
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 Earliest Event Reported: August 6, 2008

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 210.14d-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 August 6, 2008, National CineMedia, Inc. issued a press release announcing its financial results for the quarter and six months ended June 26, 2008. 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 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of National CineMedia, Inc. dated August 6, 2008.

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: August 6, 2008

By: /s/ Ralph E. Hardy

Ralph E. Hardy
Executive Vice President, General
Counsel and Secretary



**National CineMedia, Inc. Reports Results for
Second Quarter Fiscal 2008**
~ *Provides 2008 Outlook* ~
~ *Increases Quarterly Cash Dividend* ~

Centennial, CO – August 6, 2008 – National CineMedia, Inc. (NASDAQ: NCMI) (the Company), the managing member and owner of 42.3% of National CineMedia, LLC (NCM LLC), the operator of the largest digital in-theatre network in North America, today announced consolidated results for the second fiscal quarter ended June 26, 2008.

Total revenue for the second quarter 2008 grew 3.6% to \$86.7 million from \$83.7 million for the comparable quarter last year. Advertising revenue for the second quarter 2008 was \$74.8 million, a decrease of 2.5% compared to \$76.7 million for the comparable quarter last year. Meetings and events revenue increased 70.0% to \$11.9 million in the second quarter of 2008 compared to \$7.0 million for the comparable quarter last year. National advertising inventory utilization for the quarter was 66.2% versus 80.8% in the comparable period in 2007. Cost per thousand (or CPM) advertising rates increased 12.5% in the quarter versus the comparable period last year. Adjusted OIBDA declined 8.4% to \$42.8 million for the second quarter 2008 from \$46.7 million for the comparable quarter last year. Adjusted OIBDA as a percentage of total revenue decreased from 55.8% in the second quarter of 2007 to 49.4% in the current quarter. Net income for the second quarter 2008 was \$4.3 million, or \$0.10 per diluted share, compared to net income of \$6.3 million, or \$0.15 per diluted share, for the comparable quarter last year.

The Company completed its initial public offering (IPO) of stock and NCM LLC completed its debt financing on February 13, 2007; therefore the historical results prior to the IPO are not comparable to the post-IPO results. The six months ended June 28, 2007 is divided into two periods, pre-IPO from December 29, 2006 through February 12, 2007 for its predecessor NCM LLC, and post-IPO from February 13, 2007 through June 28, 2007 for its consolidated results after the acquisition of its interest in NCM LLC. CPMs and inventory utilization for 2007 have been recalculated to conform to the current year presentation.

For the six months ended June 26, 2008, total revenue was \$149.4 million compared to \$23.6 million for the pre-IPO period and \$116.2 million of revenue for the post-IPO period. Net income for the six months ended June 26, 2008 was \$3.9 million, or \$0.09 per diluted share, compared to a net loss of \$4.2 million for the pre-IPO period and net income of \$7.4 million for the post-IPO period last year.

The Company is also pleased to announce today that its Board of Directors has authorized the Company's second quarter cash dividend of \$0.16 per share of common stock, a one-cent, or 6.7% increase over previously declared quarterly dividends. The dividend will be paid on September 4, 2008, to stockholders of record on August 21, 2008. The Company intends 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.

"While I am disappointed with our second quarter results versus 2007, we are still on track with our long-term business strategy as our original thesis about the migration of media spending to new, more effective digital advertising platforms like ours remains intact," said Kurt Hall, National CineMedia's Chairman and CEO. "As demonstrated by the growth implicit in our guidance for the

second half of 2008, our growth has not happened on a straight-line basis quarter-to-quarter. Despite a slight decrease in our current quarter OIBDA versus a very strong 2007, we made progress on our plan to expand and improve the quality of our digital network and increase the future spending commitments of existing clients and create relationships with new clients. These are key building blocks of a successful future for NCM as new digital mediums like cinema become an increasingly important part of the media marketplace.”

Pro Forma Financial Information

In connection with the completion of the Company’s IPO, the Company acquired an interest in NCM LLC and the Company and NCM LLC entered into several new agreements. The Company and NCM LLC’s founding members (AMC, Cinemark and Regal) entered into the amended LLC operating agreement and NCM LLC entered into the restated exhibitor services agreements, the Loews integration agreement with AMC and an \$805.0 million senior secured credit facility with a group of lenders, of which \$772.0 million was outstanding at June 26, 2008.

In order to facilitate additional comparative analysis between periods, set forth below is pro forma financial information for the six months ended June 28, 2007 that reflects the IPO and the related transactions as if they had become effective on December 30, 2006.

