
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 1, 2013

National CineMedia, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33296
(Commission
File Number)

20-5665602
(IRS Employer
Identification No.)

9110 E. Nichols Ave., Suite 200
Centennial, Colorado 80112-3405
(Address of principal executive offices, including zip code)

(303) 792-3600
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On May 2, 2013, National CineMedia, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal first quarter ended March 28, 2013. A copy of the press release is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers***Approval of Executive Performance Bonus Plan***

An Annual Meeting of the stockholders of the Company was held on May 1, 2013. At the Annual Meeting, stockholders approved the National CineMedia, Inc. Executive Performance Bonus Plan (the “Performance Bonus Plan”) for the Company’s executive officers. The Compensation Committee of the Company’s Board of Directors adopted the Performance Bonus Plan on March 13, 2013, and the Board of Directors (the “Board”) approved and directed that the Performance Bonus Plan be submitted to a vote of stockholders at the Annual Meeting.

The purpose of the Performance Bonus Plan is to create a financial incentive for executives of the Company to meet or exceed certain key internal financial performance metric targets (or budgets). All executive officers of the Company are eligible to participate in the Performance Bonus Plan. The performance bonus potential will vary depending on the executive officer’s title, business unit and level of responsibility. Under the Performance Bonus Plan, the Compensation Committee establishes (a) the target award for each participant, (b) the performance goals and target levels that must be obtained to be eligible for the award, and (c) the formula, matrix or other standard to determine the amount of compensation. The target award is generally expressed as a percentage of base salary, a dollar amount, or an amount determined by a formula. The maximum award payable under the Performance Bonus Plan to any participant who is determined to be a covered employee under Section 162(m) for the fiscal year is \$3,000,000. The Compensation Committee determines the performance goals using one or more of the following measures: Cash flow, Earnings, Economic profit, Enterprise value, Margins (gross or net), Market value, Operating income, Return on capital, Return on investment, Stock price, Total shareholder return, Cost initiatives, Earnings per share, Economic value added, Free cash flow, Market share, Net income, Return on assets, Return on equity, Revenue (gross or net), Strategic objectives and Debt ratios and other measures of credit quality or liquidity. The Compensation Committee may choose to establish and measure performance goals (a) in absolute terms, (b) in combination, (c) in relative terms, (d) on a per-share or per-capita basis, (e) on a company-wide, business-segment or product basis, (f) on a pre-tax or after-tax basis, and/or (g) on a GAAP or non-GAAP basis. The Compensation Committee may also choose to exclude

the effect of extraordinary or non-recurring items, changes in accounting rules, mergers and acquisitions and other items. Performance goals and target levels can vary by participant and by performance period. The Compensation Committee sets each performance period, which may consist of one or more fiscal years or a portion of a fiscal year.

The performance bonus awards, if any, are generally paid after the end of the performance period in cash (or its equivalent) in a single lump sum payment within 30 days following the determination and certification by the Compensation Committee. No executive will be eligible for a bonus award under the Performance Bonus Plan if he is not employed by us on the date the bonus awards are paid unless otherwise approved by the Compensation Committee.

Awards under the Performance Bonus Plan are based on actual future performance. As a result, the amounts that will be paid under the Performance Bonus Plan are not currently determinable. The Compensation Committee established target award amounts for participants under the Performance Bonus Plan for fiscal 2013 for each of the Company's executive officers.

<u>Name and Position</u>	<u>Fiscal 2013 Maximum Potential Performance Bonus(1)</u>
Kurt C. Hall President, Chief Executive Officer and Chairman	\$ 1,147,697
Clifford E. Marks President of Sales and Marketing	\$ 1,106,708
Ralph E. Hardy Executive Vice President and General Counsel	\$ 322,472
Earl B. Weihe Executive Vice President and Chief Operations Officer	\$ 286,875
Executive Officers as a Group	\$ 2,863,752
Non-Executive Director Group	—
Non-Executive Officer Employee Group	—

- (1) Estimated maximum performance bonus is based upon actual base salary as of January 16, 2013. Actual bonus amounts will be determined based upon base salary determined at the end of the Company's 2013 fiscal year, subject to the limit set forth in the Plan.

For more information about the Performance Bonus Plan, see the Company's definitive proxy statement dated March 20, 2013. The above description of the Performance Bonus Plan and such portions of the proxy statement are qualified in their entirety by reference to the Performance Bonus Plan, a copy of which is filed as Exhibit 10.1 hereto.

Approval of Amendment to Equity Incentive Plan

Also at the Annual Meeting, the stockholders of the Company approved the amendment to the 2007 Equity Incentive Plan, as amended (the "Equity Incentive Plan"). The Board approved the amendment to the Equity Incentive Plan on March 13, 2013, and directed that the amendment be submitted to a vote of the stockholders at the Annual Meeting. The amendment increased the maximum number of shares of the Company's common stock available for issuance under the Equity Incentive Plan from 10,076,000 shares to 12,876,000 shares. The amendment also provided for a list of performance goals from which the Compensation Committee may select from in designating performance goals for qualifying performance-based awards.

For more information about the Equity Incentive Plan, see the Company's definitive proxy statement dated March 20, 2013. The above description of the Equity Incentive Plan and such portions of the proxy statement are qualified in their entirety by reference to the Equity Incentive Plan, a copy of which is filed as Exhibit 10.2 hereto.

Appointment of Craig R. Ramsey to the Board of Directors

On May 1, 2013, the stockholders of the Company elected Craig R. Ramsey to the Company's Board. Mr. Ramsey was designated to the Board by American Multi-Cinema, Inc. ("AMC") pursuant to the Director Designation Agreement dated as of February 13, 2007, between the Company and its founding members, AMC and its affiliates, Cinemark Holdings, Inc. and its affiliates and Regal CineMedia Holdings, LLC and its affiliates (the "Director Designation Agreement"). The Director Designation Agreement is filed as Exhibit 10.3 to this Current Report on Form 8-K and incorporated by reference herein. Mr. Ramsey has not been appointed to serve on any committees of the Board at this time. Mr. Ramsey replaces Gerardo I. Lopez as AMC's designated director on the Board. Mr. Lopez resigned from the Board effective May 1, 2013.

Mr. Ramsey, age 61, is the Executive Vice President and Chief Financial Officer of AMC Entertainment Inc. and oversees all financial areas of the company, including accounting, information systems, asset and liability management, and investor relations. Mr. Ramsey began his career with AMC in 1995 as the Director of Financial Reporting. He was promoted to Vice President of Finance in January 1997; to Senior Vice President in August 1998; and to Chief Financial Officer in February 2000. Mr. Ramsey is a certified public accountant. His professional affiliations include memberships in the American Institute of Certified Public Accountants, the Financial Executives Institute and the Missouri Society of Certified Public Accountants.

Mr. Ramsey is qualified to serve on the Company's Board based on his extensive financial expertise in the media industry. Since Mr. Ramsey is a board designee for one of the Company's founding members, he brings to the Board the perspective of a major stakeholder.

Also on May 1, 2013, the Company entered into an Indemnification Agreement with Mr. Ramsey, in substantially similar form to the indemnification agreements entered into by the Company with its other directors and officers. The Indemnification Agreement requires the Company to indemnify Mr. Ramsey against liabilities that may arise by reason of his status or

service as a director. It also requires the Company to advance any expenses incurred by Mr. Ramsey as a result of any proceeding against him as to which he could be indemnified and to obtain directors' and officers' insurance, if available on reasonable terms.

A form of the Indemnification Agreement is filed as Exhibit 10.4 to this Current Report on Form 8-K and incorporated by reference herein.

Item 5.07 Submission of Matters to a Vote of Security Holders.

The matters that were voted upon at the Company's Annual Meeting, and the number of votes cast for, against or withheld, as well as the number of abstentions and broker non-votes as to each such matter, where applicable, are set forth below. Proposals 1, 2, 3, 4 and 5 submitted to a vote of the Company's stockholders at the Annual Meeting were approved. Proposal 6 was not approved.

Proposal #1 Election of Class III Directors

Name	For	Withhold	Broker Non-Votes
Amy E. Miles	48,429,866	3,426,770	1,591,103
Lee Roy Mitchell	48,332,661	3,523,975	1,591,103
Craig R. Ramsey	48,401,960	3,454,676	1,591,103

Proposal #2 Approval of the National CineMedia, Inc. Executive Performance Bonus Plan

For	Against	Abstentions	Broker Non-Votes
50,897,553	935,353	23,730	1,591,103

Proposal #3 Advisory Approval of the Company's Executive Compensation

For	Against	Abstentions	Broker Non-Votes
50,365,089	1,093,008	398,539	1,591,103

Proposal #4 Approval of the Amendment to the National CineMedia, Inc. 2007 Equity Incentive Plan to increase the number of shares available for issuance and to approval performance goals

For	Against	Abstentions	Broker Non-Votes
46,524,693	5,305,889	26,054	1,591,103

Proposal #5 Ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the 2013 fiscal year ending December 26, 2013

For	Against	Abstentions	Broker Non-Votes
53,346,958	51,093	49,688	—

Proposal #6 To approve a stockholder proposal regarding majority voting in director elections

For	Against	Abstentions	Broker Non-Votes
25,355,296	26,471,885	29,455	1,591,103

The following directors' terms continued after the Annual Meeting of Stockholders:

Class I directors – Kurt C. Hall, Lawrence A. Goodman, and Scott N. Schneider

Class II directors – David R. Haas, James R. Holland Jr., Stephen L. Lanning and Edward H. Meyer

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Reference</u>	<u>Description</u>
10.1		National CineMedia, Inc. Executive Performance Bonus Plan.
10.2		National CineMedia, Inc. 2007 Equity Incentive Plan.
10.3	(1)	Director Designation Agreement.

Exhibit

No. Reference Description

10.4 (2) Form of Indemnification Agreement.

99.1 Press Release of National CineMedia, Inc. dated May 2, 2013.

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- (1) Incorporated by reference to Exhibit 10.10 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on February 16, 2007.
(2) Incorporated by reference to Exhibit 10.1 from the Registrant's Current Report on Form 8-K (File No. 001-33296) filed on February 13, 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NATIONAL CINEMEDIA, INC.

Dated: May 2, 2013

By: /s/ Ralph E. Hardy

Ralph E. Hardy

Executive Vice President, General Counsel and Secretary

NATIONAL CINEMEDIA, INC.
2007 EQUITY INCENTIVE PLAN

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**NATIONAL CINEMEDIA, INC.
2007 EQUITY INCENTIVE PLAN**

1. ESTABLISHMENT AND PURPOSE

1.1 **Establishment.** National CineMedia, Inc., a Delaware corporation (the “**Company**”), established the National CineMedia, Inc. 2007 Equity Incentive Plan (the “**Plan**”). The Plan, as amended and restated was approved by the stockholders of the Company on April 26, 2011. The Plan was subsequently amended to incorporate changes to Section 4.3, *Share Counting* and Section 3.2, *Authority of the Committee*. Section 4.1, *Number of Shares*, Section 9.2, *Value of Performance Shares or Units*, and Section 9.3, *Achievement of Performance Goals*, were also amended, subject to approval by the stockholders of the Company, which was obtained on May 1, 2013. This document incorporates all such amendments. The Plan permits the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, and other stock-based and cash awards in accordance with the terms hereof.

