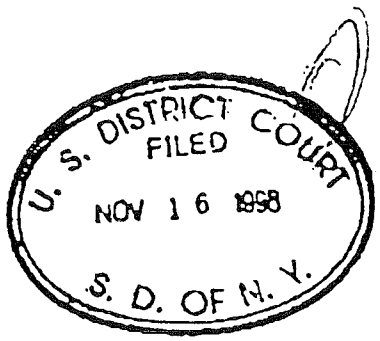
UNITED STATES DISTRICT COURT FOR
THE SOUTHERN DISTRICT OF NEW YORK



UNITED STATES OF AMERICA, and STATE OF NEW YORK, by and through its Attorney General Dennis C. Vacco, and STATE OF ILLINOIS, by and through its Attorney General Jim Ryan, PLAINTIFFS, v. SONY CORPORATION OF AMERICA and LTM HOLDINGS, INC. d/b/a LOEWS THEATRES, and CINEPLEX ODEON CORPORATION, and J. E. SEAGRAM CORP. DEFENDANTS.	Case No. 98-CIV-2716 (Judge Pollack) Entered: November 9, 1998

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FINAL JUDGMENT

WHEREAS, plaintiffs, the United States of America, the State of New York, and the State of Illinois filed their Complaint in this action on April 16, 1998, and plaintiffs and defendants by their respective attorneys, having consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law herein, and without this Final Judgment constituting any

evidence against or an admission by any party with respect to any issue of law or fact herein;

AND WHEREAS, defendants have agreed to be bound by the provisions of this Final Judgment pending its approval by the Court;

AND WHEREAS, plaintiffs intend Loews and Cineplex, as hereinafter defined, to be required to preserve competition by promptly divesting the 13 theatres in Manhattan and 11 theatres in Chicago identified below;

AND WHEREAS, plaintiffs require Loews and Cineplex to make the divestitures for the purpose of establishing one or more viable competitors in both Manhattan and Chicago in the exhibition of first-run motion pictures;

AND WHEREAS, Loews and Cineplex have represented to the plaintiffs that the divestitures ordered herein can and will be made and that Loews and Cineplex will later raise no claims of hardship or difficulty as grounds for asking the Court to modify any of the divestitures contained below;

NOW, THEREFORE, before the taking of any testimony, and without trial or adjudication of any issue of fact or law herein, and upon consent of the parties hereto, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

I. JURISDICTION

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action. The Complaint states a claim by the plaintiffs upon which relief may be granted against the defendants, as hereinafter defined, under Section 7 of the Clayton Act, as amended (15 U.S.C. § 18).

II. DEFINITIONS

As used in this Final Judgment:

A. "DoJ" means the Antitrust Division of the United States Department of Justice.

B. "Loews" means defendant LTM Holdings, Inc. d/b/a Loews Theatres, a Delaware corporation with its headquarters in New York, New York, and its successors, assigns, subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and directors, officers, managers, agents, and employees.

C. "Cineplex" means Cineplex Odeon Corporation, an Ontario corporation with its headquarters in Toronto, Canada, and its successors, assigns, subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and directors, officers, managers, agents, and employees.

D. "Sony" means defendant Sony Corporation of America, a New York corporation with its headquarters in New York, New York,

and its successors, assigns, subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and directors, officers, managers, agents, and employees.

E. "Seagram" means defendant J. E. Seagram Corp., a Delaware corporation with its headquarters in New York, New York, and its successors, assigns, subsidiaries (including but not limited to Universal Studios, Inc.), divisions, groups, affiliates, partnerships and joint ventures, and directors, officers, managers, agents, and employees.

