202. During the public comment period, the Consent Decree, may also be examined on the following Department of Justice Web site, <http://www.usdoj.gov/enrd/open.html>. A copy of the Consent Decree may also be obtained by mail from the Consent Decree Library, P.O. Box 7611, U.S. Department of Justice, Washington, DC 20044-7611 or by faxing or e-mailing a request to Tonia Fleetwood (tonia.fleetwood@usdoj.gov), fax no. (202) 514-0097, phone confirmation number (202) 514-1547. In requesting a copy by mail, from the Consent Decree Library, please enclose a check in the amount of \$8.75 (25 cents per page reproduction cost) payable to the U.S. Treasury.

Thomas A. Mariana, Jr.,

Assistant Chief, Environmental, Enforcement Section, Environment and Natural Resources Division.

[FR Doc. 06-509 Filed 1-19-06; 8:45 am]

BILLING CODE 4410-15-M

DEPARTMENT OF JUSTICE

Antitrust Division

United States, State of Illinois, State of New York, and Commonwealth of Massachusetts v. Marquee Holdings, Inc. and LCE Holdings, Inc.; Complaint, Proposed Final Judgment, and Competitive Impact Statement

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. section 16(b) through (h), that a Complaint, proposed Final Judgment, Stipulation and Competitive Impact Statement have been filed with the United States District Court for the Southern District of New York in *United States of America, State of Illinois, State of New York, and Commonwealth of Massachusetts v. Marquee Holdings, Inc. and LCE Holdings, Inc.*, Civil Action No. 05-10722. On December 22, 2005, the United States filed a Complaint alleging that the proposed merger of Marquee Holdings, Inc. and LCE Holdings, Inc. would violate Section 7 of the Clayton Act, 15 U.S.C. 18 by lessening competition for theatrical exhibition of first-run films in five cities: Boston, MA, New York, NY, Chicago, IL, Dallas, TX, and Seattle, WA. The proposed Final Judgment, filed at the same time as the Complaint, requires the defendants to divest first-run, commercial theatres, along with certain tangible and intangible assets, in those five cities in order to proceed with the proposed \$4 billion transaction. A Competitive Impact Statement filed by the United States on December 22, 2005 describes the Complaint, the proposed Final Judgment, the industry, and the remedies available to private litigants who may have been injured by the alleged violation.

Copies of the Complaint, proposed Final Judgment and Competitive Impact Statement are available for inspection at the Department of Justice in Washington, DC in Room 200, 325 Seventh Street, NW., and at the Office of the Clerk of the United States District Court for the Southern District of New York, New York, New York. Copies of these materials may be obtained from the Antitrust Division upon request and payment of the copying fee set by Department of Justice regulations.

Public comment is invited within 60 days of the date of this notice. Such comments, and responses thereto, will be published in the **Federal Register** and filed with the Court. Comments should be directed to John R. Read, Chief, Litigation III Section, Antitrust Division, United States Department of Justice, 325 7th Street, NW., Suite 300,

Washington, DC 20530 (telephone: 202-307-0468). At the conclusion of the sixty (60) day comment period, the U.S. District Court for the Southern District of New York may enter the proposed consent decree upon finding that it serves the public interest.

J. Robert Kramer II,
Director of Operations, Antitrust Division.

Complaint

The United States of America, acting under the direction of the Attorney General of the United States, and the States of Illinois and New York, and the Commonwealth of Massachusetts, acting through their Attorneys General, bring this civil antitrust action to prevent the proposed merger of Marquee Holdings, Inc. and LCE Holdings, Inc. If the merger is permitted to proceed, it would combine the two leading, and in some cases only, operators of first-run, commercial movie theatres in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas. The merger would substantially lessen competition and tend to create a monopoly in the theatrical exhibition of commercial, first-run movies in the above listed markets in violation of section 7 of the Clayton Act, 15 U.S.C. 18.

I. Jurisdiction and Venue

1. This action is filed by the United States pursuant to section 15 of the Clayton Act, as amended, 15 U.S.C. 25, to obtain equitable relief to prevent a violation of section 7 of the Clayton Act, as amended, 15 U.S.C. 18. The States of Illinois and New York, and the Commonwealth of Massachusetts bring this action under section 16 of the Clayton Act, 15 U.S.C. 26, to prevent the defendants from violating section 7 of the Clayton Act, as amended, 15 U.S.C. 18.

2. Both defendants operate theatres in this District. The distribution and exhibition of commercial, first-run films is a commercial activity that substantially affects, and is in the flow of, interstate trade and commerce. The defendants purchase substantial quantities of equipment, services, and supplies from sources located outside of New York. In particular, most of the distributors from whom the defendants license films are located outside of New York. The defendants also acquire funding for their New York operations from outside of New York. The Court has jurisdiction over the subject matter of this action and jurisdiction over the parties pursuant to 15 U.S.C. 22, 25, and 26, and 28 U.S.C. 1331 and 1337.

3. Venue in this District is proper under 15 U.S.C. 22 and 28 U.S.C. § 1391(c).

II. Defendants and the Proposed Merger

4. Defendant Marquee Holdings, Inc. ("Marquee") is a Delaware corporation with its headquarters in Kansas City, Missouri. It is the holding company of AMC Entertainment Inc. ("AMC"). AMC owns or operates 216 theatres containing 3,300 screens at locations throughout the United States.

5. Defendant LCE Holdings, Inc. ("LCE") is a Delaware corporation with its headquarters in New York City, New York. It is the holding company of Loews Cineplex Entertainment Corporation ("Loews"). Loews owns or operates 128 theatres containing 1,424 screens at locations throughout the United States. Loews operates theatres under the Loews Theatres, Cineplex Odeon, Star Theatres, and Magic Johnson Theatres brands.

6. On June 30, 2005, Marquee and LCE entered into a merger agreement. Under the merger agreement, LCE would merge into Marquee and Loews will merge into AMC. The current shareholders of LCE would control 40% of the combined company's outstanding common stock while the current shareholders of Marquee would control 60% of the combined company's outstanding common stock.

III. Background of the Movie Industry

7. Theatrical exhibition of feature length motion picture films ("movies") provides a major source of out-of-home entertainment in the United States. Although they vary, ticket prices for movies tend to be significantly less expensive than many other forms of out-of-home entertainment, particularly live entertainment such as sporting events and live theatre. Movies have retained their appeal as mass entertainment: Over 1.5 billion movie tickets were sold in the United States in 2004. Total box office revenue for 2004 exceeded \$9.5 billion.

8. "Exhibitors" are companies that operate movie theatres. Some exhibitors own a single theatre, whereas others own a circuit of theatres within one or more regions of the United States. AMC and Loews are exhibitors and each operates one of the largest theatre circuits in the United States.

9. "Distributors" are companies that engage in the business of renting and licensing movies to exhibitors. Distributors arrange for the promotion and marketing of films and contract with exhibitors to exhibit films at theatres throughout the country. Established distributors include Sony,

Paramount, Twentieth Century Fox, Universal, Disney, Warner Bros., Dreamworks, Metro-Goldwyn-Meyer, and Buena Vista.

10. Distributors negotiate with exhibitors to exhibit films. Exhibitors compete to obtain films to show at their theatres that they believe will result in high ticket sales, and distributors choose theatres to exhibit their films based on the quality, location, and grossing potential of the theatres and the particular terms offered by the exhibitors.

11. Distributors license movies by "zones" that reflect specific local areas. Typically, only one theatre within a zone will play a particular movie. There are two types of zones: "free zones" (or "non-competitive zones") and "competitive zones." Free zones contain only a single theatre. Competitive zones contain two or sometimes more theatres competing for the exclusive license to exhibit a movie within the zone.

12. The terms of the agreement pursuant to which distributors license films to exhibitors vary and are individually negotiated. Each agreement, however, typically specifies a formula pursuant to which box office revenues are divided between the exhibitor and the distributor. The agreements often provide that the exhibitor will keep a certain dollar amount from the box office revenues to compensate for "overhead," as well as a specified percentage of what remains after the overhead is deducted.

13. Exhibitors set ticket prices for each theatre based on a number of factors, including the competitive situation facing each theatre, the prices of nearby, comparable theatres, the number and type of amenities each theatre offers, such as stadium seating, and the age of the theatre.

IV. Relevant Market

A. Product Market

14. Movies are a unique form of entertainment. The experience of viewing a movie in a theatre is an inherently different experience from a live show, a sporting event, or viewing a DVD or videotape of a movie in the home. Typically, viewing a DVD or videotape in the home lacks several characteristics of viewing movies in theatres, including the size of screen, the sophistication of sound systems, and the social experience of viewing a movie with other patrons. Ticket prices for movies are generally very different than prices for other forms of entertainment: Live entertainment is typically significantly more expensive than a movie ticket, whereas renting a DVD or

videotape is usually significantly cheaper than viewing a first-run movie in a theatre. Because going to the movies is a different experience from other forms of entertainment and because movie prices are significantly different from other forms of entertainment, small but significant price increases for movie tickets generally do not cause a sufficient number of movie-goers to shift to other forms of entertainment to make the increase unprofitable.

15. A movie is considered to be in its "first-run" during the initial weeks following its release in a given locality. If successful, a movie may be exhibited at other theatres after the first-run as part of a second or subsequent run (often called a sub-run). Tickets at theatres exhibiting sub-run movies usually cost significantly less than tickets at first-run theatres. Because the films exhibited at sub-run theatres are no longer new releases, most movie-goers do not regard sub-run films as an adequate substitute for first-run films and would not switch to sub-run films if the price of first-run films was increased by a small but significant amount.

16. Commercial movies typically appeal to different patrons than other types of movies, such as art movies or foreign language movies. For example, art films tend to appeal more universally to mature audiences and art film patrons tend to purchase fewer concessions. Theatres that primarily exhibit art films often contain auditoriums with fewer seats than theatres that primarily play commercial films. Typically, art films are released less widely than commercial films. Also, exhibitors consider art theatre operations as distinct from the operations of theatres that exhibit commercial films. Because art movies appeal to different patrons and are often exhibited in different types of theatres than commercial theatres, most movie-goers do not regard art films as an adequate substitute for commercial films and would not switch to them if the price of commercial films was increased by a small, but significant amount.