1.2 **Purpose.** The Plan is intended to enhance the Company’s and its Affiliates’ (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such persons to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 “**Affiliate**” means with respect to the Company, (i) any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including without limitation, any Subsidiary, (ii) any corporation or other entity controlling, controlled by, or under common control with the Company, including any member of an affiliated group of which the Company is a common parent corporation or subsidiary corporation (within the meaning of Section 424 of the Code), and (iii) National CineMedia, LLC.

2.2 “**Award**” means a grant under the Plan of an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, or Other Stock-Based Award.

2.3 “**Award Agreement**” means the written or electronic agreement setting forth the terms and conditions applicable to each Award. The Award Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of the Plan and any Award Agreement, the provisions of the Plan shall govern, except to the extent the Plan would be considered to provide an additional benefit as determined under Sections 409A and 424 of the Code.

2.4 “**Benefit Arrangement**” means as defined in Section 13.

2.5 “**Board**” or “**Board of Directors**” means the board of directors of National CineMedia, Inc.

2.6 “**Business Combination**” means as defined in Section 2.8.

2.7 **“Cause”** means, as determined by the Committee and unless otherwise provided in an employment, a consulting or other services agreement, if any, between the Service Provider and the Company or an Affiliate, (i) any willful breach of any material written policy of the Company or an Affiliate that results in material and demonstrable liability or loss to the Company or the Affiliate; (ii) engaging in any conduct involving moral turpitude that causes material and demonstrable injury, monetarily or otherwise, to the Company or an Affiliate, including, but not limited to, misappropriation or conversion of assets of the Company or an Affiliate (other than immaterial assets); (iii) a conviction of or entry of a plea of nolo contendere to a felony; or (iv) a material breach by the Service Provider of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Service Provider and the Company or an Affiliate. No act or failure to act by the Service Provider shall be deemed “willful” if done, or omitted to be done, by him or her in good faith and with the reasonable belief that his or her action or omission was in the best interest of the Company or an Affiliate.

2.8 **“Change of Control”** means and shall be deemed to have occurred upon the occurrence of:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a **“Person”**) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (x) the then outstanding shares of common stock of the Company (the **“Outstanding Company Common Stock”**) or (y) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the **“Outstanding Company Voting Securities”**); *provided, however,* that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (A) or (B) of paragraph (iv) below, or (E) any acquisition by a Founding Member; or

(ii) The acquisition by any Person, other than a Founding Member, of the right to (A) elect or (B) nominate for election or (C) designate for nomination pursuant to a Director Designation Agreement dated February 13, 2007 among the Company and the Founding Members, a majority of the members of the Company’s Board; or

(iii) The acquisition by any Person, other than the Company or a Founding Member, of beneficial ownership of more than 50% of the Units of NCM LLC; or

(iv) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or an acquisition of assets of another corporation (a **“Business Combination”**), in each case, unless, following such Business Combination, (A) (x) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either

directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; and (y) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were individuals who, as of the Effective Date, constitute the Board (the “**Incumbent Board**”); provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board or was designated pursuant to a Director Designation Agreement dated February 13, 2007 among the Company and the Founding Members shall be considered as though such individual were a member of the Incumbent Board, at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination or (B) the Founding Members beneficially own, more than 50% of, respectively, the outstanding shares of common stock or voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such Business Combination; or

(v) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company; or

(vi) Approval by the members of NCM LLC of a complete liquidation or dissolution of NCM LLC.

2.9 “**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations, interpretations, and administrative guidance issued thereunder.

2.10 “**Committee**” means the Compensation Committee of the Board or any committee designated by the Board to administer the Plan, or if no committee is appointed, the Board. The Compensation Committee or the Board may designate one or more subcommittees to (i) consist solely of persons who satisfy the applicable requirements of any stock exchange or national market system on which the shares of Stock may be listed, (ii) consist solely of persons who qualify as an “outside director” within the meaning of Section 162(m) of the Code, and (iii) consist solely of persons who qualify as a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act.

2.11 “**Company**” means National CineMedia, Inc., a Delaware corporation.

2.12 “**Corporate Event**” means an event described in Section 14.1.

2.13 “**Disabled**” or “**Disability**” means, unless otherwise provided in an employment, a consulting or other services agreement, if any, between the Participant and the Company or an Affiliate, the Participant is unable to perform each of the essential duties of such Participant’s position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months; provided that, the following shall apply:

(a) With respect to rules regarding expiration of an Incentive Stock Option following termination of the Participant’s Service, Disability has the meaning set forth in Section 22(e)(3) of the Code.

(b) With respect to any Award subject to Section 409A of the Code, the Participant is: (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Participant's employer; or (iii) determined to be totally disabled by the Social Security Administration.

2.14 "**Dividend Equivalents**" means any right granted under Section 11.

2.15 "**Effective Date**" means the effective date of the Plan, February 6, 2007, the date the Plan was approved by the Board.

2.16 "**Employee**" means any individual who is a common-law employee of the Company or an Affiliate determined in accordance with the Company's standard personnel policies and practices.

2.17 "**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as it may be amended from time to time, or any successor act thereto.

2.18 "**Exercise Price**" means the price at which a share of Stock may be purchased pursuant to the exercise of an Option.

2.19 "**Fair Market Value**" means the value of a share of Stock as of a particular date, determined as follows: (a) the closing sale price reported for such share on the national securities exchange or national market system on which such stock is principally traded, or if no sale of shares is reported for such trading day, on the next preceding day on which a sale was reported, or (b) if the shares of Stock are not then listed on a national securities exchange or national market system, or the value of such shares is not otherwise determinable, such value as determined by the Committee in good faith in its sole discretion consistent with the requirements under Section 409A of the Code; notwithstanding the foregoing, the Fair Market Value of a share of Stock for purposes of Awards (other than NCM LLC Substitute Awards and other Substitute Awards) with a Grant Date as of the Company's initial public offering shall be the price per share of Stock in such initial public offering, as determined by the Committee.

2.20 "**Family Member**" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Participant, a trust in which any one or more of these persons have more than fifty percent (50%) of the beneficial interest, a foundation in which any one or more of these persons (or the Participant) control the management of assets, and any other entity in which one or more of these persons (or the Participant) own more than fifty percent (50%) of the voting interests; provided, however, that to the extent required by applicable law, the term Family Member shall be limited to a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Participant or a trust or foundation for the exclusive benefit of any one or more of these persons.

2.21 "**Founding Member**" means as such term is defined in the Limited Liability Company Operating Agreement.

2.22 **“Good Reason”** means, unless otherwise provided in an employment, a consulting or other services agreement, if any, between the Service Provider and the Company or an Affiliate, (i) reduction in the Service Provider’s base salary, (ii) a diminution of the Service Provider’s title, office, position or authority, excluding for this purpose an action not taken in bad faith and which is remedied within twenty (20) days after receipt of written notice thereof given by the Service Provider, (iii) the assignment to the Service Provider of any duties inconsistent with the Service Provider’s position (including status or reporting requirements), authority, or material responsibilities, or the removal of the Participant’s authority or material responsibilities, excluding for this purpose an action not taken in bad faith and which is remedied by the Company within twenty (20) days after receipt of notice thereof given by the Service Provider, (iv) a transfer of the Service Provider’s primary workplace by more than fifty (50) miles from the current workplace, or (v) a material breach of any term of any employment, consulting or other services agreement, if any, between the Service Provider and the Company or an Affiliate by the Company which is not remedied within twenty (20) days after receipt of written notice thereof given by the Service Provider.

2.23 **“Grant Date”** means, as determined by the Committee, the latest to occur of (i) the date on which the Committee approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under Section 5, or (iii) such other date as may be specified by the Committee in the Award Agreement.

2.24 **“Grant Price”** means the per share exercise price of a Stock Appreciation Right granted to a Participant under Section 7.

2.25 **“Incentive Stock Option”** means an Option to purchase shares of Stock designated as an Incentive Stock Option that is intended to meet the requirements of Section 422 of the Code.

2.26 **“Incumbent Board”** means as defined in Section 2.8.

2.27 **“Limited Liability Company Operating Agreement”** means the Third Amended and Restated Limited Liability Company Operating Agreement of National CineMedia, LLC, dated as of February 13, 2007, by and among the members of National CineMedia LLC, as it may be amended, modified or replaced from time to time.

2.28 **“Minimum Statutory Withholding”** means as defined in Section 12.

2.29 **“National CineMedia, LLC”** means National CineMedia, LLC, a Delaware limited liability company.

2.30 **“NCM LLC Substitute Awards”** means Awards granted in substitution for outstanding unit options and restricted units granted to employees of National CineMedia, LLC, in connection with its reorganization and related transactions pursuant to the initial public offering of the Company. The terms and conditions of NCM LLC Substitute Awards shall comply with the requirements for substitutions of awards made in connection with a corporate transaction or certain other adjustments that are not treated as modifications under Regulation § 1.424-1 and Section 409A of the Code, as applicable.

2.31 **“Non-Qualified Stock Option”** means any Option other than an Incentive Stock Option.

2.32 **“Option”** means an option to purchase one or more shares of Stock at a stated or formula price for a specified period of time. An Option granted under the Plan shall be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.33 **“Other Agreement”** means as defined in Section 13.

2.34 **“Other Stock-Based Award”** means an equity-based Award that is granted to a Participant under Section 10.

2.35 **“Outstanding Company Common Stock”** means as defined in Section 2.8.

2.36 **“Outstanding Company Voting Securities”** means as defined in Section 2.8.

2.37 **“Parachute Payment”** means as defined in Section 13.

2.38 **“Participant”** means any eligible individual as defined in Section 5 who is granted an Award under the Plan.

2.39 **“Performance Award”** means an Award made subject to the achievement of performance goals granted under Section 9, denominated in shares of Stock (**“Performance Shares”**) or units (**“Performance Units”**), the value of which at the time it is payable is determined based upon the extent to which the corresponding performance goals have been achieved.

2.40 **“Performance Period”** means the period of time during which the performance goals must be achieved in order to determine the degree of vesting or payout with respect to an Award, not to exceed ten (10) years. Performance Periods may be overlapping.

2.41 **“Person”** means as defined in Section 2.8.

2.42 **“Plan”** means this National CineMedia, Inc. 2007 Equity Incentive Plan, as amended from time to time.

2.43 **“Purchase Price”** means the purchase price for each share of Stock pursuant to a grant of Restricted Stock.

2.44 **“Restricted Stock”** means an Award of shares of Stock granted under Section 8.

2.45 **“Restricted Stock Unit”** or **“RSU”** means a bookkeeping entry representing the equivalent of shares of Stock granted under Section 8.

2.46 **“Restriction Period”** means the period during which Restricted Stock and Restricted Stock Units are subject to a substantial risk of forfeiture (based upon the passage of time, the achievement of performance goals or upon the occurrence of other events as determined by the Committee, in its discretion), as provided in Sections 8.3 and 8.4.

2.47 **“Securities Act”** means the U.S. Securities Act of 1933, as it may be amended from time to time, or any successor act thereto.

2.48 **“Service”** means service as a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Participant’s change in position or duties shall not result in interrupted or terminated Service, so long as such Participant continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Committee, which determination shall be final, binding and conclusive.

2.49 “**Service Provider**” means an employee, officer or director of the Company or an Affiliate, or a consultant or adviser currently providing services to the Company or an Affiliate.