F. "Defendants" means Loews, Cineplex, Sony and Seagram.

G. The "Manhattan theatre assets" means the motion picture theatre businesses operated by Loews and Cineplex under the following names at the following addresses in Manhattan, New York:

i.	Chelsea	260 West 23rd Street
ii.	Chelsea West	333 West 23rd Street
iii.	62nd & First	400 East 62nd Street
iv.	Ziegfeld	141 West 54th Street
v.	Park & 86th Street	125 East 86th Street
vi.	Waverly Twin	323 Sixth Avenue
vii.	Olympia	2770 Broadway
viii.	Art Greenwich	97 Greenwich Avenue

ix.	Metro Twin	2626 Broadway
x.	Beekman	1254 Second Avenue
xi.	62nd Street & Broadway	1871 Broadway
xii.	59th Street East	239 East 59th Street
xiii.	34th Street Showplace	238 East 34th Street

The term "Manhattan theatre assets" includes all tangible and intangible assets used in the operation of these theatres including: all real property (owned or leased); all personal property, inventory, office furniture, fixed assets and fixtures, materials, supplies, and other tangible property or improvements used in the operation of the theatres; all licenses, permits and authorizations issued by any governmental organization relating to the operation of the theatres; and all contracts, agreements, leases, licenses, commitments and understandings pertaining to the theatres including supply agreements and licenses to exhibit motion pictures.

H. The "Chicago theatre assets" means the motion picture theatre businesses operated by Loews and Cineplex under the following names at the following addresses in Cook County, Illinois:

i.	600 North Michigan	600 N. Michigan Ave., Chicago
ii.	900 North Michigan	900 N. Michigan Ave., Chicago

iii.	Biograph	2433 N. Lincoln Ave., Chicago
iv.	Bricktown	6420 W. Fullerton, Chicago
v.	Watertower 1-4	845 N. Michigan Ave., Chicago
vi.	Watertower 5-7	175 East Chestnut, Chicago
vii.	Burnham Plaza	826 S. Wabash, Chicago
viii.	Broadway	3175 N. Broadway, Chicago
ix.	Hyde Park Quad	5238 S. Harper Ave., Chicago
x.	River Run Eightplex	16621 Torrence Ave., Lansing
xi.	Old Orchard Quad	9400 Skokie Blvd., Skokie

The term "Chicago theatre assets" includes all tangible and intangible assets used in the operation of these theatres including: all real property (owned or leased); all personal property, inventory, office furniture, fixed assets and fixtures, materials, supplies, and other tangible property or improvements used in the operation of the theatres; all licenses, permits and authorizations issued by any governmental organization relating to the operation of the theatres; and all contracts, agreements, leases, licenses, commitments and understandings pertaining to the theatres including supply agreements and licenses to exhibit motion pictures.

I. "Acquirer" means the entity or entities to whom Loews and Cineplex divest the Manhattan theatre assets or the Chicago theatre assets under this Final Judgment.

III. APPLICABILITY

A. The provisions of this Final Judgment apply to the defendants, their successors and assigns, their subsidiaries, directors, officers, managers, agents, and employees, and all other persons in active concert or participation with any of them who shall have received actual notice of this Final Judgment by personal service or otherwise.

B. Each defendant shall require, as a condition of the sale or other disposition of all or substantially all of the assets used in its business of operating motion picture theatres in either Manhattan or Cook County, Illinois, that the acquiring party or parties agree to be bound by the provisions of this Final Judgment; provided, however, that Loews and Cineplex need not obtain such an agreement from an Acquirer in connection with the divestiture of the Manhattan theatre assets or the Chicago theatre assets.

IV. DIVESTITURE

A. Loews and Cineplex are hereby ordered and directed in accordance with the terms of this Final Judgment, within one-

hundred and eighty (180) 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, to divest the Manhattan theatre assets to an Acquirer or Acquirers acceptable to DoJ in its sole discretion after consultation with the State of New York and to divest the Chicago theatre assets to an Acquirer or Acquirers acceptable to DoJ in its sole discretion after consultation with the State of Illinois.

B. Loews and Cineplex shall use their best efforts to accomplish the divestitures as expeditiously and timely as possible. DoJ, in its sole discretion, may extend the time period for any divestiture for two (2) additional thirty (30) day periods of time, not to exceed sixty (60) calendar days in total.