17. Similarly, foreign language films do not widely appeal to U.S. audiences. As a result, movie-goers do not regard foreign language films as adequate substitutes for commercial films and would not switch to them if the price of commercial films was increased by a small, but significant amount.

18. Movie-goers prefer stadium seating theatres, in which each row of seats is set on a tier that is higher than the tier on which the row in front of it is set. Movie-goers will often bypass

older, slope floor theatres to view a movie at a stadium seating theatre and are willing to pay more to view movies in stadium seating theatres. Exhibitors also view stadium seating theatres as superior to slope floor theatres. Exhibitors will often look to build new stadium seating theatres in areas where only slope floor theatres, but no stadium seating theatres, exist. Almost all new theatres are stadium seating theatres.

19. From the perspective of distributors selecting locations at which to exhibit their movies, there is no adequate substitute for theatres that exhibit first-run, commercial films. Distributors seek to have their newly released movies exhibited widely in high-quality theatres. A small but significant reduction in the rental fees paid to distributors by exhibitors would not cause the distributors to exhibit their films in anything other than first-run, commercial theatres.

20. The relevant product market within which to assess the competitive effects of this merger is the exhibition of first-run, commercial films: From the movie-goer's perspective, the market is first-run, commercial films and from the distributors' perspective, the market is first-run, commercial theatres in which to exhibit first-run, commercial films.

B. Geographic Markets

21. Movie-goers typically do not want to travel very far from their homes to attend a movie, particularly in urban areas. Accordingly, geographic markets for the exhibition of first-run, commercial movies are predominantly local.

22. Most movie-goers in Chicago North typically are reluctant to travel significant distances out of that area to attend a movie. A small but significant price increase for movie tickets in Chicago North would not cause a sufficient number of movie-goers to travel out of Chicago North to make the increase unprofitable. Chicago North constitutes a relevant geographic market in which to assess some of the competitive effects of this merger. AMC and Loews are the two largest exhibitors in Chicago North.

23. Most movie-goers attending movies in Midtown Manhattan are reluctant to travel to other parts of Manhattan or off the island of Manhattan to view a movie. A small but significant price increase for movie tickets in Midtown Manhattan would not cause a sufficient number of movie-goers to travel to other areas of Manhattan or out of the borough to make the increase unprofitable. Midtown Manhattan constitutes a relevant geographic market in which to

assess some of the competitive effects of this merger. AMC and Loews are the two largest exhibitors in Midtown Manhattan.

24. Like movie-goers in Chicago North and Midtown Manhattan, most movie-goers in downtown Seattle typically are reluctant to travel significant distances out of downtown to attend a movie. A small but significant price increase for movie tickets in downtown Seattle would not cause a sufficient number of movie-goers to travel out of downtown to make the increase unprofitable. Downtown Seattle constitutes a relevant geographic market in which to assess some of the competitive effects of this merger. AMC and Loews are the two largest exhibitors in downtown Seattle.

25. Most movie-goers in downtown Boston typically are reluctant to travel significant distances out of downtown to attend a movie. A small but significant price increase for movie tickets in downtown Boston would not cause a sufficient number of movie-goers to travel out of the city to make the increase unprofitable. Downtown Boston constitutes a relevant geographic market in which to assess some of the competitive effects of this merger. AMC and Loews are the only two exhibitors in downtown Boston.

26. Similarly, in north Dallas, most movie-goers typically are reluctant to travel significant distances out of the city to attend a movie. A small but significant price increase for movie tickets in north Dallas would not cause a sufficient number of movie-goers to travel out of the city to make the increase unprofitable. North Dallas constitutes a relevant geographic market in which to assess some of the competitive effects of this merger. AMC and Loews are the two largest exhibitors in north Dallas.

27. The exhibition of first-run films in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas each constitutes a relevant market (*i.e.*, a line of commerce and a section of the country) within the meaning of section 7 of the Clayton Act, 15 U.S.C. 18.

V. Competitive Effects

A. Chicago North

28. In Chicago North, the proposed merger would give the newly merged entity control of all four major first-run, commercial theatres with 55 screens and a 2004 box office revenue of approximately \$24 million. AMC and Loews each operate theatres in two different zones in Chicago North. The combined entity will control nearly 100% of the revenues from the two

zones in Chicago North and overall would have a market share of approximately 100%. Using a measure of market concentration called the Herfindahl-Hirschman Index ("HHI"), explained in Appendix A, the merger would yield a post-merger HHI of approximately 10,000, representing an increase of roughly 4,814.

B. Midtown Manhattan

29. In Midtown Manhattan, the proposed merger would give the newly merged entity control of the only first-run, commercial stadium seating theatres along with 71 total screens and 2004 box office revenue of approximately \$54.6 million. The combined entity would have a market share of approximately 88%. The merger would yield a post-merger HHI of roughly 7,779, representing an increase of around 3,633. In the Times Square zone, a zone in Midtown Manhattan, AMC and Loews operate theatres in the same zone. The combined entity would control 100% of the revenue from that film zone, the highest grossing zone in the United States.

C. Downtown Seattle

30. In downtown Seattle, the proposed merger would give the newly merged entity control of all three first-run, commercial theatres with 31 screens and a 2004 box office revenue of approximately \$14.1 million. The combined entity would control nearly 100% of the revenues from the zone in downtown Seattle and a market share of 100%. The merger would yield a post-merger HHI of 10,000, representing an increase of around 4,921.

D. Downtown Boston

31. In downtown Boston, the proposed merger would give the newly merged entity control of the only first-run, commercial theatres with 32 screens and a 2004 box office revenue of approximately \$20.8 million. The combined entity would have a market share of 100%. The merger would yield a post-merger HHI of 10,000, representing an increase of approximately 4,635.

E. North Dallas

32. In north Dallas, the proposed merger would give the newly merged entity control of three of the first-run, commercial theatres with stadium seating, including the only two in north central Dallas. It would control all three commercial, first-run stadium seating theatres in north central Dallas once the new AMC theatre opens in Spring 2006. Overall, the combined entity would

control five of seven first-run, commercial theatres with 78 screens and 2004 box office revenues of approximately \$22 million. The combined entity would have a market share of approximately 78%. The merger would yield a post-merger HHI of roughly 6,393, representing an increase of around 2,976.

F. Consumer Effects

33. The proposed merger would likely lessen competition significantly in the relevant markets by further enhancing the ability of the remaining theatre circuits, particularly the AMC-Loews circuit, to increase prices.

(a) AMC and Loews directly compete in all the relevant geographic markets. The prices their theatres charge are constrained by the prices charged by the other; in particular, they are constrained by the risk that the other will not follow an attempted price increase. If AMC or Loews were to increase prices and the other were not to follow, the firm that increased price might suffer financially if a substantial number of its patrons decided that the increased price was unreasonable and opted to patronize the other circuit.

(b) The proposed merger would eliminate this pricing constraint and is therefore likely to lead to higher prices for ticket buyers.

(c) These higher prices could take the form of a higher adult evening ticket price or reduced discounting, e.g., for matinees, children, seniors, and students.

34. The proposed merger would also eliminate non-price competition between AMC and Loews and is therefore likely to lead to lower quality theatres for movie-goers.

(a) In order to persuade distributors to exhibit top films in their respective theatres that share the same zones and, more importantly, to attract movie-goers, AMC and Loews strive to maintain high quality theatres.

(b) The loss of each other's theatres as competitors would reduce the incentive of AMC and Loews to maintain, upgrade, and renovate theatres and to improve amenities and services at theatres in the relevant markets, thus reducing the quality of the viewing experience for a movie-goer.

VI. Entry

35. Entry by first-run, commercial theatres is difficult in the relevant markets. Exhibitors are often reluctant to locate new theatres near existing stadium theatres. Those who typically build new theatres, exhibitors and real estate developers, often seek to avoid building new theatres in the same zones

with existing theatres. Also, exhibitors and real estate developers often seek to build new stadium theatres in conjunction with projects that contain other retail establishments, such as shops and restaurants that will be another draw for customers. As a result, real estate developers often look at the customer demand for other retail in areas in which they consider locating a theatre, along with the customer demand for a new theatre.

36. Entry by first-run, commercial theatres in Chicago North is time-consuming and difficult and is not likely to reduce significantly the market strength of the combined entity in the near future. Suitable, available sites are scarce, real estate and construction costs are among the highest in the nation, and acquiring the necessary permits and approvals can be difficult and time-consuming. Identifying a site, planning the development, and constructing a theatre in Chicago North takes several years. No new first-run, commercial theatres with the capability to reduce significantly the newly merged entity's market power are likely to open within the next two years.

37. In Manhattan, entry by first-run, commercial theatres, particularly in Midtown, is time-consuming and difficult and is not likely to reduce significantly the market strength of the combined entity in the near future. Suitable, available sites are scarce, and real estate and construction costs are among the highest in the nation. Identifying a site, planning the development, and constructing a theatre in Midtown Manhattan takes several years. No new first-run, commercial theatres with the capability to reduce significantly the newly merged entity's market power are likely to open within the next two years.

38. Entry by first-run, commercial theatres in downtown Seattle is time-consuming and difficult and is not likely to reduce significantly the market strength of the combined entity in the near future. Suitable, available sites are scarce and acquiring the necessary permits and approvals for the construction of new theatres can be difficult and time-consuming. No new first-run, commercial theatres with the capability to reduce significantly the newly merged entity's market power are likely to open within the next two years.

39. Entry by first-run, commercial theatres in downtown Boston is time-consuming and difficult and is not likely to reduce significantly the market strength of the combined entity in the near future. Suitable, available sites are scarce and necessary permits and approvals for the construction of new

theatres can be difficult and time-consuming. No new first-run, commercial theatres with the capability to reduce significantly the newly merged entity's market power are likely to open within the next two years.