2.50 “**Stock**” or “**Common Stock**” means a share of National CineMedia, Inc., common stock, \$0.01 par value per share.

2.51 “**Stock Appreciation Right**” or “**SAR**” means an Award granted under Section 7.

2.52 “**Subsidiary**” means any “subsidiary corporation” of the Company within the meaning of Section 424(f) of the Code.

2.53 “**Substitute Awards**” means Awards (excluding NCM LLC Substitute Awards) granted in substitution for, or in assumption of, outstanding awards previously granted by an entity acquired by the Company or a Subsidiary or an Affiliate or with which the Company or Subsidiary or Affiliate combines. The terms and conditions of any Substituted Awards shall comply with the requirements for substitutions or assumptions of awards made in connection with a corporate transaction or certain other adjustments that are not treated as modifications under Regulation § 1.424-1 and Section 409A of the Code, as applicable.

3. PLAN ADMINISTRATION

3.1 **General.** The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company’s certificate of incorporation and bylaws and applicable law. The Board shall have the power and authority to delegate its responsibilities hereunder to the Committee, which shall have full power and authority to act in accordance with its charter, and with respect to the authority of the Board to act hereunder, all references to the Board shall be deemed to include a reference to the Committee, to the extent such power or responsibilities have been delegated. Except as otherwise may be required by applicable law, regulatory requirement or the certificate of incorporation or the bylaws of the Company, the Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Award or any Award Agreement. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive.

3.2 **Authority of the Committee.** The Board from time to time may delegate to one or more Committees such powers and authorities related to the administration and implementation of the Plan, as set forth in this Section 3 and in other applicable provisions, as the Board shall determine. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. To the extent permitted by law, the Committee may delegate its authority under the Plan to a member of the Board or an executive officer of the Company. Subject to the other terms and conditions of the Plan, the Committee shall have full and final authority, including but not limited to:

- (a) designate Participants;
- (b) determine the type or types of Awards to be made to a Participant;
- (c) determine the number of shares of Stock to be subject to an Award;

(d) establish the terms and conditions of each Award (including, but not limited to, the Exercise Price of any Option, the Grant Price of any Stock Appreciation Right, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options);

(e) prescribe the form of each Award Agreement; and

(f) amend, modify, or supplement the terms of any outstanding Award including the authority to modify Awards to foreign nationals or individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom.

Notwithstanding the foregoing, no amendment or modification may be made to an outstanding Option or Stock Appreciation Right that (i) causes the Option or Stock Appreciation Right to become subject to Section 409A of the Code, (ii) reduces the Exercise Price or Grant Price, either by lowering the Exercise Price or Grant Price or by canceling the outstanding Option or Stock Appreciation Right and granting a replacement Award in the form of cash, or an Option or Stock Appreciation Right with a lower Exercise Price or Grant Price, or (iii) would be treated as a repricing under the rules of the exchange upon which shares of Stock of the Company trade, without, with respect to item (i), the Participant's written prior approval, and with respect to items (ii) and (iii), without the approval of the stockholders of the Company, provided, that, appropriate adjustments may be made to outstanding Options and Stock Appreciation Rights pursuant to Section 14.

As a condition to any Award, the Committee shall have the right, at its discretion, to require Participants to return to the Company Awards previously granted under the Plan. The Committee shall have the right, in its discretion, to make Substitute Awards. Subject to the terms and conditions of the Plan, any such subsequent Award shall be upon such terms and conditions as are specified by the Committee at the time the new Award is granted. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Participant on account of actions taken by the Participant in violation or breach of or in conflict with any non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Participant. Furthermore, the Company may annul an Award if the Participant is an employee of the Company or an Affiliate thereof and is terminated for Cause as defined in the applicable Award Agreement or the Plan, as applicable.

3.3 Deferral Arrangement. The Committee may permit or require the deferral of any Award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish in accordance with Section 409A of the Code, which may include provisions for the payment or crediting of interest or Dividend Equivalents, including converting such credits into deferred Stock units.

3.4 No Liability. No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award or any Award Agreement.

3.5 Book Entry. Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book-entry.

4. STOCK SUBJECT TO THE PLAN

4.1 **Number of Shares.** Subject to adjustment as provided in Section 14, the maximum number of shares of Stock available for issuance under the Plan shall be 12,876,000 shares (including NCM LLC Substitute Awards). Subject to adjustment as provided in Section 14, 500,000 shares of Stock available for issuance under the Plan shall be available for issuance pursuant to Incentive Stock Options. Such maximum numbers may be increased from time to time by approval of the Board and by the stockholders of the Company if, in the opinion of counsel for the Company, stockholder approval is required. Stock issued or to be issued under the Plan shall be authorized but unissued shares; or, to the extent permitted by applicable law, issued shares that have been reacquired by the Company.

4.2 **Individual Award Limits.** Subject to adjustment as provided in Section 14, the maximum number of shares of Stock that may be covered by an Award granted under the Plan (other than NCM LLC Substitute Awards and other Substitute Awards) to a single Participant in any calendar year shall not exceed 500,000 shares. The maximum dollar amount that may be awarded (other than NCM LLC Substitute Awards and other Substitute Awards) to a single Participant in any calendar year shall not exceed \$5,000,000.

4.3 **Share Counting.** The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of Substitute Awards or tandem Awards) and make adjustments in accordance with Section 14. If the Exercise Price of any Option granted under the Plan, or if pursuant to Section 12 the tax withholding obligation of any Participant with respect to an Option or other Award, is satisfied by tendering shares of Stock to the Company (either by actual delivery or by attestation) or by withholding shares of Stock, the number of shares of Stock tendered or withheld shall be deemed delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan. In other words, these shares will not be available for reissuance under the Plan. To the extent that an Award under the Plan is canceled, expired, forfeited, settled by issuance of fewer shares than the number underlying the Award, or otherwise terminated without delivery of shares to the Participant, the shares of Stock retained or returned to the Company will be available under the Plan.

4.4 **Substitute Awards.** In the case of other Substitute Awards (excluding NCM LLC Substitute Awards), the shares of Stock subject to the Substitute Award shall not be counted against the number of shares reserved under the Plan.

5. ELIGIBILITY AND PARTICIPATION

Individuals eligible to participate in this Plan include all Service Providers of the Company, or any Affiliate; *provided, however*, to the extent required under Section 409A of the Code, an Affiliate of the Company shall include only an entity in which the Company possesses at least twenty percent (20%) of the total combined voting power of the entity's outstanding voting securities or such other threshold ownership percentage permitted under Section 409A of the Code. Subject to the provisions of this Plan, the Committee may, from time to time, select from all eligible individuals, those individuals to whom Awards shall be granted. An eligible person may receive more than one Award, subject to such restrictions as are provided herein.

6. STOCK OPTIONS

6.1 **Grant of Options.** Subject to the provisions of this Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee, in its sole discretion; provided that Incentive Stock Options may be granted only to eligible Employees of the Company or of any parent corporation or subsidiary corporation (as permitted by Section 422 of the Code).

6.2 Award Agreement. Each Option granted under the Plan shall be evidenced by an Award Agreement that shall specify the Exercise Price, the number of shares of Stock covered by the Option, the maximum duration of the Option, the conditions upon which an Option shall become vested and exercisable and such other provisions as the Committee shall determine, consistent with the terms of the Plan. The Award Agreement shall specify whether the Option is intended to be an Incentive Stock Option or a Non-Qualified Stock Option.

(a) **Exercise Price.** The Exercise Price for each Option shall be as determined by the Committee and shall be specified in the Award Agreement. The Exercise Price shall be: (i) not less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the Grant Date, (ii) set at a premium to the Fair Market Value of a share of Stock on the Grant Date, or (iii) indexed to the Fair Market Value of a share of Stock on the Grant Date, with the index determined by the Committee, in its discretion; *provided, however*, with respect to NCM LLC Substitute Awards and other Substitute Awards, the Exercise Price is not required to be at least equal to the Fair Market Value on the Grant Date. In no case shall the Exercise Price of any Option be less than the par value of a share of Stock.

(b) **Number of Shares.** Each Award Agreement shall state that it covers a specified number of shares of Stock, as determined by the Committee.

(c) **Term.** Each Option shall terminate as set forth in the Award Agreement and all rights to purchase shares of Stock shall expire at such time as the Committee shall determine at the time of grant; *provided, however*, no Option shall be exercisable later than the tenth (10th) anniversary of the Grant Date, except as may be required with respect to NCM LLC Substitute Awards or other Substitute Awards.

(d) **Restrictions on Exercise.** The Award Agreement shall set forth any installment or other restrictions on exercise of the Option during the term of the Option. Each Option shall become exercisable and shall vest over such period of time, or upon such events, as determined by the Committee.

6.3 Exercise of Option.

(a) **Manner of Exercise.** An Option granted hereunder shall be exercised, in whole or in part, by providing written or electronic notice, on a form provided by the Company, to the Committee (or an officer designated by the Committee), specifying the number of shares of Stock to be purchased and accompanied by full payment of the Exercise Price for the shares and satisfaction of any tax withholding requirements.

(b) **Payment.** A condition to the issuance or other delivery of shares of Stock as to which an Option shall be exercised shall be the payment of the Exercise Price and satisfaction of any tax withholding requirements. The Exercise Price of an Option shall be payable to the Company in full, in any method permitted under the Award Agreement, including: (i) in cash or in cash equivalents acceptable to the Company; (ii) by tendering (either by actual delivery or by attestation) unrestricted shares of Stock already owned by the Participant (for at least six (6) months or such other period as may be required by the Committee) on the date of surrender to the extent the shares of Stock have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the shares as to which such Option shall be exercised, provided that, in the case of an Incentive Stock Option, the right to make payment in the form of already owned shares of Stock may be authorized only at the time of grant, (iii) any other method approved or accepted by the Committee in its sole discretion, including, but not

limited to a cashless (broker-assisted) exercise, or (iv) any combination of the foregoing. Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

(c) **Delivery of Shares.** Promptly after the exercise of an Option by a Participant and the payment in full of the Exercise Price, such Participant shall be entitled to the issuance of certificates evidencing such Participant's ownership of the shares of Stock purchased upon exercise of the Option. Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of certificates through the use of book-entry.

6.4 **Termination of Service.** Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

6.5 **Limitations on Incentive Stock Options.**

(a) **Initial Exercise.** The aggregate Fair Market Value of the shares of Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant in any calendar year, under the Plan or otherwise, shall not exceed \$100,000. For this purpose, the Fair Market Value of the shares of Stock shall be determined as of the Grant Date and each Incentive Stock Option shall be taken into account in the order granted.

(b) **Ten Percent Stockholders.** An Incentive Stock Option granted to a Participant who is the holder of record of more than ten percent (10%) of the combined voting power of all classes of stock of the Company shall have an Exercise Price at least equal to one hundred and ten percent (110%) of the Fair Market Value of a share of Stock on the Grant Date of the Option and the term of the Option shall not exceed five (5) years.

(c) **Notification of Disqualifying Disposition.** If any Participant shall make any disposition of shares of Stock acquired pursuant to the exercise of an Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), the Participant shall notify the Company of such disposition within ten (10) days thereof.

6.6 **Transferability.** Except as provided in Section 6.7, during the lifetime of a Participant, only the Participant (or, in the event of legal incapacity or incompetency, the Participant's guardian or legal representative) may exercise an Option. Except as provided in Section 6.7, no Option shall be assignable or transferable by the Participant to whom it is granted, other than by will or the laws of descent and distribution.