Total revenue for the six months ended June 26, 2008 grew 2.4% to \$149.4 million from total pro forma revenue of \$145.9 million for the comparable period last year. Advertising revenue decreased 3.1% to \$128.5 million for the first half of 2008 from pro forma advertising revenue of \$132.6 million for the comparable period last year. Adjusted OIBDA decreased 12.3% to \$63.5 million from pro forma Adjusted OIBDA of \$72.4 million for the first six months of 2008 and 2007, respectively. Pro forma Adjusted OIBDA as a percentage of total pro forma revenue decreased from 49.6% for the six months ended June 28, 2007 to 42.5% for the six months ended June 26, 2008. Net income for the first half of 2008 decreased to \$3.9 million compared to pro forma net income for the first half of 2007 of \$7.2 million. Earnings per diluted share decreased to \$0.09 per share for the first half of 2008 compared to pro forma earnings per diluted share of \$0.17 per share for the first half of 2007.

Outlook

The following is the Company’s outlook for the third quarter of 2008 and full year 2008. This section contains forward looking statements. Please see “Forward Looking Statements” below.

For the third quarter of 2008, the Company expects total revenue to be in the range of \$103 million to \$106 million and Adjusted OIBDA to be in the range of \$58 million to \$60 million.

For the full year 2008, the Company expects total revenue to be in the range of \$360 million to \$365 million and Adjusted OIBDA to be in the range of \$180 million to \$185 million.

Conference Call

The Company will host a conference call and audio webcast with investors, analysts and other interested parties today at 5:00 P.M. Eastern time. The live call can be accessed by dialing (888) 599-8655 or for international participants (913) 312-1456. 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, August 20, 2008, by dialing (888) 203-1112 or for international participants (719) 457-0820, and entering passcode 2959644.

OIBDA and Adjusted OIBDA

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 operating income (loss) before depreciation and amortization expense. Adjusted OIBDA excludes from OIBDA non-cash severance plan costs, share based payment costs and deferred stock compensation. 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 and to forecast future results. 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, non-cash share based compensation programs, net interest or tax rates. A limitation of these measures, however, is that they exclude depreciation and amortization, which represent 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 non-cash severance plan costs, share based payment costs and deferred stock compensation. 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 operating income is the most directly comparable GAAP financial measure to OIBDA and Adjusted OIBDA. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies.

OIBDA and Adjusted OIBDA do not reflect the AMC Loews integration payments as those amounts were recorded directly to equity. AMC made Loews payments to NCM LLC pursuant to the Loews screen integration agreement, which were \$3.2 million, \$4.0 million, \$2.8 million and \$3.6 million for the quarter ended June 26, 2008, the six months ended June 26, 2008, the quarter ended June 28, 2007 and the 2007 post-IPO period, respectively. The AMC Loews payment for the six months ended June 28, 2007 on a pro forma basis was \$4.1 million. In addition, the payments made by Regal associated with Consolidated Theatres payments, which were \$0.5 million for the quarter and six months ended June 26, 2008, were recorded to the intangible asset.

Pro Forma Non-GAAP Information

The unaudited pro forma financial information for the six months ended June 28, 2007 is included for informational purposes only and does not purport to reflect the Company's and NCM LLC's results of operations that would have occurred had they operated as a separate, independent company during the periods presented. The historical results of NCM LLC have been affected by related party transactions as discussed more fully in the Company's public filings with the Securities and Exchange Commission. The pro forma financial information should not be relied upon as being indicative of the Company's and NCM LLC's results of operations had the IPO and other transactions contemplated in connection with the IPO been completed on the dates assumed. The pro forma financial information also does not project the results of operations for any future periods. The pro forma information is included because the Company believes it provides the most meaningful basis for comparison between periods.

About National CineMedia, Inc.

NCM LLC operates the largest digital in-theatre network in North America through long-term agreements with its founding members, AMC Entertainment Inc., Cinemark USA Inc. (NYSE: CNK) and Regal Entertainment Group (NYSE: RGC), the three largest theatre operators in the U.S., and through multi-year agreements with several other theatre operators. NCM LLC produces and distributes its *FirstLook* pre feature program; cinema and lobby advertising products; comprehensive meeting and event services and other entertainment programming content. NCM LLC's national network includes over 17,000 screens of which approximately 14,700 are part of the Company's Digital Content Network (DCN). NCM LLC's network covers 176 Designated Market Areas® (49 of the top 50). During 2007, approximately 685 million patrons attended movies shown in theatres currently included in our network (excluding Consolidated Theatres and Star Theatres). National CineMedia, Inc. (NASDAQ: NCMI) owns a 42.3% interest in and is the managing member of NCM LLC. To learn more about National CineMedia Inc., please visit the Company's website at www.ncm.com.