40. Entry by first-run, commercial theatres in north Dallas is difficult and is not likely to reduce significantly the market strength of the combined entity in the near future. Suitable, available sites are scarce in north central Dallas, where the combined entity's market strength would be the strongest, and no new first-run, commercial theatres with the capability to reduce significantly the newly merged entity's market power are likely to open within the next two years.

VII. Violation Alleged

41. The United States and plaintiff states hereby reincorporate 1 through 40.

42. On June 30, 2005, Marquee and LCE entered into a merger agreement. Under the merger agreement, LCE intends to merge into Marquee and Loews intends to merge into AMC.

43. The effect of the proposed merger would be to lessen competition substantially in interstate trade and commerce for first-run, commercial theatres in which to exhibit first-run, commercial films in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas in violation of section 7 of the Clayton Act, 15 U.S.C. 18.

44. The transaction would likely have the following effects, among others:

(a) Competition for first-run, commercial theatres in which to exhibit first-run, commercial films in numerous geographic markets would be eliminated or substantially lessened; and

(b) Prices for first-run, commercial film tickets would likely increase to levels above those that would prevail absent the merger.

VIII. Requested Relief

45. The plaintiffs request: (a) Adjudication that the proposed merger would violate section 7 of the Clayton Act; (b) permanent injunctive relief to prevent the consummation of the proposed merger and to prevent the defendants from entering into or carrying out any agreement, understanding or plan, the effect of which would be to combine the businesses or assets of defendants; (c) an award of each plaintiff of its costs in this action; and (d) such other relief as is proper.

For Plaintiff United States of America

Dated: December 20, 2005.

Thomas O. Barnett (TB 1317),

Acting Assistant Attorney General, Antitrust Division.

J. Robert Kramer II (RK 3921),
Director of Operations.

John R. Read (JR 8964),
Chief, Litigation III.

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Assistant Chief, Litigation III.

William H. Jones II (WJ 2563),
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For Plaintiff State of New York
Eliot Spitzer,

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By: Jay L. Himes (JH 7714),
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Exhibit A; Definition of HHI and Calculations for Market

"HHI" means the Herfindahl-Hirschman Index, a commonly accepted measure of market concentration. It is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of thirty, thirty, twenty and twenty percent, the HHI is 2600 ($30^2 + 30^2 + 20^2 + 20^2 = 2600$). The HHI takes into account the relative size and distribution of the firms in a market and

approaches zero when a market consists of a large number of firms of relatively equal size. The HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases.

Markets in which the HHI is between 1000 and 1800 points are considered to be moderately concentrated, and those in which the HHI is in excess of 1800 points are considered to be concentrated. Transactions that increase the HHI by more than 100 points in concentrated markets presumptively raise antitrust concerns under the Merger Guidelines. See *Merger Guidelines* § 1.51.

Final Judgment

Whereas, plaintiffs, United States of America, the State of Illinois, the State of New York, and the Commonwealth of Massachusetts filed their Complaint on December 22, 2005, plaintiffs and defendants, Marquee Holdings, Inc. ("AMC") and LCE Holdings, Inc. ("Loews"), by their respective attorneys, have consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by any party regarding any issue of fact or law;

And Whereas, defendants agree to be bound by the provisions of this Final Judgment pending its approval by the Court;

And Whereas, the essence of this Final Judgment is the prompt and certain divestiture[s] of certain rights or assets by the defendants to assure that competition is not substantially lessened;

And Whereas, plaintiffs require defendants to make certain divestiture[s] for the purpose of remedying the loss of competition alleged in the Complaint;

And Whereas, defendants have represented to the United States that the divestiture[s] required below can and will be made and that defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the divestiture provisions contained below;

Now Therefore, before any testimony is taken, without trial or adjudication of any issue of fact or law, and upon consent of the parties, it is *Ordered, Adjudged and Decreed*:

I. Jurisdiction

This Court has jurisdiction over the subject matter of and each of the parties to this action. The Complaint states a claim upon which relief may be granted against defendants under section 7 of

the Clayton Act, as amended (15 U.S.C. 18).

II. Definitions

As used in this Final Judgment:

A. "Acquirer" or "Acquirers" means the entity or entities to whom defendants divest the Theatre Assets.

B. "AMC" means defendant Marquee Holdings, Inc., a Delaware corporation with its headquarters in Kansas City, Missouri, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

C. "Loews" means defendant LCE Holdings, Inc., a Delaware corporation with its headquarters in New York City, New York, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

D. "Landlord Consent" means any contractual approval or consent that the landlord or owner of one or more of the Theatre Assets, or the property on which one or more of the Theatre Assets is situated, must grant prior to the transfer of one of the Theatre Assets to an Acquirer.

E. "Theatre Assets" means the first-run, commercial motion picture theatre businesses operated by AMC or Loews, under the following names and at the following locations:

Theatre name	Theatre address
i. City North 14	2600 N. Western Ave. Chicago, IL.
ii. Webster Place 11 ..	1471 W. Webster Avenue Chicago, IL.
iii. E-Walk 13	247 W. 42nd St. New York, NY.
iv. Meridian 16	1501 7th Ave. Seattle, WA.
v. Fenway 13	201 Brookline Ave. Boston, MA.
vi. Keystone Park 16	13933 N. Central Expressway Dallas, TX.

The term "Theatre Assets" includes:

1. All tangible assets that comprise the first-run, commercial motion picture theatre business including all equipment, fixed assets and fixtures, personal property, inventory, office furniture, materials, supplies, and other tangible property and all assets used in connection with the Theatre Assets; all licenses, permits and authorizations issued by any governmental organization relating to the Theatre Assets; all contracts, agreements, leases, commitments, certifications, and understandings, relating to the Theatre Assets, including supply agreements; all

customer lists, contracts, accounts, and credit records; all repair and performance records and all other records relating to the Theater Assets;

2. All intangible assets used in the development, production, servicing and sale of Theatre Assets, including, but not limited to all licenses and sublicenses, intellectual property, technical information, computer software (except defendants' proprietary software) and related documentation, know-how, drawings, blueprints, designs, specifications for materials, specifications for parts and devices, quality assurance and control procedures, all technical manuals and information defendants provide to their own employees, customers, suppliers, agents or licensees, and all research data relating to the Theatre Assets. Provided however, that this term does not include (a) any right to use or interest in defendants' copyrights, trademarks, trade names, service marks or service names, or (b) assets that the defendants do not own and are not legally able to transfer.

III. Applicability

A. This Final Judgment applies to AMC and Loews, as defined above, and all other persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise.

B. Defendants shall require, as a condition of the sale or other disposition of all or substantially all of their assets or of lesser business units that include the Theatre Assets, that the purchaser agrees to be bound by the provisions of this Final Judgment, provided, however, that defendants need not obtain such an agreement from the Acquirer[s].

IV. Divestitures

A. Defendants are ordered and directed, within 120 calendar days after the filing of the Complaint in this matter, of five (5) days after notice of the entry of this Final Judgment by the Court, whichever is later, to divest the Theatre Assets in a manner consistent with this Final Judgment to an Acquirer acceptable to the United States in its sole discretion after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate. The United States, in its sole discretion, may agree to one or more extensions of this time period not to exceed 60 days in total, and shall notify the Court in such circumstances. Defendants agree to use their best efforts to divest the Theatre Assets as expeditiously as possible.

B. In accomplishing the divestiture[s] ordered by this Final Judgment, defendants promptly shall make known, by usual and customary means, the availability of the Theatre Assets. Defendants shall inform any person making inquiry regarding a possible purchase of the Theatre Assets that they are being divested pursuant to this Final Judgment and provide that person with a copy of this Final Judgment. Defendants shall offer to furnish to all prospective Acquirers, subject to customary confidentiality assurances, all information and documents relating to the Theater Assets customarily provided in a due diligence process except such information or documents subject to the attorney-client or work-product privileges. Defendants shall make available such information to the United States at the same time that such information is made available to any other person.

C. Defendants shall provide the Acquirer[s] and the United States information relating to the personnel involved in the operation of the Theatre Assets to enable the Acquirer[s] to make offers of employment. Defendants will not interfere with any negotiations by the Acquirer[s] to employ any defendant employee whose primary responsibility is the operation of the Theater Assets.

D. Defendants shall permit prospective Acquirers of the Theatre Assets to have reasonable access to personnel and to make inspections of the physical facilities of the Theater Assets; access to any and all environmental, zoning, and other permit documents and information; and access to any and all financial, operational, or other documents and information customarily provided as part of a due diligence process.

E. Defendants shall warrant to all Acquirers of the Theatre Assets that each asset will be operated on the date of sale.

F. Defendants shall not take any action that will impede in any way the permitting, operation, or divestiture[s] of the Theatre Assets.

G. At the option of the Acquirer[s], defendants shall enter into an agreement for products and services, such as computer support services, that are reasonably necessary for the Acquirer[s] to effectively operate the Theatre Assets during a transition period. The terms and conditions of any contractual arrangements meant to satisfy this provision must be commercially reasonable for those products and services for which the agreement is entered and shall remain in effect for no more than three months, absent approval of the United States, in its sole

discretion, after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate.

H. Defendants shall warrant to the Acquirer[s] of the Theatre Assets that there are no material defects in the environmental, zoning or other permits pertaining to the operation of each asset, and that following the sale of the Theatre Assets, defendants will not undertake, directly or indirectly, any challenges to the environmental, zoning, or other permits relating to the operation of the Theatre Assets.