6.7 **Family Transfers.** If authorized in the applicable Award Agreement, a Participant may transfer, not for value, all or part of an Option to any Family Member. For the purpose of this Section 6.7, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) unless applicable law does not permit such transfers, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (or the Participant) in exchange for an interest in that entity. Following a transfer under this Section 6.7, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Participant in accordance with this Section 6.7 or by will or the laws of descent and distribution. The events of termination of Service under an Option shall continue to be applied with respect to the original Participant, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified in the applicable Award Agreement.

6.8 **Rights of Holders of Options.** Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the shares of Stock) until the shares of Stock covered thereby are fully paid and issued to such individual. Except as provided in Section 14 hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.

7. STOCK APPRECIATION RIGHTS

7.1 **Grant of Stock Appreciation Rights.** Subject to the provisions of this Plan, Stock Appreciation Rights may be granted to Participants at any time and from time to time as shall be determined by the Committee. The Committee may grant freestanding Stock Appreciation Rights, Stock Appreciation Rights that are granted in tandem with an Option, or any combination thereof.

7.2 **Award Agreement.** Each Stock Appreciation Right shall be evidenced by an Award Agreement that shall specify the Grant Price, the number of shares of Stock covered by the Stock Appreciation Right, the maximum duration of the Stock Appreciation Right, the conditions upon which the Stock Appreciation Right shall become vested and exercisable and such other provisions as the Committee shall determine, consistent with the terms of the Plan.

(a) **Grant Price.** The Grant Price for each Stock Appreciation Right shall be determined by the Committee and shall be specified in the Award Agreement. Other than with respect to Substitute Awards, the Grant Price shall not be less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the Grant Date of the Stock Appreciation Right.

(b) **Number of Shares.** Each Award Agreement shall state that it covers a specified number of shares of Stock, as determined by the Committee.

(c) **Term.** Each Stock Appreciation Right shall terminate and all rights with respect to the Stock Appreciation Right shall expire at such time as the Committee shall determine at the time of grant; *provided, however*, no Stock Appreciation Rights shall be exercisable later than the tenth (10th) anniversary of the Grant Date.

(d) **Restrictions on Exercise.** The Award Agreement shall set forth any installment or other restrictions on exercise of the Stock Appreciation Right during its term. Each Stock Appreciation Right shall become exercisable and shall vest over such period of time, or upon such events, as determined by the Committee (including based on achievement of performance goals or future service requirements).

7.3 **Exercise of Stock Appreciation Right.** A Participant desiring to exercise a Stock Appreciation Right shall give written or electronic notice, on a form provided by the Company, of such exercise to the Company with the information the Company deems reasonably necessary to exercise the Stock Appreciation Right. If a Stock Appreciation Right is issued in tandem with an Option, except as may otherwise be provided by the Committee, the Stock Appreciation Right shall be exercisable during the period that its related Option is exercisable. Upon the exercise of a Stock Appreciation Right, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

(a) The excess of the Fair Market Value of a share of Stock on the date of exercise over the Grant Price; by

(b) The number of shares of Stock with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Committee, the payment upon exercise may be in cash, shares of Stock or any combination thereof, or in any other manner approved by the Committee in its sole discretion. The Committee's determination as to the form of settlement shall be set forth in the Award Agreement.

7.4 Effect of Exercise. If a Stock Appreciation Right is issued in tandem with an Option, the exercise of the Stock Appreciation Right or the related Option will result in an equal reduction in the number of corresponding shares of Stock subject to the Option or Stock Appreciation Right that were granted in tandem with such Stock Appreciation Right and Option.

7.5 Termination of Service. Upon the termination of Service of a Participant, any Stock Appreciation Rights then held by such Participant shall be exercisable within the time periods, and upon the same conditions with respect to the reasons for termination of Service, as are specified in Section 6.4 with respect to Options.

7.6 Transferability. A Stock Appreciation Right shall only be transferable upon the same terms and conditions with respect to transferability, as are specified in Sections 6.6 and 6.7 with respect to Options.

8. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

8.1 Grant of Restricted Stock or Restricted Stock Units. Subject to the provisions of this Plan, the Committee at any time and from time to time, may grant shares of Restricted Stock or Restricted Stock Units to Participants in such amounts as the Committee shall determine.

8.2 Award Agreement. Each grant of Restricted Stock or Restricted Stock Units shall be evidenced by an Award Agreement that shall specify the Restriction Period, the number of shares of Restricted Stock or the number of Restricted Stock Units granted and such other provisions as the Committee shall determine.

8.3 Restrictions on Transfer. Except as provided in this Plan or an Award Agreement, the shares of Restricted Stock and Restricted Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the end of the Restriction Period established by the Committee and specified in the Award Agreement (and in the case of Restricted Stock Units until the date of delivery or other payment), or upon earlier satisfaction or any other conditions, as specified by the Committee, in its sole discretion. All rights with respect to the Restricted Stock or Restricted Stock Units granted to a Participant shall be available during his or her lifetime only to such Participant, except as otherwise provided in an Award Agreement or at any time by the Committee.

8.4 Forfeiture; Other Restrictions. The Committee shall impose such other conditions and restrictions on any shares of Restricted Stock or Restricted Stock Units as it may deem advisable including a requirement that the Participant pay a specified amount to purchase each share of Restricted Stock, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions or restrictions under applicable laws or under the requirements of any stock exchange or market upon which shares of Stock are then listed or traded, or holding requirements or sale restrictions placed on the shares of Stock by the Company upon vesting of such Restricted Stock or Restricted Stock Units.

8.5 Restricted Stock Units. A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement. Restricted Stock Units may be settled in cash or Stock, as determined by the Committee and set forth in the Award Agreement.

8.6 Termination of Service. Unless otherwise provided by the Committee in the applicable Award Agreement, upon the termination of a Participant's Service with the Company or an Affiliate, any shares of Restricted Stock or Restricted Stock Units held by such Participant that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited, and the Participant shall have no further rights with respect to such Awards, including but not limited to any right to vote Restricted Stock or any right to receive dividends with respect to Restricted Stock or Restricted Stock Units.

8.7 Stockholder Privileges. Unless otherwise determined by the Committee and set forth in the Award Agreement:

(a) A Participant holding shares of Restricted Stock shall have voting rights with respect to the shares during the Restriction Period. The Committee may provide in an Award Agreement that the Participant shall be entitled to receive Dividend Equivalents during the Restriction Period in accordance with Section 11.

(b) A Participant holding Restricted Stock Units shall have no rights of a stockholder of the Company with respect to the Restricted Stock Units. The Committee may provide in an Award Agreement that the holder of such Restricted Stock Units shall be entitled to receive Dividend Equivalents in accordance with Section 11.

8.8 Purchase of Restricted Stock. The Participant shall be required, to the extent required by applicable law, to purchase the shares of Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the Award Agreement. The Purchase Price shall be payable in cash or in cash equivalents acceptable to the Company. In addition, to the extent the Award Agreement so provides, payment of the Purchase Price may be made in any other form that is consistent with applicable laws, regulations and rules, or, in the discretion of the Committee, in consideration for past Services rendered to the Company or an Affiliate. Upon the expiration or termination of the Restriction Period and the satisfaction of any other conditions prescribed by the Committee, having properly paid the Purchase Price, the restrictions applicable to Restricted Stock shall lapse, and, unless otherwise provided in the Award Agreement, a certificate for such shares of Stock shall be delivered, free of all such restrictions, to the Participant or the Participant's beneficiary or estate, as the case may be.

9. PERFORMANCE AWARDS

9.1 Grant of Performance Awards. Subject to the provisions of this Plan, the Committee, at any time and from time to time, may grant Performance Shares or Performance Units to Participants in such amounts and upon such terms as the Committee shall determine.

9.2 Value of Performance Shares or Units. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date. Each Performance Unit shall have an initial value that is established by the Committee at the time of grant.

(a) **General.** The Committee shall set performance goals in its discretion which, depending upon the extent to which the performance goals are achieved, will determine the number or value of Performance Shares or Performance Units that will be paid to the Participant.

(b) **Covered Employees.** The Committee may grant one or more Awards to Participants who are, or may become, “covered employees” designed to qualify as performance-based compensation under Section 162(m) of the Code with the grant, vesting or payout of such Awards contingent on the achievement of pre-established performance goals. For this purpose a “covered employee” is determined within the meaning of Section 162(m) of the Code.

(i) For such Awards, the Committee shall establish, in writing, (a) the “Performance Goals” (as defined in Section 9.2(b)(iii) below) and target levels that must be attained to be eligible for the grant, vesting or payout of the Award, and (b) the formula, matrix or other objective standard to be used in determining the amount earned by the Participant.

(ii) The maximum Award payable for this purpose to any Participant who is determined to be a “covered employee” for purposes of Section 162(m) of the Code with respect to any calendar year shall not exceed 500,000 shares for Awards payable in shares or \$5,000,000 for Awards payable in cash.

(iii) The “Performance Goals” applicable to each such Participant shall provide for a targeted level or levels of achievement using one or more of the following measures as to any Performance Period: (a) cash flow, (b) cost initiatives, (c) debt ratios and other measures of credit quality or liquidity, (d) earnings, (e) earnings per share, (f) economic profit, (g) economic value added, (h) enterprise value, (i) free cash flow, (j) margins (gross or net), (k) market share, (l) market value, (m) net income, (n) operating income, (o) return on assets, (p) return on capital, (q) return on equity, (r) return on investment, (s) revenue (gross or net), (t) stock price, (u) strategic objectives, and (v) total shareholder return.

(iv) Any Performance Goal used may be established and measured (a) in absolute terms, (b) in combination with another Performance Goal or Goals (for example, as a ratio or matrix), (c) in relative terms (for example, as compared to results for other periods, as compared to another company or companies, or an index or indices), (d) on a per-share or per-capita basis, (e) against the performance of the Company as a whole or a specific business unit(s), business segment(s) or product(s) of the Company, (f) on a pre-tax or after-tax basis, and/or (g) on a GAAP (generally accepted accounting principles) or non-GAAP basis. Prior to the date the Performance Goals are determined for the Performance Period, the Committee will determine whether the attainment of the Performance Goal shall be measured by adjusting the evaluation of the attainment of the Performance Goal to exclude (1) any extraordinary or non-recurring items as described in the applicable accounting rules, (2) the effect of any changes in accounting principles affecting the reported results of the Company or a business unit, (3) mergers and acquisitions, or (4) any other adjustment consistent with the requirements of Section 162(m) of the Code.

9.3 Achievement of Performance Goals.

(a) **General.** Subject to the provisions of this Plan, after the applicable Performance Period has been completed, the Committee shall determine the number of Performance Shares or value of Performance Units the Participant has earned over the Performance Period based upon the extent to which the performance goals have been achieved.

(b) **Covered Employees.** Following the end of each Performance Period, the Committee shall certify in writing prior to the grant, vesting or payout of an Award granted pursuant to Section 9.2(b), the extent to which the Performance Goals for the Performance Period and any other material terms were satisfied for each such Participant. The amount earned for a Participant shall not exceed the maximum Award amount set forth in Section 9.2(b). The Committee has the discretion to reduce or eliminate (but not increase) the amount of the Award otherwise payable.