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.

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NATIONAL CINEMEDIA, INC.
Statement of Operations
Unaudited
(\$ in millions, except per share data)

	<u>Quarter Ended June 26, 2008</u>	<u>Quarter Ended June 28, 2007</u>
REVENUE:		
Advertising (including revenue from founding members of \$10.6 and \$11.8, respectively)	\$ 74.8	\$ 76.7
Meetings and events	11.9	7.0
Total	<u>86.7</u>	<u>83.7</u>
EXPENSES:		
Advertising operating costs	3.8	2.2
Meetings and events operating costs	7.3	3.9
Network costs	3.9	3.7
Theatre access fees—founding members	12.1	12.0
Selling and marketing costs	11.9	10.3
Administrative and other costs	5.7	5.8
Severance plan costs	0.1	0.5
Depreciation and amortization	2.8	1.3
Total	<u>47.6</u>	<u>39.7</u>
OPERATING INCOME (LOSS)	<u>39.1</u>	<u>44.0</u>
Interest Expense, Net	15.1	16.4
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	<u>24.0</u>	<u>27.6</u>
Provision for Income Taxes	10.5	11.3
Minority Interest, Net	9.2	10.0
NET INCOME (LOSS)	<u>\$ 4.3</u>	<u>\$ 6.3</u>
EARNINGS PER SHARE:		
Basic	\$ 0.10	\$ 0.15
Diluted	\$ 0.10	\$ 0.15

NATIONAL CINEMEDIA, INC.
Statement of Operations
Unaudited
(\$ in millions, except per share data)

	Six Months Ended June 26, 2008	Period February 13, 2007 through June 28, 2007	Period December 29, 2006 through February 12, 2007
REVENUE:			
Advertising (including revenue from founding members of \$20.8, \$17.3, and \$0.0, respectively)	\$ 128.5	\$ 105.8	\$ 20.6
Administrative fees—founding members	—	—	0.1
Meetings and events	20.9	10.3	2.9
Other	—	0.1	—
Total	<u>149.4</u>	<u>116.2</u>	<u>23.6</u>
EXPENSES:			
Advertising operating costs	6.5	3.2	1.1
Meetings and events operating costs	13.6	5.7	1.4
Network costs	8.0	5.6	1.7
Theatre access fees/circuit share costs—founding members	23.6	17.5	14.4
Selling and marketing costs	23.5	15.4	5.2
Administrative and other costs	12.4	8.7	2.8
Severance plan costs	0.3	1.0	0.4
Depreciation and amortization	4.7	1.8	0.7
Total	<u>92.6</u>	<u>58.9</u>	<u>27.7</u>
OPERATING INCOME (LOSS)	<u>56.8</u>	<u>57.3</u>	<u>(4.1)</u>
Interest Expense, Net	31.1	24.5	0.1
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTEREST	<u>25.7</u>	<u>32.8</u>	<u>(4.2)</u>
Provision for Income Taxes	11.2	13.2	—
Minority Interest, Net	10.6	12.2	—
NET INCOME (LOSS)	<u>\$ 3.9</u>	<u>\$ 7.4</u>	<u>\$ (4.2)</u>
EARNINGS PER SHARE:			
Basic	\$ 0.09	\$ 0.17	
Diluted	\$ 0.09	\$ 0.17	

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

	<u>June 26, 2008</u>	<u>December 27, 2007</u>
Cash, cash equivalents and short-term investments	\$ 18.1	\$ 29.9
Receivables, net	73.2	93.2
Property and equipment, net	27.0	22.2
Total Assets	540.1	463.6
Borrowings	772.0	784.0
Stockholders' equity/(deficit)	(474.8)	(572.4)
Total Liabilities and Stockholders' Equity	540.1	463.6

NATIONAL CINEMEDIA, INC. (Historical)
Operating Data
Unaudited

	<u>Quarter and Six Months Ended June 26, 2008</u>	<u>Quarter and Six Months Ended June 28, 2007</u>		
Total Screens at Period End (1) (6)	17,049	14,137		
Founding Member Screens at Period End (2) (6)	14,278	13,131		
Total Digital Screens at Period End (3)	14,696	12,339		
	<u>Quarter Ended June 26, 2008</u>	<u>Quarter Ended June 28, 2007</u>	<u>Six Months Ended June 26, 2008</u>	<u>Six Months Ended June 28, 2007</u>
Total Attendance for Period (4) (6) (in millions)	155.2	145.3	298.9	282.4
Founding Member Attendance for Period (5) (6) (in millions)	134.0	137.7	262.0	268.0
Capital Expenditures (in millions)	\$ 3.7	\$ 2.2	\$ 9.0	\$ 3.9