I. Unless the United States otherwise consents in writing, the divestiture[s] pursuant to section IV, or by trustee appointed pursuant to section V, of this Final Judgment, shall include the entire Theatre Assets, and shall be accomplished in such a way as to satisfy the United States, in its sole discretion (after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate) that the Theatre Assets can and will be used by the Acquirer[s] as part of a viable, ongoing business of first-run, commercial motion picture theatres. Divestiture[s] of the Theatre Assets may be made to one or more Acquirers, provided that in each instance it is demonstrated to the sole satisfaction of the United States that the Theatre Assets will remain viable and the divestiture[s] of such assets will remedy the competitive harm alleged in the Complaint. The divestiture[s], whether pursuant to section IV or section V of this Final Judgment,

(1) shall be made to an Acquirer (or Acquirers) that, in the United States' sole judgment (after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate), has the intent and capability (including the necessary managerial, operational, technical and financial capability) of competing effectively in the business of first-run, commercial motion picture theatres; and

(2) shall be accomplished so as to satisfy the United States, in its sole discretion (after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate), that none of the terms of any agreement between an Acquirer (or Acquirers) and defendants give defendants the ability unreasonably to raise the Acquirer's costs, to lower the Acquirer's efficiency, or otherwise to interfere in the ability of the Acquirer to compete effectively.

V. Appointment of Trustee

A. If defendants have not divested the Theatre Assets within the time period specified in section IV(A), defendants shall notify the United States of that fact in writing. Upon application of the United States, the Court shall appoint a

trustee selected by the United States and approved by the Court to effect the divestiture[s] of the Theatre Assets.

B. After the appointment of a trustee becomes effective, only the trustee shall have the right to sell the Theatre Assets. The trustee shall have the power and authority to accomplish the divestiture[s] to an Acquirer[s] acceptable to the United States (after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate) at such price and on such terms as are then obtainable upon reasonable effort by the trustee, subject to the provision of section, IV, V, VI, and VII of this Final Judgment, and shall have such other powers as this Court deems appropriate. Subject to section V(D) of this Final Judgment, the trustee may hire at the cost and expense of defendants any investment bankers, attorneys, or other agents, who shall be solely accountable to the trustee, reasonably necessary in the trustee's judgment to assist in the divestiture[s].

C. Defendants shall not object to a sale by the trustee on any ground other than the trustee's malfeasance. Any such objections by defendants must be conveyed in writing to the United States and the trustee within ten (10) calendar days after the trustee has provided the notice required under section VII.

D. The trustee shall serve at the cost and expense of defendants, on such terms and conditions as the Court approves, and shall account for all monies derived from the sale of the assets sold by the trustee and all costs and expenses so incurred. After approval by the Court of the trustee's accounting, including fees for its services and those of any professionals and agents retained by the trustee, all remaining money shall be paid to defendants and the trust shall then be terminated. The compensation of the trustee and any professionals and agents retained by the trustee shall be reasonable in light of the value of the Theatre Assets and based on a fee arrangement providing the trustee with an incentive based on the price and terms of the divestiture[s] and the speed with which it is accomplished, but timeliness is paramount.

E. Defendants shall use their best efforts to assist the trustee in accomplishing the required divestiture[s]. The trustee and any consultants, accountants, attorneys, and other persons retained by the trustee shall have full and complete access to the personnel, books, records, and facilities of the business to be divested, and defendants shall develop financial and other information relevant to such

business as the trustee may reasonably request, subject to reasonable protection for trade secret or other confidential research, development, or commercial information. Defendants shall take no action to interfere with or to impede the trustee's accomplishment of the divestiture[s].

F. After its appointment, the trustee shall file monthly reports with the parties and the Court setting forth the trustee's efforts to accomplish the divestiture[s] ordered under this Final Judgment. To the extent such reports contain information that the trustee deems confidential, such reports shall not be filed in the public docket of the Court. Such reports shall include the name, address, and telephone number of each person who, during the preceding month, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the Theatre Assets, and shall describe in detail each contact with any such person. The trustee shall maintain full records of all efforts made to divest the Theatre Assets.

G. If the trustee has not accomplished such divestiture[s] within six months after its appointment, the trustee shall promptly file with the Court a report setting forth (1) the trustee's efforts to accomplish the required divestiture[s], (2) the reasons, in the trustee's judgment, why the required divestiture[s] has not been accomplished, and (3) the trustee's recommendations. To the extent such reports contain information that the trustee deems confidential, such reports shall not be filed in the public docket of the Court. The trustee shall at the same time furnish such report to the United States and, as appropriate, the State of Illinois, State of New York, and Commonwealth of Massachusetts who shall have the right to make additional recommendations consistent with the purpose of the trust. The Court thereafter shall enter such orders as it shall deem appropriate to carry out the purposes of the Final Judgment, which may, if necessary, include extending the trust and the term of the trustee's appointment by a period requested by the United States.

VI. Landlord Consent

A. If defendants are unable to effect the divestiture[s] required herein due to the inability to obtain the Landlord Consent for any of the Theatre Assets, defendants shall divest alternative Theatre Assets that complete effectively with the theatre for which Landlord Consent was not obtained. The United

States shall in its sole discretion (after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate), determine whether such theatre competes effectively with the theatre for which landlord consent was not obtained.

B. Within five (5) business days following a determination that Landlord Consent cannot be obtained for one of the Theatre Assets, defendants shall notify the United States and propose an alternative divestiture pursuant to section VI(A). The United States shall have then ten (10) business days in which to determine whether such theatre is a suitable alternative pursuant to section VI(A). If the defendants' selection is deemed not to be a suitable alternative, the United States shall in its sole discretion select the theatre to be divested (after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate).

C. If the trustee is responsible for effecting the divestiture[s], it shall notify both the United States and the defendants within five (5) business days following a determination that Landlord Consent can not be obtained for one of the Theatre Assets. Defendants shall thereafter have five (5) business days to propose an alternative divestiture pursuant to section VI(a). The United States shall have then ten (10) business days in which to determine whether such theatre is suitable alternative pursuant to section VI(a). If the defendants' selection is deemed not to be a suitable competitive alternative, the United States shall in its sole discretion select the theatre to be divested (after consultation with the State of Illinois, State of New York, and Commonwealth of Massachusetts, as appropriate).

VII. Notice of Proposed Divestitures

A. Within two (2) business days following execution of a definitive divestiture agreement, defendants or the trustee, whichever is then responsible for effecting the divestiture[s] required herein, shall notify the United States and, as appropriate, the State of Illinois, State of New York, and Commonwealth of Massachusetts of any proposed divestiture[s] required by sections IV or V of this Final Judgment. If the trustee is responsible, it shall similarly notify defendants. The notice shall set forth the details of the proposed divestiture[s] and list the name, address, and telephone number of each person not previously identified who offered or expressed an interest in or desire to acquire any ownership interest in the

Theatre Assets, together with full details of the same.

B. Within fifteen (15) calendar days of receipt by the United States of such notice, the United States may request from defendants, the proposed Acquirer or Acquirers, any other third party, or the trustee if applicable additional information concerning the proposed divestiture[s], the proposed Acquirer or Acquirers, and any other potential Acquirer. Defendants and the trustee shall furnish any additional information requested within fifteen (15) calendar days of the receipt of the request, unless the parties shall otherwise agree.

C. Within thirty (30) calendar days after receipt of the notice or within twenty (20) calendar days after the United States has been provided the additional information requested from defendants, the proposed Acquirer or Acquirers, any third party, and the trustee, whichever is later, the United States shall provide written notice to defendants and the trustee, if there is one, stating whether or not it objects to the proposed divestiture[s]. If the United States provides written notice that it does not object, the divestiture[s] may be consummated, subject only to defendants' limited right to object to the sale under section V(C) of this Final Judgment. Absent written notice that the United States does not object to the proposed Acquirer[s] or upon objection by the United States, the divestiture[s] proposed under section IV or section V shall not be consummated. Upon objection by defendants under section V(C), the divestiture[s] proposed under section V shall not be consummated unless approved by the Court.

VIII. Financing

Defendants shall not finance all or any part of any purchase to section IV or V of this Final Judgment.

IX. Hold Separate

Until the divestiture[s] required by this Final Judgment has been accomplished defendants shall take all steps necessary to comply with the Hold Separate Stipulation and Order entered by this Court. Defendants shall take no action that would jeopardize the divestiture[s] ordered by this Court.

X. Affidavits

A. Within twenty (20) calendar days of the filing of the Complaint in this matter, and every thirty (30) calendar days thereafter until the divestiture[s] has/have been completed under section IV or V, defendants shall deliver to the United States an affidavit as to the fact and manner of its compliance with section IV or V of this Final Judgment.

Each such affidavit shall include the name, address, and telephone number of each person who, during the preceding thirty days, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the Theatre Assets, and shall describe in detail each contact with any such person during that period. Each such affidavit shall also include a description of the efforts defendants have taken to solicit buyers for the Theatre Assets, and to provide required information to prospective purchasers, including the limitations, if any, on such information. Assuming the information set forth in the affidavit is true and complete, any objection by the United States to information provided by defendants, including limitation on information, shall be made within fourteen (14) days of receipt of such affidavit.

B. Within twenty (20) calendar days of the filing of the Complaint in this matter, defendants shall deliver to the United States an affidavit that describes in reasonable detail all actions defendants have taken and all steps defendants have implemented on an ongoing basis to comply with section IX of this Final Judgment. Defendants shall deliver to the United States an affidavit describing any changes to the efforts and actions outlined in defendants' earlier affidavits filed pursuant to this section within fifteen (15) days after the change is implemented.

C. Defendants shall keep all records of all efforts made to preserve and divest the Theatre Assets until one year after such divestiture[s] has/have been completed.

XI. Compliance Inspection

A. For the purposes of determining or securing compliance with this Final Judgment, or of determining whether the Final Judgment should be modified or vacated, and subject to any legally recognized privilege, from time to time duly authorized representatives of the United States Department of Justice, the State of Illinois, State of New York, or Commonwealth of Massachusetts, including consultants and other persons retained by either of them, shall, upon written request of a duly authorized representative of the Assistant Attorney General in charge of Antitrust Division, the Attorney General for Illinois, Attorney General for New York, or Attorney General for Massachusetts, and on reasonable notice to defendants, be permitted.

(1) Access during defendants' office hours to inspect and copy, or at plaintiff's option, to require defendants provide copies of, all

books, ledgers, accounts, records and documents in the possession, custody, or control of defendants, relating to any matters contained in this Final Judgment; and

(2) To interview, either informally or on the record, defendants' officers, employees, or agents, who may have their individual counsel present, regarding such matters. The interviews shall be subject to the reasonable convenience of the interviewee and without restraint or interference by defendants.