C. In accomplishing the divestitures ordered by this Final Judgment, Loews and Cineplex promptly shall make known, by usual and customary means, the availability of the Manhattan theatre assets and the Chicago theatre assets described in this Final Judgment. Loews and Cineplex shall inform any person making an inquiry regarding a possible purchase that the sale is being made pursuant to this Final Judgment and provide such person with a copy of this Final Judgment. Loews and Cineplex shall also offer to furnish to all prospective Acquirers, subject to customary

confidentiality assurances, all information regarding the Manhattan theatre assets and the Chicago theatre assets customarily provided in a due diligence process except such information subject to attorney-client privilege or attorney work-product privilege. Loews and Cineplex shall make available such information to DoJ at the same time that such information is made available to any other person.

D. Loews and Cineplex shall permit prospective Acquirers of the Manhattan theatre assets and the Chicago theatre assets to have reasonable access to personnel and to make such inspection of the physical facilities of the Manhattan theatre assets and the Chicago theatre assets and any and all financial, operational, or other documents and information customarily provided as part of a due diligence process.

E. The defendants shall not take any action that will impede in any way the operation of the Manhattan theatre assets or the Chicago theatre assets.

F. Unless DoJ otherwise consents in writing, the divestitures pursuant to Section IV, or by trustee appointed pursuant to Section V of this Final Judgment, shall include the entire Manhattan theatre assets and Chicago theatre assets and be accomplished by selling or otherwise conveying the Manhattan

theatre assets and Chicago theatre assets to an Acquirer or Acquirers in such a way as to satisfy DoJ in its sole discretion (after consultation with the State of New York or the State of Illinois as the case may be), that the Manhattan theatre assets and the Chicago theatre assets can and will be used by the Acquirer(s) as part of a viable, ongoing business of exhibition of first-run films. Divestiture of the Manhattan theatre assets and the Chicago theatre assets may be made to one or more Acquirers provided that in each instance it is demonstrated to the sole satisfaction of DoJ (after consultation with the State of New York or the State of Illinois as the case may be) that the Manhattan theatre assets and the Chicago theatre assets will remain viable and the divestiture of such assets will remedy the competitive harm alleged in the complaint. The divestitures, whether pursuant to Section IV or Section V of this Final Judgment: (1) shall be made to an Acquirer or Acquirers who it is demonstrated to DoJ's sole satisfaction (after consultation with the State of New York or the State of Illinois as the case may be) has or have the intent and capability (including the necessary managerial, operational, and financial capability) of competing effectively in the business of exhibition of first-run films; (2) shall be accomplished so as to satisfy DoJ, in its

sole discretion (after consultation with the State of New York or the State of Illinois as the case may be), that none of the terms of any agreement between an Acquirer and Loews or Cineplex give Loews or Cineplex 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. In the event that Loews and Cineplex have not divested the Manhattan theatre assets and the Chicago theatre assets within the time specified in Section IV(A) of this Final Judgment, the Court shall appoint, on application of the United States, a trustee selected by DoJ to effect the divestiture of the Manhattan theatre assets and the Chicago theatre assets.

B. After the appointment of a trustee becomes effective, only the trustee shall have the right to sell the Manhattan theatre assets and the Chicago theatre assets. The trustee shall have the power and authority to accomplish the divestitures at the best price then obtainable upon a reasonable effort by the trustee, subject to the provisions of Sections IV and X of this Final Judgment, and shall have such other powers as the Court shall deem appropriate. Subject to Section V(C) of this Final

Judgment, the trustee shall have the power and authority to hire at the cost and expense of Loews and Cineplex any investment bankers, attorneys, or other agents reasonably necessary in the judgment of the trustee to assist in the divestitures, and such professionals and agents shall be accountable solely to the trustee. The trustee shall have the power and authority to accomplish the Manhattan theatre assets divestitures at the earliest possible time to an Acquirer or Acquirers acceptable to DoJ in its sole discretion (after consultation with the State of New York), and the Chicago theatre assets divestitures at the earliest possible time to an Acquirer or Acquirers acceptable to DoJ in its sole discretion (after consultation with the State of Illinois), and shall have such other powers as this Court shall deem appropriate. Loews and Cineplex shall not object to a sale by the trustee on any grounds other than the trustee's malfeasance. Any such objections by Loews and Cineplex must be conveyed in writing to plaintiffs and the trustee within ten (10) calendar days after the trustee has provided the notice required under Section VII of this Final Judgment.