9.4 **Payment of Performance Awards.** The time and form of payment of Performance Awards earned by the Participant shall be as determined by the Committee and as set forth in the Award Agreement. Any payment of shares of Stock may be granted subject to any restrictions deemed appropriate by the Committee. The Committee may provide in an Award Agreement for the payment of Dividend Equivalents in accordance with Section 11.

9.5 **Termination of Service.** Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Shares or Performance Units following termination of Service. Such provisions shall be determined in the sole discretion of the Committee and need not be uniform among all Awards of Performance Shares or Performance Units and may reflect distinctions based upon the reason for termination.

9.6 **Transferability.** Except as otherwise provided in an Award Agreement, Performance Awards may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by the laws of descent and distribution.

10. OTHER STOCK-BASED AWARDS

From time to time during the duration of this Plan, the Committee may, in its sole discretion, adopt one or more incentive compensation arrangements for Participants pursuant to which the Participants may acquire shares of Stock under the Plan, whether by purchase, outright grant, or otherwise. Any such arrangements shall be subject to the general provisions of this Plan and all shares of Stock issued pursuant to such arrangements shall be issued under this Plan.

11. DIVIDEND EQUIVALENTS

Subject to the terms of the Plan and any applicable Award Agreement, a Participant shall, if so determined by the Committee, be entitled to receive, currently, or on a deferred basis, dividends or Dividend Equivalents, with respect to the shares of Stock covered by the Award. The Committee may provide that any dividends paid on shares of Stock subject to an Award must be reinvested in additional shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to the Award. Notwithstanding the award of Dividend Equivalents or dividends, a Participant shall not be entitled to receive a special or extraordinary dividend or distribution unless the Committee shall have expressly authorized such receipt. All distributions, if any, received by a Participant with respect to an Award as a result of any split, Stock dividend, combination of shares of Stock, or other similar transaction shall be subject to the restrictions applicable to the original Award. Notwithstanding the foregoing, with respect to Restricted Stock granted as NCM LLC Substitute Awards and Restricted

Stock granted to directors immediately upon completion of the Company's initial public offering, during the Restriction Period, such Participants shall be entitled to receive regular cash dividends declared and paid with respect to the shares of Restricted Stock.

12. TAX WITHHOLDING

The Company or any Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Participant any federal, state, or local taxes, domestic or foreign, of any kind required by law with respect to the vesting of or other lapse of restrictions applicable to Awards or upon the issuance of any shares of Stock or payment of any kind upon the exercise of any Options or Stock Appreciation Rights. At the time of such vesting, lapse, payment, or exercise, the Participant shall pay to the Company or Affiliate, as the case may be, any amount that the Company or Affiliate may reasonably determine to be necessary to satisfy such withholding obligation.

Subject to the prior approval of the Company or the Affiliate, which may be withheld by the Company or the Affiliate, as the case may be, in its sole discretion, the Participant may elect to have shares of Stock withheld or to deliver shares to satisfy the minimum statutory withholding rates for federal, state and local income taxes and employment taxes that are applicable to supplemental taxable income ("**Minimum Statutory Withholding**") obligations. The Participant may elect to satisfy Minimum Statutory Withholding obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold shares of Stock otherwise issuable to the Participant or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Participant (for any minimum period required by the Committee). The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value not in excess of such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Committee as of the date that the amount of tax to be withheld is to be determined. A Participant who has made an election pursuant to this Section 12 may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

13. PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by a Participant with the Company or any Affiliate, except an agreement, contract, or understanding hereafter entered into that expressly modifies or excludes application of this Section 13 (an "**Other Agreement**"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Participant (including groups or classes of participants or beneficiaries of which the Participant is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Participant (a "**Benefit Arrangement**"), if the Participant is a "disqualified individual," as defined in Section 280G(c) of the Code, any Awards held by that Participant and any right to receive any payment or other benefit under this Plan shall not become exercisable or vested (i) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Participant under this Plan, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Participant under this Plan to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Code as then in effect (a "**Parachute Payment**") and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Participant from the Company under this Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Participant without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to exercise, vesting, payment, or benefit under this Plan, in conjunction with all other rights, payments or benefits to or for the Participant under any Other Agreement or any Benefit Arrangement would cause the Participant

to be considered to have received a Parachute Payment under this Plan that would have the effect of decreasing the after-tax amount received by the Participant as described in clause (ii) of the preceding sentence, then the amount payable to the Participant under any Benefit Arrangement in cash that constitutes a Parachute Payment shall first be reduced to the extent necessary, or eliminated, so as to avoid having the payment or benefit to the Participant under this Plan be deemed to be a Parachute Payment. Cash payable under any such Benefit Arrangement shall be reduced, or eliminated, in the order that such payments would be made to the Participant under the provisions of such Benefit Arrangement, with the payments to be made to the Participant at the earliest date reduced first and any required additional reductions made from cash payments with respect to any such Benefit Arrangement reduced in order of time of payment, so that the Benefit Arrangement payable in cash that would be paid furthest in time from the date of the event triggering the payments would be reduced or eliminated last.

14. EFFECT OF CHANGES IN CAPITALIZATION

14.1 Changes in Stock. The number of shares of Stock for which Awards may be made under the Plan shall be proportionately increased or decreased for any increase or decrease in the number of shares of Stock on account of any recapitalization, reclassification, split, reverse split, combination, exchange, dividend or other distribution payable in shares of Stock, or for any other increase or decrease in such shares of Stock effected without receipt of consideration by the Company occurring after the Effective Date (any such event hereafter referred to as a “*Corporate Event*”). In addition, subject to the exception set forth in the second sentence of Section 14.4, the number and kind of shares for which Awards are outstanding shall be proportionately increased or decreased for any increase or decrease in the number of shares of Stock on account of any Corporate Event. Any such adjustment in outstanding Options or Stock Appreciation Rights shall not increase the aggregate Exercise Price or Grant Price payable with respect to shares that are subject to the unexercised portion of an outstanding Option or Stock Appreciation Right, as applicable, and the adjustment shall comply with the requirements under Section 409A of the Code. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company’s stockholders of securities of any other entity or other assets (including an extraordinary cash dividend but excluding a non-extraordinary dividend payable in cash or in stock of the Company) without receipt of consideration by the Company, the Company shall proportionately adjust (i) the number and kind of shares subject to outstanding Awards and/or (ii) the Exercise Price per share of outstanding Options and the Grant Price of outstanding Stock Appreciation Rights to reflect such distribution. Notwithstanding the foregoing, upon the occurrence of any event or transaction contemplated in this Section 14.1, any changes contemplated herein shall be modified to the minimum extent necessary, in the sole discretion of the Committee, to avoid any tax that may otherwise become due under Section 409A of the Code.

14.2 Change of Control. Subject to the exception set forth in the second sentence of Section 14.4, if, within three months prior to or one year after the consummation of a Change of Control, a Participant’s Service is terminated by either the Company, an Affiliate or a successor in interest to the Company or an Affiliate without Cause or by the Participant for Good Reason, then all of the Participant’s Options and Stock Appreciation Rights outstanding hereunder shall become immediately exercisable and all outstanding other Awards shall be deemed to have vested, with all restrictions and conditions applicable to such Awards deemed lapsed.

Provision may be made in writing in connection with a Change of Control for the assumption or continuation of the Awards theretofore granted, or for the substitution for such Awards for new options, restricted stock or other equity awards relating to the stock or units of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares or units (disregarding any consideration that is not common stock) and option prices, in which event the Awards theretofore granted shall continue in the manner and under the terms so provided.

14.3 Reorganization in Which the Company Is the Surviving Entity and in Which No Change of Control Occurs. Subject to the exception set forth in the second sentence of Section 14.4, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities and in which no Change of Control occurs, any Award theretofore made pursuant to the Plan shall pertain to and apply solely to the securities to which a holder of the number of securities subject to such Award would have been entitled immediately following such reorganization, merger, or consolidation, and, in the case of Options and Stock Appreciation Rights, with a corresponding proportionate adjustment of the Exercise Price or Grant Price per share so that the aggregate Exercise Price or Grant Price thereafter shall be the same as the aggregate Exercise Price or Grant Price of the shares of Stock remaining subject to the Option or Stock Appreciation Right immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement evidencing any other Award, any restrictions applicable to such Award shall apply as well to any replacement shares of Stock received by the Participant as a result of the reorganization, merger or consolidation. Notwithstanding the foregoing, upon the occurrence of any event or transaction contemplated in this Section 14.3, any changes contemplated herein shall be modified to the minimum extent necessary, in the sole discretion of the Committee, to avoid any tax that may otherwise become due under Section 409A of the Code.

14.4 Adjustment. Adjustments under Section 14 related to shares of Stock or securities of the Company shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive. The Committee may provide in the Award Agreements at the time of Award, or any time thereafter with the consent of the Participant, for different provisions to apply to an Award in place of those described in Sections 14.1, 14.2 and 14.3. Notwithstanding the foregoing, any different provisions or changes to provisions contemplated herein shall be modified to the minimum extent necessary, in the sole discretion of the Committee, to avoid any tax that may otherwise become due under Section 409A of the Code.

14.5 No Limitations on the Company. The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

15. REQUIREMENTS OF LAW

15.1 General. The Company shall not be required to issue or sell any shares of Stock under any Award if the issuance or sale of such shares would constitute a violation by the Participant, any other individual exercising an Option or Stock Appreciation Right, or the Company of any provisions of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares of Stock hereunder, no shares of Stock may be issued or sold to the Participant or any other individual exercising an Option or Stock Appreciation Right pursuant to such Award unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Specifically, in connection with the Securities Act, upon the exercise of any Option or the delivery of any shares of Stock underlying an Award, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock covered by

such Award, the Company shall not be required to issue or sell such shares of Stock unless the Committee has received evidence satisfactory to it that the Participant or any other individual exercising an Option may acquire such shares of Stock pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance or sale of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the shares of Stock covered by such Option are registered or are exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

15.2 **Rule 16b-3.** During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards pursuant to the Plan and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Committee does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Committee, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Committee may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

16. GENERAL PROVISIONS

16.1 **Disclaimer of Rights.** No provision in the Plan, in any Award or in any Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company or any Affiliate. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any participant or beneficiary under the terms of the Plan.

16.2 **Nontransferability of Awards.** Except as provided in Sections 6.6 and 7.6 or otherwise at the time of grant or thereafter, no right or interest of any Participant in an Award granted pursuant to the Plan, shall be assignable or transferable during the lifetime of the Participant, either voluntarily or involuntarily, or subjected to any lien, directly or indirectly, by operation of law, or otherwise, including execution, levy, garnishment, attachment, pledge or bankruptcy. In the event of a Participant's death, a Participant's rights and interests in Awards shall only be transferable by will or the laws of descent and distribution to the extent provided under this Plan, and payment of any amounts due thereunder shall be made to, and exercise of any Option or Stock Appreciation Right may be made by, the Participant's legal representatives, heirs or legatees. If in the opinion of the Committee a person entitled to payments or to exercise rights with respect to the Plan is unable to care for his or her affairs because of mental condition, physical condition or age, payment due such person may be made to, and such rights shall be exercised by, such person's guardian, conservator or other legal personal representative upon furnishing the Committee with evidence satisfactory to the Committee of such status.