B. Upon the written request of a duly authorized representative of the Assistant Attorney General in charge of the Antitrust Division, the Attorney General of Illinois, Attorney General for New York, or Attorney General for Massachusetts, defendants shall submit written reports, under oath if requested, relating to any of the matters contained in this Final Judgment as may be requested.

C. No information or documents obtained by the means provided in this section shall be divulged by the United States, the State of Illinois, State of New York, or Commonwealth of Massachusetts, to any person other than an authorized representative of the executive branch of the United States, or of each state government, except in the course of legal proceedings to which at least one of the plaintiffs is a party (including grand jury proceedings), or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

D. If at the time information or documents are furnished by defendants to the plaintiffs, defendants represent and identify in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and defendants mark each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then the plaintiffs shall give defendants ten (10) calendar days notice prior to divulging such material in any legal proceeding (other than a grand jury proceeding).

XII. Notification

Unless such transaction is otherwise subject to the reporting and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, 15 U.S.C. 18a (the "HSR Act"), defendants, without providing advance notification to the United States, shall not directly or indirectly acquire any assets of or any interest, including any financial, security, loan, equity or management interest, in the business of first-run, commercial theatres in Cook County,

Illinois; New York County, New York (Manhattan); King County, Washington; Suffolk County, Massachusetts; and Dallas County, Texas during a 10-year period. This notification requirement shall apply only to the acquisition of any assets or any interest in the business of first-run, commercial motion picture theatres at the time of the acquisition and shall not be construed to require notification of acquisition of interest in new theatre developments or of assets not being operated as first-run commercial motion picture theatre businesses, provided, that this notification requirement shall apply to first-run, commercial theatres under construction at the time of the entering of this Final Judgment.

Such notification shall be provided to the United States in the same format as, and per the instructions relating to the Notification and Report Form set forth in the Appendix to part 803 of Title 16 of the Code of Federal Regulations as amended, except that the information requested in Items 5 through 9 of the instructions must be provided only about first-run, commercial theatres. Notification shall be provided at least thirty (30) days prior to acquiring any such interest, and shall include, beyond what may be required by the applicable instructions, the names of the principal representatives of the parties to the agreement who negotiated the agreement, and any management or strategic plans discussing the proposed transaction. If within the 30-day period after notification, representatives of require make a written request for additional information, defendants shall not consummate the proposed transaction or agreement until twenty (20) days after submitting all such additional information. Early termination of the waiting periods in this paragraph may be requested and, where appropriate, granted in the same manner as is applicable under the requirements and provisions of the HSR Act and rules promulgated thereunder. This section shall be broadly construed and any ambiguity or uncertainty regarding the filing of notice under this Section shall be resolved in favor of filing notice.

XIII. No Reacquisition

Defendants may not reacquire any part of the Theatre Assets during the term of this Final Judgment.

XIV. Retention of Jurisdiction

This Court retains jurisdiction to enable any party to this Final Judgment to apply to this Court at any time for further orders and directions as may be necessary or appropriate to carry out or

construe this Final Judgment, to modify any of its provisions, to enforce compliance, and to punish violations of its provisions.

XV. Expiration of Final Judgment

Unless this Court grants an extension, this Final Judgment shall expire ten years from the date of its entry.

XVI. Public Interest Determination

Entry of this Final Judgment is in the public interest.

Date: _____

Court approval subject to procedures of Antitrust Procedures and Penalties Act, 15 U.S.C. 16.

Respectfully submitted,

United States District Judge.

For Plaintiff United States of America

Dated: December 20, 2005.
William H. Jones II (WJ 2563),
Allen P. Grunes (AG 475),
Gregg I. Malawer (GM 6467),
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America.

Competitive Impact Statement

Plaintiff, the United States of America, pursuant to section 2(b) of the Antitrust Procedures and Penalties Act ("APPA"), 15 U.S.C. 16(b)-(h), files this Competitive Impact Statement relating to the proposed Final Judgment submitted for entry in this civil antitrust proceeding.

I. Nature and Purpose of the Proceeding

Plaintiffs the United States, the State of Illinois, the State of New York, and the Commonwealth of Massachusetts filed a civil antitrust Complaint on December __, 2005, alleging that a proposed merger of Marquee Holdings, Inc. ("AMC") and LCE Holdings, Inc. ("Loews") would violate section 7 of the Clayton Act, 15 U.S.C. 18. The Complaint alleges that AMC and Loews both operate motion picture theatres throughout the United States, and that they each operate first-run, commercial motion picture theatres in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas. The merger would combine the two leading theatre circuits in the above listed markets and give the newly merged firm a dominant position in those localities: In Chicago North the newly merged firm would have a 100% market share (by revenue); in Midtown Manhattan, the newly merged firm would have a 88% market share (by revenue); in downtown Seattle the newly merged firm would have a 100% market share (by revenue); in downtown Boston, the newly merged firm would have a 100% market share (by revenue); and in north Dallas the newly merged firm would have a 78% market share (by revenue). As a result, the combination would substantially lessen competition and tend to create a monopoly in the markets for theatrical exhibition of first-run, commercial films in the above listed local markets.

The prayer for relief seeks: (a) An adjudication that the proposed merger described in the Complaint would violate section 7 of the Clayton Act; (b) permanent injunctive relief preventing the consummation of the transaction; (c) an award to each plaintiff of the costs of this action; and (d) such other relief as is proper.

Shortly before this suit was filed, a proposed settlement was reached that permits AMC to complete its merger with Loews, yet preserves competition in the markets in which the transactions would raise significant competitive concerns. A Stipulation and proposed Final Judgment embodying the settlement were filed at the same time the Complaint was filed.

The proposed Final Judgment, which is explained more fully below, requires AMC and Loews to divest one theatre to acquirers acceptable to the United States in each of the listed markets, except Chicago, where it orders AMC and Loews to divest two theatres. Unless the United States grants a time extension, the divestitures must be completed within sixty (60) calendar days after the filing of the Complaint in this matter or five (5) days after notice of the entry of this Final Judgment by the Court, whichever is later.

If the divestitures are not completed within the divestiture period, the Court, upon application of the United States, is to appoint a trustee selected by the United States to sell the assets. The proposed Final Judgment also requires that, until the divestitures mandated by the Final Judgment have been accomplished, the defendants must maintain and operate the six theatres to be divested as active competitors, maintain the management, staffing, sales, and marketing of the theatres, and maintain the theatres in operable condition at current capacity configurations. Further, the proposed Final Judgment requires defendants to give the United States prior notice regarding future motion picture theatre acquisitions in Cook County, Illinois; New York County, New York (Manhattan); King County, Washington; Suffolk County, Massachusetts; and Dallas County, Texas.

The plaintiffs and the defendants have stipulated that the proposed Final Judgment may be entered after compliance with the APPA. Entry of the proposed Final Judgment would terminate this action, except that the Court would retain jurisdiction to construe, modify, or enforce the provisions of the proposed Final Judgment and to punish violations thereof.

II. The Alleged Violations

A. The Defendants

Marquee Holdings, Inc. is a Delaware corporation with its headquarters in Kansas City, Missouri. It is the holding company of AMC Entertainment Inc. AMC owns or operates 216 theatres containing 3,300 screens at locations throughout the United States. AMC had revenues of approximately \$1.8 billion during 2004. JP Morgan Partners and Apollo Management LP are the controlling shareholders of AMC.

LCE Holdings, Inc. is a Delaware corporation with its headquarters in New York City, New York. It is the holding company of Loews Cineplex Entertainment Corporation. Loews owns or operates 128 theatres containing 1,424 screens at locations throughout the United States. Loews operates theatres under the Loews Theatres, Cineplex Odeon, Star Theatres, and Magic Johnson Theatres brands. Loews had revenues of approximately \$1 billion during 2004. Bain Capital Partners, Carlyle Group, and Spectrum Equity Investors are the controlling shareholders of Loews.

B. Description of the Events Giving Rise to the Alleged Violations

On June 30, 2005, Marquee and LCE entered into a merger agreement. Under the merger agreement, LCE would merge into Marquee and Loews would merge into AMC. The current shareholders of LCE would control 40% of the combined company's outstanding common stock while the current shareholders of Marquee would control 60% of the combined company's outstanding common stock. The merger is a \$4.1 billion transaction.

AMC and Loews compete in the theatrical exhibition of first-run, commercial films in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas; they compete to attract movie-goers to their theatres and the exclusive right to show films in Chicago North, Midtown Manhattan, and downtown Seattle. The proposed merger, and the threatened loss of competition that would be caused by it, precipitated the government's suit.

C. Anticompetitive Consequences of the Proposed Transaction

The Complaint alleges that the theatrical exhibition of first-run, commercial films in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas each constitutes a line of commerce and section of the country, or relevant market, for antitrust purposes. First-run,

commercial films differ significantly from other forms of entertainment. The experience of viewing a film in a theatre is an inherently different experience from a live show, a sporting event, or viewing a DVD or videotape in the home. Ticket prices for first-run, commercial films are also generally very different than for other forms of entertainment. A small but significant increase in the price of tickets for first-run films would not cause a sufficient shift to other forms of entertainment so as to make the increase unprofitable.

Movie-goers typically do not want to travel very far from their homes to attend a movie. From a moviegoer's standpoint, theatres outside Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas are not acceptable substitutes for theatres within those areas. A small but significant increase in the price of tickets for first-run films in those areas would not cause a sufficient shift to theatres outside those areas to make the increase unprofitable.

From a distributor's standpoint, there is no alternative to screening its first-run, commercial films in first-run, commercial theatres. From the distributor standpoint as well, a small but significant decrease in prices (*i.e.*, a decrease in film rental fees) would not cause a sufficient shift by distributors to other locations outside of these markets to make the decrease unprofitable to exhibitors.