- (1) Represents the sum of founding member screens and network affiliate screens.
- (2) Represents the sum of founding member screens.
- (3) Represents the total number of screens which are connected to the digital content network.
- (4) Represents the total attendance within NCM LLC's advertising network in theatres operated by the founding members and network affiliates.
- (5) Represents the total attendance within NCM LLC's advertising network in theatres operated by the founding members.
- (6) Excludes AMC Loews attendance and screens for 2007 and through May 2008 and Star Theatres (a subsidiary of AMC Loews) and Consolidated Theatres attendance and screens for 2007 and 2008.

NATIONAL CINEMEDIA, INC.

Operating Data

Unaudited

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

	Historical Quarter Ended June 26, 2008	Historical Quarter Ended June 28, 2007	Historical Six Months Ended June 26, 2008	Pro Forma Six Months Ended June 28, 2007
Advertising Revenue	\$ 74.8	\$ 76.7	\$ 128.5	\$ 132.6
Total Revenue	86.7	83.7	149.4	145.9
Operating Income	39.1	44.0	56.8	66.9
Total Attendance (1)	155.2	145.3	298.9	282.4
Advertising Revenue / Attendee	\$ 0.48	\$ 0.53	\$ 0.43	\$ 0.47
OIBDA	\$ 41.9	\$ 45.3	\$ 61.5	\$ 69.4
Adjusted OIBDA	42.8	46.7	63.5	72.4
Adjusted OIBDA Margin	49.4%	55.8%	42.5%	49.6%
Earnings Per Share – Basic	\$ 0.10	\$ 0.15	\$ 0.09	\$ 0.17
Earnings Per Share – Diluted	\$ 0.10	\$ 0.15	\$ 0.09	\$ 0.17

(1) Represents the total attendance within NCM LLC's advertising network in theatres operated by the founding members and network affiliates. Excludes AMC Loews attendance and screens for 2007 and through May 2008 and Star Theatres and Consolidated Theatres attendance and screens for 2007 and 2008.

(See attached tables for the non-GAAP reconciliation)

NATIONAL CINEMEDIA, INC.
Pro Forma Statement of Operations
(\$ in millions, except per share data)

	Pre-IPO period December 29, 2006 through February 12, 2007 Historical	Post-IPO period February 13, 2007 through June 28, 2007 Historical	Contractual Adjustments	Transaction Adjustments	Six Months Ended June 28, 2007 Pro Forma, As Adjusted
Revenue:					
Advertising	\$ 20.6	\$ 105.8	\$ 6.2	\$ —	\$ 132.6
Administrative fees - founding members	0.1	—	(0.1)	—	—
Meetings and events	2.9	10.3	—	—	13.2
Other	—	0.1	—	—	0.1
TOTAL REVENUE	<u>23.6</u>	<u>116.2</u>	<u>6.1</u>	<u>—</u>	<u>145.9</u>
Expenses:					
Advertising operating costs	1.1	3.2	—	—	4.3
Meetings and events operating costs	1.4	5.7	—	—	7.1
Network costs	1.7	5.6	—	—	7.3
Circuit share costs/theatre access fees - founding members	14.4	17.5	(7.7)	—	24.2
Selling and marketing costs	5.2	15.4	—	—	20.6
Administrative and other costs	2.8	8.7	—	0.1	11.6
Severance plan costs	0.4	1.0	—	—	1.4
Depreciation and amortization	0.7	1.8	—	—	2.5
TOTAL EXPENSES	<u>27.7</u>	<u>58.9</u>	<u>(7.7)</u>	<u>0.1</u>	<u>79.0</u>
Operating Income/(Loss)	(4.1)	57.3	13.8	(0.1)	66.9
Interest expense, net	0.1	24.5	—	8.1	32.7
Income/(Loss) before income taxes and minority interest	(4.2)	32.8	13.8	(8.2)	34.2
Provision for income taxes	—	13.2	—	0.7	13.9
Minority interest, net	—	12.2	—	0.9	13.1
NET INCOME/(LOSS)	<u>\$ (4.2)</u>	<u>\$ 7.4</u>	<u>\$ 13.8</u>	<u>\$ (9.8)</u>	<u>\$ 7.2</u>
Earnings per share:					
Basic					\$ 0.17
Diluted					\$ 0.17