16.3 Changes in Accounting or Tax Rules. Except as provided otherwise at the time an Award is granted, notwithstanding any other provision of the Plan to the contrary, if, during the term of the Plan, any changes in the financial or tax accounting rules applicable to any Award shall occur which, in the sole judgment of the Committee, may have a material adverse effect on the reported earnings, assets or liabilities of the Company, the Committee shall have the right and power to modify as necessary, any then outstanding and unexercised Options, Stock Appreciation Rights and other outstanding Awards as to which the applicable services or other restrictions have not been satisfied.

16.4 Nonexclusivity of the Plan. The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Committee to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Committee in its discretion determines desirable.

16.5 Captions. The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

16.6 Other Award Agreement Provisions. Each Award Agreement may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

16.7 Other Employee Benefits. The amount of any compensation deemed to be received by a Participant as a result of the exercise of an Option or Stock Appreciation Right, the sale of Shares received upon such exercise, the vesting of any Restricted Stock, receipt of Performance Shares, distributions with respect to Restricted Stock Units or Performance Units, or Other Stock-Based Awards shall not constitute “earnings” or “compensation” with respect to which any other employee benefits of such employee as determined, including without limitation, benefits under any pension, profit sharing, 401(k), life insurance or salary continuation plan.

16.8 Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

16.9 Governing Law. The validity and construction of this Plan and the Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan and the Award Agreements to the substantive laws of any other jurisdiction.

16.10 Section 409A.

(a) **Time and Form of Payment.** Notwithstanding anything contained in this Plan or in an Award Agreement to the contrary, the time and form of payment of an Award that is subject to the limitations imposed by Section 409A of the Code, shall be set forth in the applicable Award Agreement on or before the time at which the Participant obtains a legally binding right to the Award (or such other time permitted under Section 409A of the Code) and such time and form of payment shall comply with the requirements of Section 409A of the Code.

(b) **Delay in Payment.** Notwithstanding anything contained in this Plan or an Award Agreement to the contrary, if the Participant is deemed by the Company at the time of the Participant’s

“separation from service” with the Company to be a “specified employee” as determined under Section 409A of the Code, any “nonqualified deferred compensation” to which the Participant is entitled in connection with such separation from service after taking into account all applicable exceptions from Section 409A, shall not be paid or commence payment until the date that is the first business day following the six month period after the Participant’s separation from service (or if earlier, the Participant’s death). Such delay in payment shall only be effected with respect to each separate payment to the extent required to avoid adverse tax treatment to the Participant under Section 409A of the Code. Any compensation which would have otherwise been paid during the delay period (whether in a lump sum or in installments) in the absence of this Section 16.10 shall be paid to the Participant (or his or her beneficiary or estate) in a lump sum payment on the first business day following the expiration of the delay period.

(c) **Key Definitions.** For purposes of this Plan, the term “termination of employment” shall mean “separation from service” and the terms “separation from service,” “specified employee” and “nonqualified deferred compensation” shall have the meanings ascribed to the terms pursuant to Section 409A and other applicable guidance.

(d) **Amendments.** Notwithstanding anything in the Plan to the contrary, the Plan and Awards granted under the Plan are intended to be eligible for certain regulatory exceptions to the limitations of, or to comply with, the requirements of Section 409A of the Code. The Committee, in the exercise of its sole discretion and without the consent of the Participant, may amend or modify the terms of an Award in any manner and delay the payment of any amounts payable pursuant to an Award to the minimum extent necessary to reasonably comply with the requirements of Section 409A of the Code, provided that the Company shall not be required to assume any increased economic burden. No action taken by the Committee with respect to the requirements of Section 409A of the Code shall be deemed to adversely affect a Participant’s rights with respect to an Award or to require the consent of such Participant. The Committee reserves the right to make additional changes to the Plan and Awards from time to time to the extent it deems necessary with respect to Section 409A of the Code.

17. AMENDMENT, MODIFICATION AND TERMINATION

17.1 Amendment, Modification, and Termination. Subject to Sections 3.2, 16.10 and 17.2, the Board may at any time terminate, and from time to time may amend or modify the Plan provided, however, that no amendment or modification may become effective without approval of the stockholders of the Company if stockholder approval is required to enable the Plan to satisfy any applicable statutory or regulatory requirements, or if the Company, on the advice of counsel, determines that stockholder approval is otherwise necessary or desirable.

17.2 Awards Previously Granted. Except as otherwise may be required under Section 16.10, notwithstanding Section 17.1 to the contrary, no amendment, modification or termination of the Plan or Award Agreement shall adversely affect in any material way any previously granted Award, without the written consent of the Participant holding such Award.

18. STOCKHOLDER APPROVAL; EFFECTIVE DATE OF PLAN

The Plan was effective as of the Effective Date, February 6, 2007. The Plan, as amended and restated was approved by the stockholders of the Company on April 26, 2011. This restated Plan document includes all amendments through May 1, 2013, including the amendment approved by stockholders on May 1, 2013.

19. DURATION

Unless sooner terminated by the Board, this Plan shall terminate automatically 10 years from the Effective Date. After the Plan is terminated, no Awards may be granted. Awards outstanding at the time the Plan is terminated shall remain outstanding in accordance with the terms and conditions of the Plan and the Award Agreement.

**NATIONAL CINEMEDIA, INC.
EXECUTIVE PERFORMANCE BONUS PLAN**

1. PURPOSE

The purpose of the National CineMedia, Inc. Executive Performance Bonus Plan is to create a financial incentive for executives to achieve targeted levels of corporate, financial and strategic performance. The Plan is intended to permit the payment of amounts that qualify as performance-based compensation within the meaning of Section 162(m) of the Code.

2. DEFINITIONS

The following words as used in this Plan shall have the meanings ascribed to them below:

2.1 **Affiliate** means any corporation or other entity controlled by the Company, including without limitation, any subsidiary of the Company.

2.2 **Base Salary** means as to any Performance Period, 100% of the Participant's annual rate of base salary on the last day of the Performance Period.

2.3 **Board** means the Board of Directors of National CineMedia, Inc.

2.4 **Code** means the Internal Revenue Code of 1986, as amended, and the regulations, interpretations, and administrative guidance issued thereunder.

2.5 **Committee** means the Compensation Committee or other Committee of the Board appointed by the Board in Section 7.1 to administer the Plan.

2.6 **Company** means National CineMedia, Inc., a Delaware corporation.

2.7 **Cost Initiatives** means the objective measures approved by the Committee that relate to capital expenditures and/or operating expenditures.

2.8 **Determination Date** means the latest possible date in which the Committee must pre-establish a Performance Goal for the compensation to qualify as performance-based compensation under Section 162(m) of the Code. Generally, no later than the earlier of (a) 90 days after the beginning of the Performance Period and (b) the first 25% of the portion of the Performance Period; *provided, however*, that the outcome is substantially uncertain at the time the Committee establishes the Performance Goal or any other time as may be required for the compensation to qualify as performance-based compensation under Section 162(m) of the Code.

2.9 **Disabled or Disability** means a permanent and total disability determined in accordance with standards adopted by the Committee from time to time.

2.10 **Market Share** means the objective measures approved by the Committee to determine the percentage of a market share or market segment with respect to one or more products or services.

2.11 **Maximum Award** means as to any Participant who is a covered employee for purposes of Section 162(m) of the Code, the amount set forth in Section 4.1.

2.12 **Operating Income** means the objective measures approved by the Committee that relate to operating income, including, but not limited to operating income before depreciation and amortization (OIBDA); earnings before interest and taxes (EBIT); and earnings before interest, taxes, depreciation and amortization (EBITDA).

2.13 **Participant** means each executive officer or other key employee of the Company or any Affiliate whom the Committee designates as a participant in the Plan for that Performance Period.

2.14 **Performance Bonus Award** means the actual amount, if any, payable under the Plan to a Participant for a Performance Period.

2.15 **Performance Goals** means the goals determined by the Committee in accordance with Sections 4.2 and 4.3, to be applicable to a Participant for that Performance Period.

2.16 **Performance Period** means the Year or Years (or portions thereof), as determined by the Committee, with respect to which the Performance Goals are set.

2.17 **Plan** means this National CineMedia, Inc. Executive Performance Bonus Plan.

2.18 **Return on Capital** means net income divided by invested capital.

2.19 **Return on Equity** means net income divided by “average stockholder equity.” Average stockholder equity means the sum of stockholder equity at the beginning of the Performance Period and stockholder equity at the end of the Performance Period, with such sum divided by two.

2.20 **Target Award** means the target award opportunity payable under the Plan to a Participant for the Performance Period, expressed as a percentage of his or her Base Salary, a dollar amount, or a result of a formula or formulas, as determined by the Committee.

2.21 **Year** means each fiscal year of the Company, as set forth in the Company’s books and records.

3. PARTICIPATION

On or prior to the Determination Date for the Performance Period, the Committee will select the executives of the Company (and its Affiliates) who will be Participants for the Performance Period. The Committee may also designate as Participants one or more other employees (by name or position) for participation. Participation in the Plan is on a Performance Period by Performance Period basis.

4. TARGET AWARDS AND PERFORMANCE GOALS

4.1 **Target Award; Maximum Award.** On or prior to the Determination Date, the Committee will establish, in writing, (a) the Target Award for each Participant for the Performance Period, (b) the Performance Goals and target levels that must be attained to be eligible for a Performance Bonus Award, and (c) the formula, matrix or other objective standard to be used in determining the Performance Bonus Award, if any, payable to each Participant. The Maximum Award payable under the Plan to any Participant who is determined to be a covered employee for purposes of Section 162(m) of the Code with respect to a Year shall be \$3,000,000.

4.2 **Performance Goals.** The Performance Goals applicable to each Participant shall provide for a targeted level or levels of achievement using one or more of the following measures as to any Performance Period: (a) cash flow, (b) Cost Initiatives, (c) debt ratios and other measures of credit quality or liquidity, (d) earnings, (e) earnings per share, (f) economic profit, (g) economic value added,

(h) enterprise value, (i) free cash flow, (j) margins (gross or net), (k) Market Share, (l) market value, (m) net income, (n) Operating Income, (o) return on assets, (p) Return on Capital, (q) Return on Equity, (r) return on investment, (s) revenue (gross or net), (t) stock price, (u) strategic objectives, and (v) total shareholder return.

4.3 Measurement of Performance Goals. Any Performance Goal used may be established and measured (a) in absolute terms, (b) in combination with another Performance Goal or Goals (for example, as a ratio or matrix), (c) in relative terms (for example, as compared to results for other periods, as compared to another company or companies, or an index or indices), (d) on a per-share or per-capita basis, (e) against the performance of the Company as a whole or a specific business unit(s), business segment(s) or product(s) of the Company, (f) on a pre-tax or after-tax basis, and/or (g) on a GAAP (generally accepted accounting principles) or non-GAAP basis. Prior to the Determination Date, the Committee will determine whether the attainment of the Performance Goal shall be measured by adjusting the evaluation of the attainment of the Performance Goal to exclude (i) any extraordinary or non-recurring items as described in the applicable accounting rules, (ii) the effect of any changes in accounting principles affecting the reported results of the Company or a business unit, (iii) mergers and acquisitions, or (iv) any other adjustment consistent with the requirements of Section 162(m) of the Code.