The Complaint alleges that the merger of AMC and Loews would lessen competition substantially and tend to create a monopoly in the markets for exhibition of first-run, commercial films in the relevant markets. The proposed transaction would create further market concentration in already concentrated markets, and the merged firm would control a majority of box office revenues and the majority of first-run, commercial theatres in those markets. In Chicago North, the merged firm would control all four first-run, commercial theatres with a market share position of 100%, as measured by box office revenues. Prior to the merger, AMC had the highest market share in Chicago North, with 60% of box office revenues. In Midtown Manhattan, the merged firm would control the only first-run theatres with stadium seating,¹ with a market

share position of approximately 88% of box office revenues. Prior to the merger, Loews had the highest market share in Midtown Manhattan, with 54% of box office revenues. In downtown Seattle, the merged firm would control all three first-run, commercial theatres and with a market share position of 100% of box office revenues. Prior to the merger, AMC had the highest market share in downtown Seattle, with approximately 56% of box office revenues. In downtown Boston, the merged firm would control both first-run, commercial theatres, with a market share position of 100%. Prior to the merger, Loews had the highest market share in downtown Boston, with approximately 64% of box office revenues. In north Dallas, the merged firm would control three of four stadium seating theatres, including the only two in north central Dallas, and five of the seven first-run, commercial theatres. The merged firm would enjoy a market share position of approximately 78%. Prior to the merger, AMC had the highest market share in north Dallas, with approximately 43% of box office revenues.

According to the Herfindahl-Hirschman Index ("HHI"), a widely-used measure of market concentration defined and explained in Exhibit A, the merged firm's post-transaction HHI in Chicago North would be 10,000, representing an increase of 4,814 points. In Midtown Manhattan the merged firm's post-transaction HHI would be 7,779, representing an increase of 3,633 points. In downtown Seattle, the merged firm's post-transaction share would be 10,000, representing an increase of 4,921 points. In downtown Boston, the merged firm's HHI would be 10,000, an increase of 4,635. In north Dallas, the merged firm's HHI would be 6,393, an increase of 2,976. These substantial increases in concentration would likely lead the merged firm to raise ticket prices.

Distributors license movies by film "zones" that reflect specific local areas. Generally, only one theatre within a zone will play a particular movie. There are two types of zones: "free zones" (or "non-competitive zones") and "competitive zones." Free zones contain only a single theatre. Competitive zones contain two or sometimes more theatres competing for the exclusive license to exhibit a movie within the zone. The merger would convert four film zones in which AMC and Loews compete with

are more likely to build new theatres in areas where the existing theatres are sloped floor than in areas where the existing theatres are stadium seating. Almost all newly constructed theatres are stadium theatres.

each other for exclusive licenses to exhibit movies into zones in which there would be little or no such competition. In the Times Square zone in Midtown Manhattan, the merged firm would control all of the first-run, commercial theatres. Similarly, the merged firm would control all three first-run, commercial theatres in the film zone in downtown Seattle. In Chicago, the merged firm would control two adjacent film zones as a result of the transaction.

The proposed Final Judgment would leave the merged firm in control of only one film zone in Chicago North. Moviegoers will not be harmed by the merged firm's control of a film zone in Chicago North, as Chicago movie-goers tend to view theatres in an adjoining film zone as good substitutes, and the theatres tend to draw customers from overlapping areas. The proposed Final Judgment will preserve the premerger competitive situation in which moviegoers have two competitive exhibitors from which to choose, with each exhibitor operating both a stadium seating theatre and a slope floor theatre.

By reducing non-price competition, the merger would also likely lead to lower quality theatres by reducing the incentive to maintain, upgrade and renovate theatres in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas. Theatres compete on quality and other non-price factors such as sound systems, maintenance and cleanliness, and seat quality. Theatres also compete on quality through the number and range of showtimes. The merger would lessen the incentives that AMC and Loews have to maintain the quality, or potentially upgrade, their theatres in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas. As a result, the merger will have the likely effect of reducing the quality of the viewing experience for movie-goers in these markets. It also may allow the merged entity to reduce the number of shows as there no longer would be competitive pressure to continue early and late shows.

New entry into the Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston and north Dallas markets for exhibition of first-run, commercial films would be highly unlikely to eliminate the anticompetitive effects of this transaction. Entry is difficult in these markets because available, suitable land is scarce and new entrants are often reluctant to enter in areas where existing stadium theatres are located. With the exception of the theatre in north Dallas, all of the theatre assets to

¹ Stadium seating theatres are theatres in which each row of seats is set on a tier that is higher than the tier on which the row in front of it is set. Moviegoers prefer stadium seating theatres over sloped floor theatres and are willing to pay more to view movies in stadium seating theatres. Exhibitors also view stadium seating theatres as superior to, and more competitively significant than, sloped floor theatres. For example, exhibitors

be divested are located in densely-built downtown or central city areas that are characterized by significant regulatory barriers to entry. In north Dallas, the theatre to be divested is located in an area north of downtown in north central Dallas. That area of Dallas has been substantially built out and generally lacks the amount of land that a large scale retail development that contains a theatre would require.² No new first-run, commercial theatres with the capability to reduce significantly the newly merged entity's market power are likely to open within the next two years in any of the markets.

For all of these reasons, plaintiff has concluded that the proposed transaction would lessen competition substantially in the exhibition of first-run, commercial films in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas, eliminate actual and potential competition between AMC and Loews, and likely result in increased ticket prices and lower quality theatres in those markets. The proposed merger therefore violates section 7 of the Clayton Act.

III. Explanation of the Proposed Final Judgment

The proposed Final Judgment would preserve existing competition in the theatrical exhibition of first-run films in Chicago North, Midtown Manhattan, downtown Seattle, downtown Boston, and north Dallas. It requires the divestiture of a total of six theatres in the five markets: Webster Place 11 (Chicago North); City North 14 (Chicago North); E-Walk 13 (Midtown Manhattan); Meridian 16 (downtown Seattle); Fenway 13 (downtown Boston); and Keystone Park 16 (north Dallas). The divestitures will preserve choices for movie-goers and distributors. The divestitures will make it less likely that ticket prices will increase, theatre quality will decline, the number of theatres to which movie studios distribute their movies will decline, or movies will be distributed to lower quality theatres in the listed markets as a result of the transaction.

Unless the United States grants an extension of time, the divestitures must be completed within 120 calendar days after the filing of the Complaint in this matter or five (5) days after notice of the

entry of this Final Judgment by the Court, whichever is later. Until the divestitures take place, AMC and Loews must maintain and operate the six theatres to be divested as active competitors, maintain the management, staffing, sales, and marketing of the theatres, and maintain the theatres in operable condition at current capacity configurations.

The divestitures must be to a purchaser or purchasers acceptable to the United States in its sole discretion, after consultation with the States of Illinois and New York, and the Commonwealth of Massachusetts as appropriate. Unless the United States otherwise consents in writing, the divestitures shall include all the assets of the theatres to be divested, and shall be accomplished in such a way as to satisfy the United States that such assets can and will be used as viable, ongoing first-run theatres.

If defendants fail to divest these theatres within the time periods specified in the Final Judgment, the Court, upon application of the United States, is to appoint a trustee nominated by the United States to effect the divestitures. If a trustee is appointed, the proposed Final Judgment provides that AMC and Loews will pay all costs and expenses of the trustee and any professionals and agents retained by the trustee. Under section V(d) of the proposed Final Judgment, the compensation paid to the trustee and any persons retained by the trustee shall be both reasonable in light of the value of the theatres remaining to be divested, and based on a fee arrangement providing the trustee with an incentive based on the price and terms of the divestitures and the speed with which they are accomplished. Timeliness is paramount. After appointment, the trustee will file monthly reports with the parties and the Court, setting forth the trustee's efforts to accomplish the divestitures ordered under the proposed Final Judgment. Section V(g) of the proposed Final Judgment provides that if the trustee has not accomplished the divestitures within six (6) months after its appointment, the trustee shall promptly file with the Court a report setting forth (1) the trustee's efforts to accomplish the required divestitures, (2) the reasons, in the trustee's judgment, why the required divestitures have not been accomplished and (3) the trustee's recommendations. At the same time the trustee will furnish such report to the plaintiffs and defendants, who will each have the right to be heard and to make additional recommendations.

If the defendants or trustee are not able to obtain a landlord's consent to

sell one of the theatres to be divested, section VI of the proposed Final Judgment permits the defendants to select an alternative theatre that competes effectively with the theatre for which landlord consent was not obtained to divest. The United States, in its sole discretion, after consultation with the States of Illinois and New York and Commonwealth of Massachusetts as appropriate, shall determine whether the theatres offered are actually competing with those that could not be divested due to a failure to obtain landlord consent. This provision will ensure that any failure by the defendants to obtain landlord consent by the defendants does not thwart the relief obtained in the proposed Final Judgment.

The proposed Final Judgment also prohibits the defendants from acquiring any other theatres in Cook County, Illinois; New York County, New York (Manhattan); King County, Washington; Suffolk County, Massachusetts; and Dallas County, Texas without providing at least thirty (30) days' notice to the U.S. Department of Justice. Such acquisitions could raise competitive concerns but might be too small to be reported otherwise under the Hart-Scott-Rodino ("HSR") premerger notification statute.

IV. Remedies Available to Potential Private Litigants

Section 4 of the Clayton Act, 15 U.S.C. 15, provides that any person who has been injured as a result of conduct prohibited by the antitrust laws may bring suit in federal court to recover three times the damages the person has suffered, as well as costs and reasonable attorneys' fees. Entry of the proposed Final Judgment will neither impair nor assist the bringing of any private antitrust damage action. Under the provisions of section 5(a) of the Clayton Act, 15 U.S.C. 16 (a), the proposed Final Judgment has no prima facie effect in any subsequent private lawsuit that may be brought against defendants.

V. Procedures Available for Modification of the Proposed Final Judgment

Plaintiffs and defendants have stipulated that the proposed Final Judgment may be entered by the Court after compliance with the provisions of the APPA, provided that plaintiff has not withdrawn its consent. The APPA conditions entry upon the Court's determination that the proposed Final Judgment is in the public interest.