Notes to the Pro Forma Consolidated Statements of Operations:

1. Contractual adjustments represent the increase to advertising revenue to reflect the pro forma assignment from the founding members to NCM LLC of all legacy advertising contracts in accordance with the amended exhibitor services agreements, based on the actual revenue generated from those legacy contracts and the reversal of the related legacy contract administrative fees historically recorded by NCM LLC. Legacy advertising contracts are those contracts signed by RCM and NCN prior to the formation of NCM LLC. In addition, adjustments include the pro forma effect of the revenue from the sale of additional theatre advertising inventory to the founding members, in accordance with the exhibitor services agreements, in order for the founding members to fulfill their beverage concessionaire agreement on-screen advertising commitments. Contractual adjustments also include the change in circuit share payments pursuant to the exhibitor services agreements. Under the terms of the prior exhibitor service agreements with the founding members, the circuit share payments were based on varying percentages of advertising revenue. Under the modified exhibitor services agreements, the theatre access fee payments will initially be based on a per attendee and per digital screen calculation.
2. Transaction adjustments represent interest expense, including amortization of deferred financing fees, over the term of the senior secured credit facility of approximately \$0.5 million per quarter. Interest expense also includes the impact of an interest rate hedge agreement covering approximately 75% of the outstanding balance on the term loan. In addition, an adjustment to reflect minority interest expense is included, net of income tax expense/(benefit), resulting from the founding members' ownership of approximately 55.2% of the NCM LLC common membership units outstanding immediately after the offering. Transaction adjustments also include adjustments necessary to reflect federal and state income taxes on the income allocated from NCM LLC to NCM Inc., including amortization of the payable related to the tax sharing agreement of approximately \$2.8 million per quarter.
3. Basic earnings per share is calculated on the assumption that the 42,000,000 shares sold in the offering are outstanding over the entire period. Diluted earnings per share is calculated assuming that the unit option shares, as converted and unvested shares of restricted stock are outstanding during periods corresponding to their original issuance date (after application of the treasury stock method). The convertible common membership units of the founding members (which aggregate 51,850,951 shares) are not included as they are antidilutive, due to inclusion in interest expense of non-cash amortization of the tax payable to founding members which is not deducted by the LLC.

NATIONAL CINEMEDIA, INC.
Non-GAAP Reconciliations
Unaudited (\$ in millions)

OIBDA, Adjusted OIBDA and OIBDA margin

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

	Historical Quarter Ended <u>June 26, 2008</u>	Historical Quarter Ended <u>June 28, 2007</u>	Historical Six Months Ended <u>June 26, 2008</u>	Pro Forma Six Months Ended <u>June 28, 2007</u>
Operating income	\$ 39.1	\$ 44.0	\$ 56.8	\$ 66.9
Depreciation and amortization	2.8	1.3	4.7	2.5
OIBDA	41.9	45.3	61.5	69.4
Severance plan costs	0.1	0.5	0.3	1.4
Share-based compensation costs (1)	0.8	0.9	1.7	1.6
Adjusted OIBDA	\$ 42.8	\$ 46.7	\$ 63.5	\$ 72.4
Total Revenue	\$ 86.7	\$ 83.7	\$ 149.4	\$ 145.9
Adjusted OIBDA margin	49.4%	55.8%	42.5%	49.6%
Adjusted OIBDA	\$ 42.8	\$ 46.7	\$ 63.5	\$ 72.4
AMC Loews /Consolidated Theatres Payments	3.7	2.8	4.5	4.1
Adjusted OIBDA after AMC Loews/Consolidated Theatres Payments	\$ 46.5	\$ 49.5	\$ 68.0	\$ 76.5

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 Sept. 25, 2008		Year Ending January 1, 2009	
	Low	High	Low	High
Operating Income	\$ 53.3	\$ 54.7	\$ 164.3	\$ 167.7
Depreciation and amortization	3.8	4.2	12.0	13.0
OIBDA	\$ 57.1	\$ 58.9	\$ 176.3	\$ 180.7
Severance plan costs	0.1	0.2	0.4	0.6
Share-based compensation costs (1)	0.8	0.9	3.3	3.7
Adjusted OIBDA	\$ 58.0	\$ 60.0	\$ 180.0	\$ 185.0
Total Revenue	\$ 103.0	\$ 106.0	\$ 360.0	\$ 365.0