C. The trustee shall serve at the cost and expense of Loews and Cineplex, on such terms and conditions as the Court may prescribe, 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 Loews and Cineplex and the trust shall then be terminated. The compensation of such trustee and of any professionals and agents retained by the trustee shall be reasonable in light of the value of the divested business 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.

D. Loews and Cineplex shall use their best efforts to assist the trustee in accomplishing the required divestitures, including best efforts to effect all necessary consents and regulatory approvals. 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 businesses to be divested, and Loews and Cineplex shall develop financial or other information relevant to the business to be divested customarily provided in a due diligence process as the trustee may reasonably request, subject to customary confidentiality assurances. Loews and

Cineplex shall permit prospective Acquirers of the assets to have reasonable access to personnel and to make such inspection of physical facilities and any and all financial, operational or other documents and other information as may be relevant to the divestitures required by this Final Judgment.

E. After its appointment, the trustee shall file monthly reports with the parties and the Court setting forth the trustee's efforts to accomplish the divestitures ordered pursuant to this Final Judgment; provided, however, that 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 businesses to be divested, and shall describe in detail each contact with any such person during that period. The trustee shall maintain full records of all efforts made to divest the businesses to be divested.

F. If the trustee has not accomplished such divestitures within six (6) months after its appointment, the trustee

thereupon shall file promptly 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; provided, however, that 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 parties, who shall each have the right to be heard and to make additional recommendations consistent with the purpose of the trust. The Court shall enter thereafter such orders as it shall deem appropriate in order to carry out the purpose of the trust which may, if necessary, include extending the trust and the term of the trustee's appointment by a period requested by DoJ.

VI. NOTICE

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 DoJ, shall not directly or indirectly acquire any assets of or any interest, including any financial, security,

loan, equity or management interest, in any then-existing motion picture theatre in either Manhattan in the State of New York or in Cook County in the State of Illinois. Such notification shall be provided to the DoJ 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 5-9 of the instructions must be provided only with respect to defendants' motion picture theatre operations in Manhattan in the State of New York or in Cook County in the State of Illinois. 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 DoJ 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.

VII. NOTIFICATION

Within two (2) business days following execution of a definitive agreement, contingent upon compliance with the terms of this Final Judgment, to effect, in whole or in part, any proposed divestitures pursuant to Sections IV or V of this Final Judgment, Loews and Cineplex or the trustee, whichever is then responsible for effecting the divestitures, shall notify DoJ, and, as the case may be, the State of New York or the State of Illinois of the proposed divestitures. If the trustee is responsible, it shall similarly notify Loews and Cineplex. The notice shall set forth the details of the proposed transaction and list the name, address, and telephone number of each person not previously identified who offered to, or expressed an interest in or a desire to, acquire any ownership interest in the businesses to be divested that are the subject of the binding contract, together with full details of same. Within fifteen (15) calendar days of receipt by DoJ of notice, DoJ may request

from Loews or Cineplex, the proposed Acquirer, or any other third party additional information concerning the proposed divestitures and the proposed Acquirer. Loews and Cineplex and the trustee shall furnish any additional information requested from them within fifteen (15) calendar days of the receipt of the request, unless the parties shall otherwise agree. Within thirty (30) calendar days after receipt of the notice or within twenty (20) calendar days after DoJ has been provided the additional information requested from Loews and Cineplex, the proposed Acquirer, and any third party, whichever is later, DoJ shall provide written notice to Loews and Cineplex and the trustee, if there is one, stating whether or not it objects to the proposed divestitures. If DoJ provides written notice to Loews and Cineplex and the trustee that DoJ does not object, then the divestitures may be consummated, subject only to Loews and Cineplex's limited right to object to the sale under Section V(B) of this Final Judgment. Absent written notice that DoJ does not object to the proposed Acquirer or upon objection by DoJ, a divestiture proposed under Section IV or Section V may not be consummated. Upon objection by Loews and Cineplex under the provision in Section V(B), a divestiture proposed under Section V shall not be consummated unless approved by the Court.