The APPA provides a period of at least sixty (60) days preceding the effective date of the proposed Final

² In recent years, most new theatres are built as part of broader commercial developments that include other retail establishments. The new commercial developments that include theatres are often malls, shopping centers, or so-called lifestyle centers. As a result, the land required for a new theatre would also need to contain space for other elements of the commercial development as well.

Judgment within which any person may submit to plaintiff written comments regarding the proposed Final Judgment. Any person who wishes to comment should do so within sixty (60) days of the date of publication of this Competitive Impact Statement in the **Federal Register**. All comments received during this period will be considered by the Department of Justice, which remains free to withdraw its consent to the proposed Final Judgment at any time prior to the Court's entry judgment. The comments and the response of plaintiff will be filed with the Court and published in the **Federal Register**.

Written comments should be submitted to: John R. Read, Chief, Litigation III, Antitrust Division, United States Department of Justice, 325 7th Street, NW., Suite 300, Washington, DC 20530.

The proposed Final Judgment provides that the Court retains jurisdiction over this action, and the parties may apply to the Court for any order necessary or appropriate for the modification, interpretation, or enforcement of the Final Judgment.

VI. Alternatives to the Proposed Final Judgment

Plaintiff considered, as an alternative to the proposed Final Judgment, a full trial on the merits against defendants. Plaintiff could have continued the litigation and sought preliminary and permanent injunctions against AMC's merger with Loews. Plaintiff is satisfied, however, that the divestiture of assets and other relief described in the proposed Final Judgment will preserve competition for the exhibition of first-run, commercial films in the relevant markets identified in the Complaint.

VII. Standard of Review Under the APPA for Proposed Final Judgment

The APPA requires that proposed consent judgments in antitrust cases brought by the United States be subject to a sixty (60) day comment period, after which the Court shall determine whether entry of the proposed Final Judgment "is in the public interest." In making that determination, the Court shall consider:

(A) The competitive impact of such judgment, including termination of alleged violations, provisions for enforcement and modification, duration or relief sought, anticipated effects of alternative remedies actually considered and any other considerations bearing upon the adequacy of such judgment;

(B) The impact of entry of such judgment upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including

consideration of the public benefit, if any, to be derived from a determination of the issues at trial.

15 U.S.C. 16(e)(1)(A) & (B). As the United States Court of Appeals for the DC Circuit held, this statute permits a court to consider, among other things, the relationship between the remedy secured and the specific allegations set forth in the government's complaint, whether the decree is sufficiently clear, whether enforcement mechanisms are sufficient and whether the decree may positively harm third parties. See *United States v. Microsoft*, 56 F.3d 1448, 1461-62 (DC Cir. 1995).

"Nothing in this section shall be construed to require the court to conduct an evidentiary hearing or to require the court to permit anyone to intervene." 15 U.S.C. 16(e)(2). Thus, in conducting this inquiry, "[t]he Court is nowhere compelled to go to trial or to engage in extended proceedings which might have the effect of vitiating the benefits of prompt and less costly settlement through the consent decree process."³ Rather,

[a]bsent a showing of corrupt failure of the government to discharge its duty, the Court, in making its public interest finding, should * * * carefully consider the explanations of the government in the competitive impact statement and its responses to comments in order to determine whether those explanations are reasonable under the circumstances.

United States v. Mid-America Diarmen, Inc., 1977-1 Trade Cas. ¶61,508 at 71,980 (W.D. Mo. 1977).

Accordingly, with respect to the adequacy of the relief secured by the decree, a court may not "engage in an unrestricted evaluation of what relief would best serve the public." *United States v. BNS, Inc.*, 858 F.2d 456, 462 (9th Cir. 1988), citing *United States v. Bechtel Corp.*, 648 F.2d 660, 666 (9th Cir.), cert. denied, 454 U.S. 1083 (1981); see also *Microsoft*, 56 F.3d at 1460-62. Precedent requires that:

The balancing of competing social and political interests affected by a proposed antitrust consent decree must be left, in the first instance, to the discretion of the Attorney General. The court's role in protecting the public interest is one of

³ 119 Cong. Rec. 24598 (1973) (statement of Senator Tunney). See *United States v. Gillette Co.*, 406 F. Supp. 713, 715 (D. Mass. 1975). A "public interest" determination can be made properly on the basis of the Competitive Impact Statement and Response to Comments filed pursuant to the APPA. Although the APPA authorizes the use of additional procedures, 15 U.S.C. 16(f), those procedures are discretionary. A court need not invoke any of them unless it believes that the comments have raised significant issues and that further proceedings would aid the court in resolving those issues. See H.R. Rep. 93-1463, 93rd Cong. 2d Sess. 8-9 (1974), reprinted in U.S.C.C.A.N. 6535, 6538.

insuring that the government has not breached its duty to the public in consenting to the decree. The court is required to determine not whether a particular decree is the one that will best serve society, but whether the settlement is "within the reaches of the public interest." More elaborate requirements might undermine the effectiveness of antitrust enforcement by consent decree.⁴

Bechtel, 648 F.2d at 666 (citations omitted) (emphasis added).

The proposed Final Judgment, therefore, should not be reviewed under a standard of whether it is certain to eliminate every anticompetitive effect of a particular practice or whether it mandates certainty of free competition in the future. Court approval of a final judgment requires a standard more flexible and less strict than the standard required for a finding of liability. "[A] proposed decree must be approved even if it falls short of the remedy the court would impose on its own, as long as it falls within the range of acceptability or is 'within the reaches of public interest.'" *United States v. American Tel. and Tel. Co.*, 552 F. Supp. 131, 151 (D.D.C. 1982), aff'd sub nom. *Maryland v. United States*, 460 U.S. 1001 (1983); quoting *Gillette Co.*, 406 F. Supp. at 716 (citations omitted); *United States v. Alcan Aluminum, Ltd.*, 605 F. Supp. 619, 622 (W.D. Ky. 1985).

Moreover, the Court's role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its Complaint, and does not authorize the court to "construct [its] own hypothetical case and then evaluate the decree against that case." *Microsoft*, 56 F.3d at 1459. Because the "court's authority to review the decree depends entirely on the government's exercising its prosecutorial discretion by bringing a case in the first place," it follows that "the court is only authorized to review the decree itself," and not to "effectively redraft the complaint" to inquire into other matters that the United States did not pursue. *Id.* at 1459-60.

VIII. Determinative Documents

There are no determinative materials or documents within the meaning of the APPA that were considered by the

⁴ Cf. *BNS*, 858 F.2d at 464; 858 F.2d at 464 (holding that the court's "ultimate authority under the [APPA] is limited to approving or disapproving the consent decree"); *Gillette*, 406 F. Supp. at 716 (noting that, in this way, the court is constrained to "look at the overall picture not hypercritically, nor with a microscope, but with an artist's reducing glass"); see generally *Microsoft*, 56 F.3d at 1461 (discussing whether "the remedies [obtained in the decree are] so inconsonant with the allegations charged as to fall outside of the 'reaches of the public interest'").

plaintiff in formulating the proposed Final Judgment.

Dated: December 20, 2005.

Respectfully submitted,

William H. Jones II (WJ 2563),

Allen P. Grunes (AG 4775),

Gregg I. Malawer (GM 6467),

Avery W. Gardiner (AG 2011),

Joan Hogan (JH 5666),

U.S. Department of Justice, Antitrust Division, 325 7th Street, NW., Suite 300, Washington, DC 20530. (202) 514-0230. Attorneys for Plaintiff the United States.

Bernard Hollander (BH 0818),

Senior Trial Attorney, U.S. Department of Justice, Antitrust Division, 325 7th Street, NW., Suite 300, Washington, DC 20530. Attorney for Plaintiff the United States.

Exhibit A Definition of HHI and Calculations for Market

“HHI” means the Herfindahl-Hirschman Index, a commonly accepted measure of market concentration. It is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of thirty, thirty, twenty and twenty percent, the HHI is 2600 ($30^2 + 30^2 + 20^2 + 20^2 = 2600$). The HHI takes into account the relative size and distribution of the firms in a market and approaches zero when a market consists of a large number of firms of relatively equal size. The HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases.

Markets in which the HHI is between 1000 and 1800 points are considered to be moderately concentrated, and those in which the HHI is in excess of 1800 points are considered to be concentrated. Transactions that increase the HHI by more than 100 points in concentrated markets presumptively raise antitrust concerns under the Merger Guidelines. See *Merger Guidelines* § 1.51.

[FR Doc. 06-454 Filed 1-19-06; 8:45 am]

BILLING CODE 4410-11-M

DEPARTMENT OF LABOR

Employment and Training Administration

Proposed Information Collection Request Submitted for Public Comment and Recommendations; National Rapid Response Information Network

ACTION: Notice.

SUMMARY: The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA95) [44 U.S.C. 3506(c)(A)]. This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. Currently, the Employment and Training Administration, Office of National Response is soliciting comments concerning the proposed information collection request (ICR) for the National Rapid Response Network. A copy of the proposed ICR is available at this site: <http://www.doleta.gov/Performance/guidance/OMBControlNumber.cfm>.

DATES: Written comments must be submitted to the office listed in the addressee's section below on or before March 21, 2006.

ADDRESSES: Jeff Ryan, U.S. Department of Labor, Employment and Training Administration, Room C-5325, 200 Constitution Avenue, NW., Washington, DC 20210, Phone: (202) 693-3546 (this is not a toll-free number), Fax: (202) 693-3149, e-mail: ryan.jeff@dol.gov.

SUPPLEMENTARY INFORMATION:

I. Background

As part of its responsibility for the administration and oversight of activities carried out under the Workforce Investment Act of 2000 (WIA), ETA has designed a Rapid Response Information Network (RRIN). This electronic reporting system will allow users to easily input data regarding layoffs and layoff related information through a secure Web site.

II. Review Focus

The Department of Labor is particularly interested in comments which:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

III. Current Actions

Type of Review: Regular.
Agency: Office of National Response.
Title: National Rapid Response Information Network.
OMB Number: 1205-XXX.
Agency Form Numbers: ETA 9119A, B, C.

Recordkeeping: 0.

Affected Public: State, local, or tribal government.

Total Respondents: 53.

Estimated Total Burden Hours: 3274 hours.

Total Burden Cost (capital/startup): \$0.

Total Burden Cost (operating/maintaining): \$0.

Comments submitted in response to this comment request will be summarized and/or included in the request for Office of Management and Budget approval of the information collection request; they will also become a matter of public record.

Dated: January 11, 2006.

Emily Stover DeRocco,

Assistant Secretary for Employment and Training.

[FR Doc. E6-645 Filed 1-19-06; 8:45 am]

BILLING CODE 4510-30-P

LEGAL SERVICES CORPORATION

Sunshine Act Meetings of the Board of Directors and Four of the Board's Committees

TIMES AND DATES: The Legal Services Corporation Board of Directors will meet on January 28, 2006, and four of its Committees will meet on January 27, 2006 in the order set forth in the following schedule, with each subsequent meeting commencing shortly after adjournment of the prior meeting.

Meeting Schedule

Friday, January 27, 2006—9 a.m.

1. Performance Reviews Committee.
2. Finance Committee.
3. Provision for the Delivery of Legal Services Committee (“Provisions Committee”).

EXHIBIT 2

Ad # 178197 Name US DEPT OF JUSTICE/ANTI TRUS Size 62 lines
Class 815' PO # PO 6025099 Authorized by MAURA LEE Account 632270

M0086

PROOF OF PUBLICATION

District of Columbia, ss., Personally appeared before me, a Notary Public in and for the said District, Kate M. Davey well known to me to be Billing Manager of The Washington Post, a daily newspaper published in the City of Washington, District of Columbia, and making oath in due form of law that an advertisement containing the language annexed hereto was published in said newspaper on the dates mentioned in the certificate herein.

I Hereby Certify that the attached advertisement was published in The Washington Post, a daily newspaper, upon the following dates at a cost of \$3,882.44, and was circulated in the Washington metropolitan area.

Published 7 times. Dates: Jan 30 and 31, Feb 1, 2, 3, 4 and 5, 2006
Account 632270

Kate M Davey

Witness my hand and official seal this 3rd day of MARCH 2006

Jennifer A. Johnson
My commission expires Notary Public, District of Columbia
My Commission Expires 09-30-2008

U.S. DEPARTMENT OF JUSTICE
ANTITRUST DIVISION

Take notice that a proposed Final Judgment as to Marquee Holdings, Inc. and LCE Holdings, Inc. has been filed in a civil antitrust case, United States of America, State of Illinois, State of New York, and Commonwealth of Massachusetts v. Marquee Holdings, Inc. and LCE Holdings, Inc., Civil Action No. 05-10722. On December 22, 2005, the United States filed a Complaint alleging that the proposed merger of Marquee Holdings Inc. And LCE Holdings, Inc. would violate Section 7 of the Clayton Act, 15 U.S.C. § 18 by lessening competition for theatrical exhibition of first-run films in five cities: Boston, MA; New York City, NY; Chicago, IL; Dallas, TX; and Seattle, WA. The proposed Final Judgment, filed the same time as the Complaint, requires the defendants to divest first-run, commercial theatres, along with certain tangible and intangible assets, in the following cities: Boston, MA; New York City, NY; Chicago, IL; Dallas, TX; and Seattle, WA. A Competitive Impact Statement filed by the United States describes the Complaint, the proposed Final Judgment, the industry, and the remedies available to private litigants who may have been injured by the alleged violation. Copies of the Complaint, proposed Final Judgment and Competitive Impact Statement are available for inspection at the Department of Justice in Washington, D.C. in Room 200, 325 Seventh Street, N.W., and at the Office of the Clerk of the United States District Court for the Southern District of New York, New York, New York and at the Office of the Clerk of the United States District Court for the Southern District of New York, New York City, New York. During the sixty (60) day comment period, interested persons may address comments to John R. Read, Chief, Litigation III Section, Antitrust Division, United States Department of Justice, 325 7th Street N.W., Suite 300, Washington, D.C. 20530 (telephone: 202-307-0468).

EXHIBIT 3

**Department of Justice
Antitrust Division**

Take notice that a proposed Final Judgment as to Mar-
quee Holdings, Inc. and LCE Holdings, Inc. has been filed
in a civil antitrust case, **United States of America,
State of Illinois, State of New York, and Common-
wealth of Massachusetts v. Marquee Holdings, Inc.
and LCE Holdings, Inc.**, Civil Action No. 05-10722. On
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York, New York, New York and at the Office of the Clerk of
the United States District Court for the Southern District
of New York, New York City, New York.
During the sixty (60) day comment period, interested
persons may address comments to John R. Read, Chief,
Litigation III Section, Antitrust Division, United States
Department of Justice, 325 7th Street N.W., Suite 300,
Washington, D.C. 20530 (telephone: 202-307-0468).

CERTIFICATION OF PUBLICATION

FEB 0 2 2006 20

DEBRA BARNING

I, _____, in my capacity as a Principal Clerk
of the Publisher of **The New York Times** a daily newspaper of general
circulation printed and published in the City, County and State of New
York, hereby certify that the advertisement annexed hereto was published
in the editions of **The New York Times** on the following date or dates,
to wit on

FEB 0 1 2006 20

Debra Barning

Approved:

[Signature]

THIS CERTIFICATION
NOT VALID
WITHOUT NYT RAISED SEAL

5407-FEB 05

**Department of Justice
Antitrust Division**

Take notice that a proposed Final Judgment as to Mar-
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Approved:

[Signature]

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5407-FEB 05



The New York Times

229 WEST 43RD STREET • NEW YORK, NY 10036-3959

SEC. B PG 2

Department of Justice Antitrust Division

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5407-FEB 05

CERTIFICATION OF PUBLICATION

February 16 2006

I, Cathy Zike, in my capacity as a Principal Clerk of the Publisher of **The New York Times** a daily newspaper of general circulation printed and published in the City, County and State of New York, hereby certify that the advertisement annexed hereto was published in the editions of **The New York Times** on the following date or dates, to wit on

February 3 2006
Cathy Zike

Approved:

THIS CERTIFICATION NOT VALID WITHOUT NYT RAISED SEAL



The New York Times

229 WEST 43RD STREET • NEW YORK, NY 10036-3959

SEC. B PG. 3

Department of Justice Antitrust Division

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5407-FEB 05

CERTIFICATION OF PUBLICATION

FEB 0 8 2006 20

DEBRA BARNING

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FEB 0 4 2006 20

Debra Baring

Approved:

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The New York Times

229 WEST 43RD STREET • NEW YORK, NY 10036-3959

SEC. 5 PG 25

CERTIFICATION OF PUBLICATION

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FEB 0 5 2006 20

Debra Barnes

Approved:

[Signature]

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5407-FEB 05



The New York Times

229 WEST 43RD STREET • NEW YORK, NY 10036-3959

SEC. 8 PG 5

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Department of Justice Antitrust Division

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Department of Justice Antitrust Division

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The New York Times

229 WEST 43RD STREET • NEW YORK, NY 10036-3959

SEC. B PG. 4

Department of Justice Antitrust Division

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5407-FEB 05

CERTIFICATION OF PUBLICATION

FEB 08 2006 20

DEBRA BARKIN

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FEB 07 2006 20

Debra Barkin

Approved:

[Signature]

THIS CERTIFICATION NOT VALID WITHOUT NYT RAISED SEAL

EXHIBIT 4

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____)	
UNITED STATES OF AMERICA,)	
)	
and)	
)	
STATE OF ILLINOIS)	
)	
and)	
)	
STATE OF NEW YORK)	
)	
and)	
)	
COMMONWEALTH OF MASSACHUSETTS)	
)	
<i>Plaintiffs,</i>)	
)	CASE NUMBER 05 CV 10722 (KW)
v.)	
)	JUDGE: Hon. Kimba M. Wood
MARQUEE HOLDINGS, INC.,)	
)	
and)	
)	
LCE HOLDINGS, INC.,)	
)	
<i>Defendants.</i>)	
_____)	

SUBMISSION OF DEFENDANTS PURSUANT TO 15 U.S.C. § 16(g)



Pursuant to 15 U.S.C. § 16(g), defendants Marquee Holdings, Inc. and LCE Holdings, Inc. state that there were no written or oral communications by or on behalf of either of them with an officer or employee of the United States concerning or relevant to the proposed consent judgment, other than communications made by counsel of record (Deborah L. Feinstein, Michael B. Bernstein, Ilene K. Gotts, and Damian G. Didden) alone with employees of the Department of Justice.

Defendants certify that, with this submission, they have complied with the requirements of 15 U.S.C. § 16(g) and that this submission is a true and complete description of communications known to defendants or that defendants reasonably should have known that are required to be reported pursuant to that provision.

Respectfully submitted,



Deborah L. Feinstein
ARNOLD & PORTER LLP
555 Twelfth Street, N.W.
Washington, DC 20004
(202) 942-5000
Attorney for Defendant LCE Holdings, Inc.

Ilene K. Gotts
Damian G. Didden
WACHTELL, LIPTON, ROSEN & KATZ
51 West 52nd Street
New York, NY 10019
(212) 403-1247
Attorneys for Defendant Marquee Holdings, Inc.

Dated: January 11, 2006

CERTIFICATE OF SERVICE

I, Deborah L. Feinstein, hereby certify that, on January 11, 2006, I caused a copy of the foregoing Submission of Defendants Pursuant to 15 U.S.C. § 16(g) to be served by first- class mail on the following:

William H. Jones, II, Esquire
Antitrust Division
United States Department of Justice
325 7th Street, N.W.
Washington, DC 20530
Attorneys for Plaintiff
United States of America

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Antitrust Bureau Office of the Attorney General
120 Broadway, Room 26C62
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Attorneys for Plaintiff
Commonwealth of Massachusetts



Deborah L. Feinstein