4.4 Effect of Mid-Year Commencement of Service. If an executive commences service, or is promoted to, or demoted from, a position as an eligible employee after the adoption of the Plan and the Performance Goals and target levels for the Performance Period, the Committee may designate the executive as a Participant for purposes of the Performance Period, provided, any Performance Bonus Award is proportionately adjusted based on the period of actual service as a Participant during the Performance Period; *provided*, that the amount of any Performance Bonus Award paid to such person shall not exceed that proportionate amount of the Target Award for such Participant.

4.5 Termination of Employment. Unless otherwise determined by the Committee, no Participant will be eligible for a Performance Bonus Award unless the Participant is employed by the Company (or its Affiliate) on the date of payment. Notwithstanding the foregoing, if the Participant terminates employment during or after a Performance Period, but prior to payment on account of his or her death or Disability, the Participant (or his or her estate) shall be paid a prorated award determined for the portion of the Performance Period actually worked by such Participant.

5. CERTIFICATION AND PERFORMANCE BONUS AWARDS

5.1 Certification. Following the end of each Performance Period, the Committee shall certify in writing prior to payment of the compensation that the Performance Goals for the Performance Period and any other material terms were satisfied for each Participant.

5.2 Performance Bonus Awards. The amount of the Performance Bonus Award shall be determined by applying the formula, matrix or other standard adopted by the Committee in accordance with Section 4.1 to the level of actual performance certified by the Committee. The Performance Bonus Award for a Participant shall not exceed the Maximum Award amount. The Committee has the discretion to reduce or eliminate (but not increase) the amount of the Performance Bonus Award otherwise payable.

6. PAYMENT OF AWARDS

6.1 Time of and Form of Payment. Performance Bonus Awards shall be payable after the end of the Performance Period within 30 days following the determination and certification by the Committee. The date of such payment shall occur no later than the 15th day of the third month following the later of: (a) the last day of the Company's fiscal year in which the Performance Period ends or (b) the

last day of the calendar year in which the Performance Period ends, in either case, in which the right to payment of the Performance Bonus Award is no longer subject to a substantial risk of forfeiture. Each Performance Bonus Award shall be paid in cash (or its equivalent) in a single lump sum payment.

6.2 **Deferrals.** The Committee may permit a Participant to defer receipt of the payment of a Performance Bonus Award that would otherwise be delivered to a Participant under the Plan. Any deferral elections shall be subject to such rules and procedures as shall be determined by the Committee and consistent with the requirements of Section 409A of the Code.

7. ADMINISTRATION

7.1 **Administrator.** The members of the Committee shall be appointed from time to time by the Board. Subject to consultation and ratification by the Board, the Plan shall be administered by the Committee; *provided, however*, as required for qualified performance-based compensation under Section 162(m) of the Code, a Committee comprised solely of two or more “outside directors” shall have the authority to establish and administer the Performance Goals and to certify the level of attainment of the Performance Goals for Participants covered by Section 162(m).

7.2 **Authority.** The Committee shall have the duty to administer the Plan in accordance with its terms. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan, including, but not limited to, the power and authority to (a) determine the Participants and the terms and conditions of awards, (b) interpret the Plan and awards, (c) adopt such procedures and rules for the administration and interpretation of the Plan consistent with the Plan, and (d) interpret, amend or revoke such rules. The Committee may delegate all or part of its authority and powers under the Plan to one or more directors and/or officers of the Company to the extent consistent with the requirements for qualified performance-based compensation under Section 162(m) of the Code.

7.3 **Decisions Binding.** All procedures, rules, determinations, interpretations and decisions of the Committee, the Board, and any delegate of the Committee pursuant to the terms of the Plan shall be final, binding, and conclusive on all persons for all purposes and shall be given the maximum deference permitted by law.

8. GENERAL PROVISIONS

8.1 **No Right to Continued Employment.** Nothing in this Plan will be construed as conferring upon any Participant any right to continue in the employment of the Company or any of its subsidiaries or to receive any amounts under this Plan.

8.2 **No Transfer or Assignment of Benefits.** A Participant shall have no right to assign or transfer any interest under this Plan.

8.3 **Withholding.** The Company shall have the right to withhold all applicable taxes (and any other required amounts) from any payment, including any federal, state, or local taxes.

8.4 **Plan Unfunded.** Amounts payable under the Plan shall be paid from the general assets of the Company. The rights of any Participant shall be only those of an unsecured general creditor, and neither the Company nor the Board or the Committee shall be responsible for the adequacy of the general assets of the Company to meet and discharge Plan liabilities.

8.5 **Section 409A.** This Plan and all awards payable hereunder are intended to be exempt from the requirements of Section 409A of the Code (“Section 409A”) pursuant to the “short-term

deferral” exemption, or in the alternative, will comply with the requirements of Section 409A so that none of the payments under the Plan will be subject to the additional tax imposed under Section 409A. The Plan shall be interpreted to the maximum extent possible to comply with Section 409A. Each payment under the Plan shall constitute a separate payment for purposes of Section 409A. The Company may, in good faith and without the consent of the Participant, make any amendments to this Plan and delay the payment of any amounts to comply with Section 409A. If the Participant is a specified employee on the date of his or her separation from service, solely to the extent required to comply with Section 409A, the date of payment will be delayed until the first business day following the six-month period following the Participant’s separation from service.

8.6 Governing Law. The Plan and all awards shall be construed in accordance with and governed by the laws of the State of Colorado, excluding its conflicts of laws provisions.

8.7 Amendment and Termination. The Board may amend, suspend or terminate the Plan at any time for any reason, except that no amendment will be effective without approval by the Company’s stockholders if such approval is necessary to qualify amounts payable hereunder as qualified performance-based compensation under Section 162(m) of the Code.

8.8 Clawback of Awards. Notwithstanding any other provision of this Plan to the contrary, any award granted or amount payable or paid under this Plan shall be subject to the terms of any compensation recoupment or clawback policy then applicable, if any, of the Company, to the extent the policy applies to such award or amount.

8.9 Stockholder Approval; Effective Date of the Plan; Term. The effective date of the Plan is March 13, 2013, subject to the approval of the Company’s stockholders before the date the compensation is paid. No amount shall be paid to any Participant under the Plan unless such stockholder approval has been obtained. Unless earlier terminated, the Plan shall continue in effect for five years following the date of approval by the Company’s stockholders.



**National CineMedia, Inc. Reports Results for
Fiscal First Quarter 2013**
~ *Provides Second Quarter and Reaffirms Full Year 2013 Outlook* ~
~ *Announces Quarterly Cash Dividend* ~

Centennial, CO – May 2, 2013 – National CineMedia, Inc. (NASDAQ: NCMI) (the Company), the managing member and owner of 46.9% of National CineMedia, LLC (NCM LLC), the operator of the largest digital in-theatre network in North America, today announced consolidated results for the fiscal first quarter ended March 28, 2013.

Total revenue for the first quarter 2013 increased 3.9% to \$82.2 million from \$79.1 million for the comparable quarter last year. Advertising revenue for the first quarter 2013 was \$73.7 million, an increase of 11.2% from \$66.3 million for the comparable quarter last year. Fathom Events revenue decreased 33.6% to \$8.5 million for the first quarter 2013 from \$12.8 million for the comparable quarter last year due primarily to the wind-down of the Fathom Business Events division. Adjusted OIBDA increased 17.3% to \$29.1 million for the first quarter 2013 from \$24.8 million for the comparable quarter last year. Net loss for the first quarter of 2013 was \$1.0 million, or \$0.02 per diluted share, compared to a net loss of \$0.9 million, or \$0.02 per diluted share for the first quarter of 2012. Excluding the non-cash charges for derivative related items, net loss for the first quarter of 2013 would have been \$0.2 million, or \$0.00 per diluted share, compared to net loss of \$1.0 million, or \$0.02 per diluted share for the first quarter of 2012.

The Company announced today that its Board of Directors has authorized the Company's first quarter cash dividend of \$0.22 per share of common stock. The dividend will be paid on May 30, 2013, to stockholders of record on May 16, 2013. The Company plans to pay a regular quarterly dividend for the foreseeable future at the discretion of the Board of Directors dependent on available cash, anticipated cash needs, overall financial condition, future prospects for earnings and cash flows as well as other relevant factors.

“Our strong Q1 results reflected our continued focus on expanding our network geographic reach, our strategy to secure more content partner and other client commitments upfront and a great effort by our media sales teams”, said Kurt Hall National CineMedia's Chairman and CEO. Mr. Hall continued, “With the strength of our Q1 and Q2 local and regional business and strong late Q2 national scatter activity, we appear to also be benefiting from the steady economic recovery and the impact of time shifting and programming fragmentation in the media marketplace. These macro trends also appear to be helping online and mobile video which has further expanded the video advertising marketplace in which we compete.”

2013 Outlook

For the second quarter of 2013, the Company expects total revenue to be in the range of \$117.0 million to \$122.0 million, or an increase of 6% to 11% compared to the total revenue for the second quarter of 2012 of \$110.1 million, and Adjusted OIBDA to be in the range of \$58.0 million to \$63.0 million, or an increase of 9% to 19% compared to the Adjusted OIBDA for the second quarter of 2012 of \$53.0 million.

The Company reaffirms its outlook of total revenue in the range of \$455.0 million to \$465.0 million, or an increase of 1% to 4% compared to total revenue for the full year of 2012 of \$448.8 million, and Adjusted OIBDA in the range of \$225.0 million to \$235.0 million, or an increase of 2% to 6% compared to Adjusted OIBDA for the full year of 2012 of \$221.2 million.

Conference Call

The Company will host a conference call and audio webcast with investors, analysts and other interested parties Thursday, May 2, 2013 at 5:00 P.M. Eastern time. The live call can be accessed by dialing 1-877-407-9039 or for international participants 1-201-689-8470. Participants should register at least 15 minutes prior to the commencement of the call. Additionally, a live audio webcast will be available to interested parties at www.ncm.com under the Investor Relations section. Participants should allow at least 15 minutes prior to the commencement of the call to register, download and install necessary audio software.

The replay of the conference call will be available until midnight Eastern Time, May 16, 2013, by dialing 1-877-870-5176 or for international participants 1-858-384-5517, and conference ID 412698.

About National CineMedia, Inc.

NCM operates NCM Media Networks, a leading integrated media company reaching U.S. consumers in movie theaters, online and through mobile technology. The NCM Cinema Network and NCM Fathom present cinema advertising and events across the nation's largest digital in-theater network, comprised of theaters owned by AMC Entertainment Inc., Cinemark Holdings, Inc. (NYSE: CNK), Regal Entertainment Group (NYSE: RGC) and other leading regional theater circuits. NCM's theater advertising network covers 183 Designated Market Areas® (49 of the top 50) and includes approximately 19,300 screens (over 18,400 digital). During 2012, approximately 710 million patrons (on an annualized basis) attended movies shown in theaters in which NCM currently has exclusive cinema advertising agreements in place. The NCM Fathom Events live digital broadcast network ("DBN") is comprised of over 740 locations in 172 Designated Market Areas® (including all of the top 50). The NCM Interactive Network offers 360-degree integrated marketing opportunities in combination with cinema, encompassing 41 entertainment-related websites, online widgets and mobile applications. National CineMedia, Inc. (NASDAQ: NCMI) owns a 46.9% interest in and is the managing member of National CineMedia LLC. For more information, visit www.ncm.com. (NCMI-F)

Forward Looking Statements

This press release contains various forward-looking statements that reflect management's current expectations or beliefs regarding future events, including statements regarding guidance and the dividend policy. Investors are cautioned that reliance on these forward-looking statements involves risks and uncertainties. Although the Company believes that the assumptions used in the forward looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, actual results could differ materially from those expressed or implied in the forward looking statements. The factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are, among others, 1) the level of expenditures on cinema advertising; 2) increased competition for advertising expenditures; 3) technological changes and innovations; 4) popularity of major motion picture releases and level of theatre attendance; 5) shifts in population and other demographics that affect theatre attendance; 6) our ability to renew or replace expiring advertising and content contracts; 7) our need for additional funding, risks and uncertainties relating to our significant indebtedness; 8) fluctuations in operating costs; 9) changes in interest rates, and 10) changes in accounting principles. In addition, the outlook provided does not include the impact of any future unusual or infrequent transactions; unidentified restructuring charges; sales and acquisitions of operating assets and investments; any future noncash impairments of goodwill, intangible and fixed assets; amounts related to securities litigation; or the related impact of taxes that may occur from time to time due to management decisions and changing business circumstances. The Company is currently unable to forecast precisely the timing and/or magnitude of any such amounts or events. Please refer to the Company's Securities and Exchange Commission filings for further information about these and other risks.

INVESTOR CONTACT:

David Oddo
800-844-0935
investors@ncm.com

MEDIA CONTACT:

Amy Jane Finnerty
212-931-8177
amy.finnerty@ncm.com

NATIONAL CINEMEDIA, INC.
Condensed Consolidated Statements of Income
Unaudited
(\$ in millions, except per share data)

	<u>Quarter Ended March 28, 2013</u>	<u>Quarter Ended March 29, 2012</u>
REVENUE:		
Advertising (including revenue from founding members of \$8.9 and \$9.8 million respectively)	\$ 73.7	\$ 66.3
Fathom Events	<u>8.5</u>	<u>12.8</u>
Total	<u>82.2</u>	<u>79.1</u>
OPERATING EXPENSES:		
Advertising operating costs	5.7	4.7
Fathom Events operating costs	5.8	9.0
Network costs	5.0	5.1
Theatre access fees—founding members	15.6	15.7
Selling and marketing costs	15.4	14.5
Administrative and other costs	7.7	8.2
Depreciation and amortization	5.4	4.9
Total	<u>60.6</u>	<u>62.1</u>
OPERATING INCOME	<u>21.6</u>	<u>17.0</u>
NON-OPERATING EXPENSES:		
Interest on borrowings	13.3	14.1
Interest income	(0.1)	(0.1)
Accretion of interest on the discounted income taxes payable to founding members under tax sharing agreement	3.4	3.0
Change in derivative fair value	—	(0.7)
Amortization of terminated derivatives	2.5	0.3
Total	<u>19.1</u>	<u>16.6</u>
INCOME BEFORE INCOME TAXES	<u>2.5</u>	<u>0.4</u>
Expense (Benefit) for Income Taxes	<u>0.6</u>	<u>(0.3)</u>
CONSOLIDATED NET INCOME	1.9	0.7
Less: Net Income Attributable to Noncontrolling Interests	<u>2.9</u>	<u>1.6</u>
NET LOSS ATTRIBUTABLE TO NCM, INC.	<u>\$ (1.0)</u>	<u>\$ (0.9)</u>
LOSS PER SHARE:		
Basic	\$ (0.02)	\$ (0.02)
Diluted	\$ (0.02)	\$ (0.02)

NATIONAL CINEMEDIA, INC.
Selected Balance Sheet Data
Unaudited (\$ in millions)

	<u>March 28, 2013</u>	<u>December 27, 2012</u>
Cash and cash equivalents	\$ 73.8	\$ 72.4
Short-term marketable securities	25.0	34.2
Receivables, net	63.8	98.5
Property and equipment, net	26.0	25.7
Total Assets	831.0	810.5
Long-term borrowings	879.0	879.0
Total equity/(deficit)	(428.4)	(439.1)
Total Liabilities and Equity	831.0	810.5

NATIONAL CINEMEDIA, INC.
Operating Data
Unaudited

	<u>Quarter Ended March 28, 2013</u>	<u>Quarter Ended March 29, 2012</u>
Total Screens at Period End (1) (6)	19,292	19,073
Founding Member Screens at Period End (2) (6)	15,478	15,259
Total Digital Screens at Period End (3)	18,444	17,840
Total Attendance for Period (4) (6) (in millions)	154.6	169.0
Founding Member Attendance for Period (5) (6) (in millions)	128.8	142.6
Capital Expenditures (in millions)	\$ 2.7	\$ 2.4

- (1) Represents the total screens within NCM LLC's advertising network.
- (2) Represents the sum of founding member screens.
- (3) Represents the total number of screens that are connected to the digital content network.
- (4) Represents the total attendance within NCM LLC's advertising network.
- (5) Represents the total attendance within NCM LLC's advertising network in theatres operated by the founding members.

NATIONAL CINEMEDIA, INC.

Operating Data

Unaudited

(In millions, except advertising revenue per attendee and per share data)

	Quarter Ended March 28, 2013	Quarter Ended March 29, 2012
Advertising Revenue	\$ 73.7	\$ 66.3
Total Revenue	82.2	79.1
Operating Income	21.6	17.0
Total Attendance (1)	154.6	169.0
Advertising Revenue / Attendee	\$ 0.477	\$ 0.392
OIBDA	\$ 27.0	\$ 21.9
Adjusted OIBDA	29.1	24.8
Adjusted OIBDA Margin	35.4%	31.4%
Loss Per Share – Basic	\$ (0.02)	\$ (0.02)
Loss Per Share – Diluted	\$ (0.02)	\$ (0.02)

(1) Represents the total attendance within NCM LLC's advertising network.

(See attached tables for the non-GAAP reconciliation)

NATIONAL CINEMEDIA, INC.
Non-GAAP Reconciliations
Unaudited

OIBDA, Adjusted OIBDA and Adjusted OIBDA Margin

Operating Income Before Depreciation and Amortization (“OIBDA”), Adjusted OIBDA and Adjusted OIBDA margin are not financial measures calculated in accordance with generally accepted accounting principles (GAAP) in the United States. OIBDA represents consolidated net income (loss) plus income tax expense, interest and other costs and depreciation and amortization expense. Adjusted OIBDA excludes from OIBDA non-cash share based payment costs. Adjusted OIBDA margin is calculated by dividing Adjusted OIBDA by total revenue. These non-GAAP financial measures are used by management to evaluate operating performance, to forecast future results and as a basis for compensation. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to the method used by the Company’s management, helps improve their ability to understand the Company’s operating performance and makes it easier to compare the Company’s results with other companies that may have different depreciation and amortization policies and non-cash share based compensation programs, or different interest rates or debt levels or income tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization, which represent a proxy for the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company’s business. In addition, Adjusted OIBDA has the limitation of not reflecting the effect of the Company’s share based payment costs. OIBDA or Adjusted OIBDA should not be regarded as an alternative to operating income, net income or as indicators of operating performance, nor should they be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that consolidated net income is the most directly comparable GAAP financial measure to OIBDA. Because not all companies use identical calculations, these non-GAAP presentations may not be comparable to other similarly titled measures of other companies, or calculations in the Company’s debt agreement.

The following table reconciles consolidated net income to OIBDA and Adjusted OIBDA for the periods presented (dollars in millions):

	Quarter Ended March 28, 2013	Quarter Ended March 29, 2012
Consolidated net income	\$ 1.9	\$ 0.7
Income tax expense (benefit)	0.6	(0.3)
Interest and other costs	19.1	16.6
Depreciation and amortization	5.4	4.9
OIBDA	27.0	21.9
Share-based compensation costs (1)	2.1	2.9
Adjusted OIBDA	\$ 29.1	\$ 24.8
Total Revenue	\$ 82.2	\$ 79.1
Adjusted OIBDA margin	35.4%	31.4%

(1) Share-based payment costs are included in network operations, selling and marketing and administrative expense in the accompanying financial statements.

Outlook (in millions)

	Quarter Ending June 27, 2013		Year Ending December 26, 2013	
	Low	High	Low	High
Consolidated net income	\$ 28.0	\$ 28.5	\$101.5	\$103.5
Income tax expense	5.0	6.0	18.0	20.0
Interest and other	18.0	20.0	74.0	78.0
Depreciation and amortization	5.0	6.0	22.5	23.5
OIBDA	56.0	60.5	216.0	225.0
Share-based compensation costs (1)	2.0	2.5	9.0	10.0
Adjusted OIBDA	\$ 58.0	\$ 63.0	\$225.0	\$235.0
Total Revenue	\$117.0	\$122.0	\$455.0	\$465.0

(1) Share-based compensation costs are included in network operations, selling and marketing and administrative expense in the accompanying financial statements.

Net Loss and Loss Per Share Excluding Derivative Related Items

Net loss excluding derivative related items and loss per share excluding derivative related items are not financial measures calculated in accordance with generally accepted accounting principles (GAAP) in the United States. Net loss excluding derivative related items and loss per share excluding derivative related items are calculated using reported net loss and loss per share and adding back the charge related to the change in derivative fair value and amortization of terminated derivatives. These non-GAAP financial measures are used by management as an additional tool to evaluate operating performance. The Company believes these are important supplemental measures of operating performance because they eliminate items that have less bearing on its operating performance and so highlight trends in its core business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes the presentation of these measures is relevant and useful for investors because it enables them to view performance in a manner similar to a method used by the Company's management and helps improve their ability to understand the Company's operating performance. Net loss excluding derivative related items should not be regarded as an alternative to net loss and loss per share excluding derivative related items should not be regarded as an alternative to loss per share or as indicators of operating performance, nor should they be considered in isolation of, or as substitutes for financial measures prepared in accordance with GAAP. The Company believes that net loss and loss per share are the most directly comparable GAAP financial measures. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

The following table reconciles net loss and loss per share as reported to net loss excluding derivative related items and loss per share excluding derivative related items for the periods presented (dollars in millions):

	Three Months Ended March 28, 2013	Three Months Ended March 29, 2012
Net loss as reported	\$ (1.0)	\$ (0.9)
Change in derivative fair value	—	(0.7)
Amortization of terminated derivatives	2.5	0.3
Effect of noncontrolling interest (53.1% and 51.4%, respectively)	(1.3)	0.2
Effect of provision for income taxes (38% effective rate)	(0.4)	0.1
Net effect of derivative related items	0.8	(0.1)
Net loss excluding derivative related items	<u>\$ (0.2)</u>	<u>\$ (1.0)</u>
Weighted Average Shares Outstanding as reported		
Basic	54,611,614	54,141,234
Diluted	54,611,614	54,141,234
Weighted Average Shares Outstanding as adjusted		
Basic	54,611,614	54,141,234
Diluted	55,201,670	54,141,234
Basic loss per share as reported	\$ (0.02)	\$ (0.02)
Net effect of derivative related items	0.02	—
Basic loss per share excluding derivative related items	<u>\$ 0.00</u>	<u>\$ (0.02)</u>
Diluted loss per share as reported	\$ (0.02)	\$ (0.02)
Net effect of derivative related items	0.02	—
Diluted loss per share excluding derivative related items	<u>\$ 0.00</u>	<u>\$ (0.02)</u>