VIII. 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 divestitures have been completed whether pursuant to Section IV or Section V of this Final Judgment, Loews and Cineplex shall deliver to DoJ an affidavit as to the fact and manner of compliance with Sections IV or V of this Final Judgment. Each such affidavit shall include, inter alia, the name, address, and telephone number of each person who, at any time after the period covered by the last such report, 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 businesses to be divested, 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 that Loews and Cineplex have taken to solicit a buyer for the relevant assets and to provide required information to prospective Acquirers.

B. Within twenty (20) calendar days of the filing of the Complaint in this matter, Loews and Cineplex shall deliver to DoJ an affidavit which describes in detail all actions they have taken and all steps they have implemented on an on-going basis to

preserve the Manhattan theatre assets and the Chicago theatre assets pursuant to Section IX of this Final Judgment. The affidavit also shall describe, but not be limited to, the efforts of Loews and Cineplex to maintain and operate the Manhattan theatre assets and the Chicago theatre assets as active competitors, maintain the management, staffing, sales, and marketing of the Manhattan theatre assets and the Chicago theatre assets, and maintain the Manhattan theatre assets and the Chicago theatre assets in operable condition at current capacity configurations. Loews and Cineplex shall deliver to DoJ an affidavit describing any changes to the efforts and actions outlined in their earlier affidavit(s) filed pursuant to this Section within fifteen (15) calendar days after the change is implemented.

C. Until one year after such divestiture has been completed, Loews and Cineplex shall preserve all records of all efforts made to preserve the business to be divested and effect the divestitures.

IX. PRESERVATION OF ASSETS

Until the divestitures required by the Final Judgment have been accomplished, Loews and Cineplex shall take all steps necessary to maintain and operate the Manhattan theatre assets

and the Chicago theatre assets as active competitors, maintain the management, staffing, sales, and marketing of the Manhattan theatre assets and the Chicago theatre assets, and maintain the Manhattan theatre assets and the Chicago theatre assets in operable condition at current capacity configurations. Defendants shall take no action that would jeopardize the divestitures described in this Final Judgment.

X. FINANCING

The defendants are ordered and directed not to finance all or any part of any purchase by an Acquirer or Acquirers made pursuant to Sections IV or V of this Final Judgment.

XI. COMPLIANCE INSPECTION

For purposes of determining or securing compliance with the Final Judgment and subject to any legally recognized privilege, from time to time:

A. Duly authorized representatives of the plaintiffs, upon the written request of the Assistant Attorney General in charge of the Antitrust Division, the New York Attorney General or the Illinois Attorney General, and on reasonable notice to the defendants made to their principal offices, shall be permitted:

1. Access during office hours of the defendants to inspect and copy all books, ledgers, accounts, correspondence,

memoranda, and other records and documents in the possession or under the control of the defendants, who may have counsel present, relating to the matters contained in this Final Judgment; and

2. Subject to the reasonable convenience of the defendants and without restraint or interference from any of them, to interview, either informally or on the record, their officers, employees, and agents, who may have counsel present, regarding any such matters.

B. Upon the written request of the Assistant Attorney General in charge of the Antitrust Division, the New York Attorney General, or the Illinois Attorney General made to the defendants' principal offices, the defendants shall submit such written reports, under oath if requested, with respect to any matter contained in the Final Judgment.

C. No information or documents obtained by the means provided in Sections VIII or XI of this Final Judgment shall be divulged by a representative of the plaintiffs to any person other than a duly 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 the defendants to the plaintiffs, the 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 the 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 ten (10) calendar days notice shall be given by the plaintiffs to the defendants prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which the defendants are not a party.

XII. RETENTION OF JURISDICTION

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of any violations hereof.

XIII. TERMINATION

Unless this Court grants an extension, this Final Judgment will expire upon the tenth anniversary of the date of its entry.

XIV. PUBLIC INTEREST

Entry of this Final Judgment is in the public interest.

Dated November 9, 1998.

United States District Judge

THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON _____